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In this issue:

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DEEMED UNIVERSITY, PUNE (INDIA)
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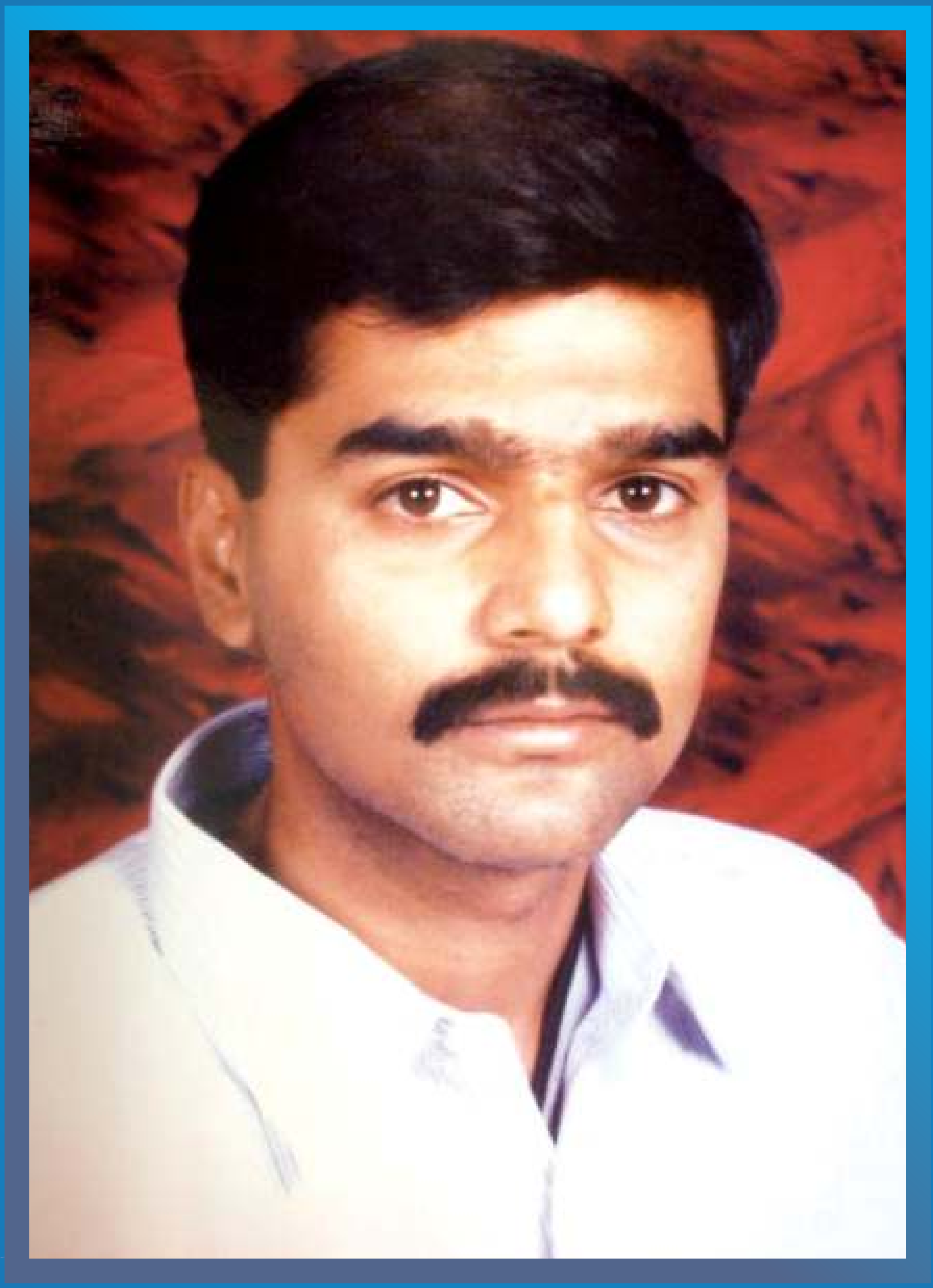
In Memory of



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C O N T E N T S

Academicians Investment Behaviour: Determinants for Investment Decisions

Dr. Babli Dhiman[1] and Ms. Saloni Raheja[2]

Abstract

Investment is necessary in life in order to face the challenges in life. The people want security in their life so they invest their money in different investment avenues. As there are various investment avenues available in the market today's investor selects the option according to their risk preference, need and return. Therefore the present study is designed to focus on the determinants which affect the investment practices of the academicians in Jalandhar. The primary data is collected from 250 academician respondents from different organisations in Jalandhar district of Punjab state in India. The data was analysed with the help of SPSS and factor analysis applied as a tool. The result shows that there are ten determinants which affects the investment practices of the private sector academicians named as safety and return, current financial requirements, surplus and benefit, information and responsibility, policies, investment related decisions, proximity, legal benefit and advice and the last factor is performance balancing.

Key words: *Academicians Investment Behaviour, Determinants, Investment Avenues, Investment Decisions*

Introduction

Investment is the part and parcel of one's life. There are various investment avenues available in the market such as shares, debentures, bank deposits, mutual funds, gold, real estate, and public provident fund, post office saving schemes, stock market products, national saving certificates and many more. The people will choose proper investment avenue depending upon his need, risk preference and return expected. The plenty of investment avenues available for the investors make their decision making process more critical and complex. There are number of factors which influence the people to make their investment decisions such as safety, return, time, amount, quality of asset, government policy, income, age, gender and others. The different investors invest in different type of investment avenues.

The investors like doctors, lawyers, bankers, academicians, and others prefer to invest in different type of investment avenues. Each professional investor has different investment strategy regarding their preferred investment avenues.

Teaching profession is one of the most important professions in India. Academicians provide education to the future generation of the country so they are the most important force in the society. The most important factor which influences the academicians' efficiency is the quality of life he or she is living. The standard of living of the academicians also affects the efficiency of the academicians.

The availability of knowledge and ensuring quality is a strong determinant of national competitiveness and quality of human resources in a country. Therefore academicians are more cautious for their mental health and now they are taking all investment decisions very carefully.

Review of literature

Mittal and Vyas (2009) examined that how the income of the individual investors affect the investment decision and by behavioural biases. The data was collected from 428 investors through questionnaire in Indore city. The anova test was applied and the comparisons were done. They concluded that as the income increases the level of over confidence also increases. Income was a factor which had a significant impact on the overconfidence level, overreact and loss/regret whereas no significant impact self attribution bias, framing effect. Housewives preferred to invest in safe investments such as real estate/bullions, while Professionals preferred to invest their money in post office deposits and derivatives. Students preferred to invest in high risk investments, derivatives and equities.

Kasilingam and Jayabal (2009) conducted study to measure the perception of teachers towards small saving schemes. The questionnaire was given to 614 respondents. The reliability was tested using cronbach alpha and validity was also verified by correlation analysis. They concluded that the perception of investors had great influence on range of investment and risk bearing capacity. The perception is influenced by age, experience and tax payment. If the investors got good return during their investment term, they had positive perception towards investment. The age group below 40 didn't invest in small saving schemes because they preferred to take risk which was not there in small saving schemes.

Zoghlami and Matoussi (2009) identified the psychological biases which influenced the most to the behavior of Tunisian investors. The data was collected from 100 brokers the data was analyzed by univariate and multivariate analysis. They concluded that Tunisian investors were influenced by five psychological biases that is under confidence, under opportunism, precaution, and conservatism and information inferiority complex.

Kasilingam and Jayabal (2010) conducted a study to understand the criteria used by investors to evaluate the investment avenues. The investors were segmented into rational, normal and irrational. The data was collected from 614 teachers working in government colleges in Tamil Nadu through structured questionnaire. The tools used were likert scale, factor analysis, reliability, validity, rank correlation. They concluded that rational people considered that all the criteria and irrational people wouldn't considered the criteria while analysing the investment avenues. They found that most of the investors preferred to invest in land, share, mutual funds and gold due to appreciation.

Tunah and Tatoglu (2010) conducted study in Istambul to know the factors affecting investment choices. For this, survey of 1300 respondents was done by interview and questionnaire. They concluded that the choice of investment avenues depend on financial factors as well as on socio-psychological factors. Married women with low level of education invest in safer instruments like gold and time deposit. There was positive relation between education level, income and investment instruments. There was also relation between investment avenues and credit card ownership and annual income and probability of investing in real estate.

Geetha and Ramesh (2011) conducted study on people choices in investment avenues of Kurumbalur. The data was collected from 210 respondents using questionnaire. The data was analysed by chi square technique. They concluded that the respondents in Kurumbalur are less aware about the investment avenues. The age groups below 50 mostly preferred to invest in insurance, public provident fund, bank, and national saving certificates than other avenues. The low income level people preferred to invest in safety avenues. The respondents who were graduates pay more attention than the professionals and post graduates. The most preferable investment instrument is gold for age group 50-60.

Suhari et al (2011) conducted a study to know the effect of psychographic features of investors on the investment behaviour. The data was collected from 103 investors by questionnaire in Indonesia. The likert scale was used to measure the psychographic features and ranking was done for the investment choices. The validity was done for factor analysis and chronbach's alpha was used to check the reliability. They concluded that safe investors preferred to invest in low risk and there was no relationship between long term perspectives and choice of investment product. They also observed that risk taking was the important factor that influenced the investment behaviour.

Benezer et al (2011) identified the factors that affect the attitude of retail investors towards investment. The data was collected from 200 retail investors in Tamil Nadu by structured questionnaire. The data was analyzed by factor analysis and Bartlett's test of sphericity. They observed 26 variables and found that there were five factors which had great impact on retail investors attitude i.e. investors tolerance for risk, strength of Indian economy, media focus on stock market, political stability, government policy towards business and less affected variable were stories of successful investors, get quick philosophy and information available on internet.

Bennet et al (2011) investigated the factors that affect the investor's attitude on stock selection decision. The data was collected from 400 investors in Tamil Nadu. They took 29 dependent variables and 8 independent variables. The data was analyzed by t-tests, one way anova, and factor analysis. They concluded that all the investors considered all 29 factors before making any selection of stock. The top 5 factors which had greatly influenced were quality of management, return on equity, return on investment, price to earnings ratio and various ratios of the company influenced the decision makers

Shanmugasundaram and Jansirani (2012) examined the various factors that influence the investors' decision making process. The data was collected from 515 investors in Tamil Nadu. The tests applied were chi square. They concluded that investors' decisions were influenced by behavioral and psychological factors.

Jain and Jain (2012) examined that money plays an important role in everyone life. The objective of the study was to analyze the saving and investment pattern of school teachers in Udaipur district. They used questionnaire for data collection from 100 respondents. The test applied was chi-square and t-test.

They observed that most of the school teachers saved their money in bank for the purpose of their children marriage, education and security after retirement. The main factor which influenced them for investment was high interest rate.

Chaturvedi and Khare (2012) examined the investment pattern and awareness of the investors towards the investment instruments and factors influencing them. They used questionnaire for data collection from 526 respondents. They concluded that the age, education, income level and occupation had great impact on investment. The most investors preferred to invest in bank deposits followed by small savings scheme then by life insurance schemes which was recognised by ordinal scale. They also observed that the salaried person had high level of awareness of investment options than other occupational persons.

Murugan (2012) conducted study on attitude of investors towards investment option in Nellore district. The primary data was collected from 200 individual investors by questionnaire. They found that the investors were highly aware of avenues like bank deposits, real estate, life insurance schemes and saving schemes. The scale was used to check the level of awareness. They also concluded that the earning capacity of the households was the only factor that had to be considered while analyzing the influence of various economic factors on investor preferences and behaviour. They found that investors of all income group and full time salaried employees showed greater preference towards monthly investment.

Achar (2012) examined the attitude of teachers towards investment. The data was collected from 535 teachers by questionnaire in Karnataka. The tools used were chi square, multiple regression and correlation. They found that the primary and high school teachers preferred to invest in gold and UTI and the college and university teachers preferred to invest in bank deposit, LIC and NSC.

The most of the teachers preferred to invest less than 10% in PPF. They considered potential return, risk, safety and liquidity etc. while making an investment decision. The college teachers considered the information from investment journals and newspapers before making any investment. They concluded that there was positive correlation between investment behaviour and marital status, age, family earning status, lifestyle.

NEED OF THE STUDY

All investors are making investments only to maximize their returns. Many studies have been done on the individual investment behavior and examined the individual investment behavior towards investment avenues. But there were no such study has been done on academicians' investment behaviour. The individual investment practices differ as per different stages in their life cycle and factors affecting the investment practices of academicians. This study will also help in gaining a better understanding of what an investor look for in investment avenues.

OBJECTIVE OF THE STUDY

- To study the various investment avenues available in the market.
- To determine the factors affecting the investment practices of private sector academicians.

METHODOLOGY

Sources of data

For this study, both primary as well as secondary data was used. Primary data was collected from academicians with the help of structured questionnaire from the private institutes in Jalandhar and secondary data is collected from journals, books, and websites for the review of literature.

Sample size

The data was collected from 250 academicians from different colleges.

Sampling area

The area of research covered in this study was Jalandhar city.

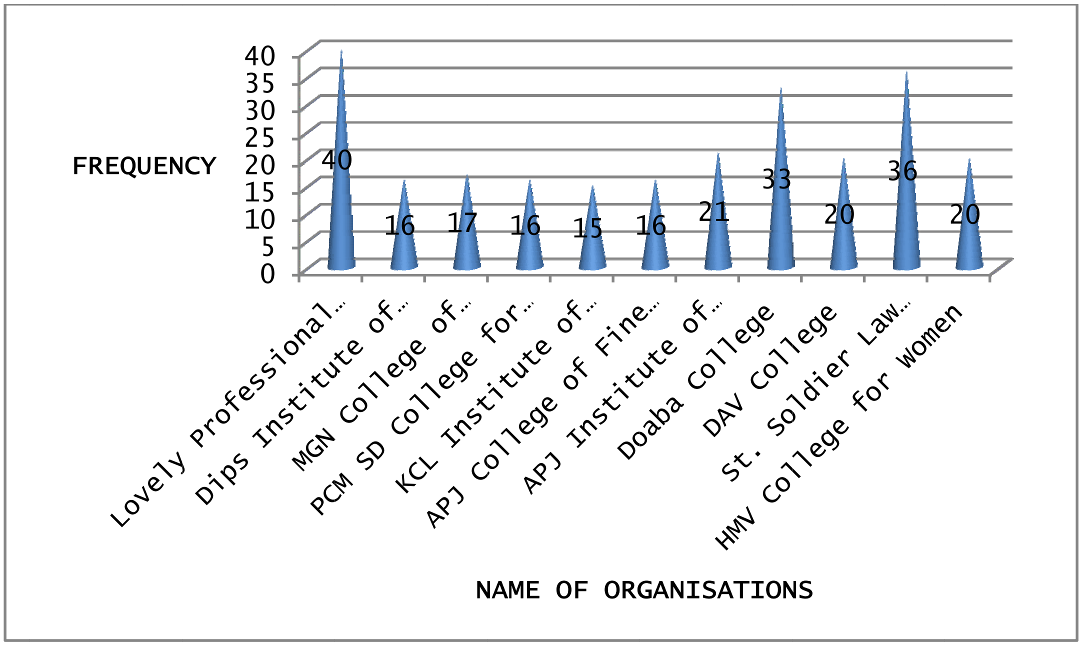

Fig 1: Frequency of Academicians in Organisations

The number of academicians varies from different institutes for data collection because of number of staff member's availability in the institutions.

Sampling technique

The convenience sampling technique was used in this study.

Sampling unit

The sampling unit in this study was private sector academic institutes in Jalandhar city in Punjab state of India.

Pilot study

Prior the research, a pilot study was conducted. Pilot study was conducted on a sample of 25 academicians to test the reliability. Cronbach alpha was 0.808 which is more than 0.6 which means that the data was highly reliable.

Data analysis tools

Statistical comparisons are made by using Factor analysis with the help of SPSS.

Data analysis and interpretation

This section contains the analysis of data collected during the survey. Data so collected is being interpreted as per the objectives of the study.

The various investment avenues available in the market are shares, debentures, stock market, gold, bank deposits, mutual funds, life insurance, real estate, public provident fund, post office saving schemes, national saving schemes, art objects and many more.

Determinents for investment practices followed by investors

KMO test is conducted for the adequacy of data and used for the appropriateness of factor analysis. The value of KMO was 0.639 which is more than 0.6 as shown below in the table 1

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.639
Bartlett's Test of Sphericity	Approx. Chi-Square	1673.475
	df	378
	Sig.	.000

So, the data was adequate and factor analysis is appropriate. Bartlett's test of sphericity was also significant (chi- square + 1673.475, df = 378, significance = .000) indicating that the suitability of the data for factor analysis. Thus, all of these examinations revealed that data was fit for factor analysis.

Factor analysis is obtained by requesting principal component analysis to extract factors. The number of factors to be extracted was finalised on the basis of latent root criterion i.e. Eigen values greater than 1 have been selected. Orthogonal rotation method was varimax with Kaiser Normalisation. Rotation converged in 11 iterations.

Number of Factors Extracted

The table 2 shows that there are ten factors which were extracted having Eigen value more than 1 and together accounting 63.695 percent of the variance. This is a good deal because with only ten factors (reducing them from twenty eight) we have lost only about 36.305 of the information content while 63.695 is retained by the 10 factors extracted out of the 28 original variables. The results of principal component analysis with the varimax rotation are shown in table 2. This table shows that ten factors have been extracted; the last column in the table shows communalities. Communality is the amount of variance an original variable shares with all other variables included in the analysis.

Eigen values for factors 1 to 10 are 2.133, 2.105, 2.054, 2.029, 1.900, 1.721, 1.598, 1.488, 1.439 and 1.367 as shown in the table.

The percent of the variance explained by the individual factors is also shown in the table are 7.169, 7.519, 7.336, 7.247, 6.787, 6.147, 5.707, 5.313, 5.139 and 4.881 respectively for all the ten factors extracted.

Naming of Factors

All ten factors have been extracted by way of factor analysis are given appropriate names on the basis of variables represented in each case. The names of factors, statements and factor loadings have been summarized in table 3 these ten factors are explained as under:

Factor 1- Safety and Return

This factor emerged as the most important one with 14.934 percent out of the total variance explained. Two statements are loaded in this factor. Highest factor loading is for the statement 'regular return' (.775), followed by 'safety of principal amount' (.732). This factor is named as safety and return having reliability coefficient, cronbach's alpha equal to 0.762.

Factor 2- Conditions and Service

This factor has 8.225 percent of the total variance having three statements loaded in it. The statement, 'term of investment' (.782) has the highest factor loading followed by 'amount of investment' (.725) and 'spouse and parents advice' (.689). This factor is named as conditions and service' having reliability coefficient, cronbach's alpha equal to 0.660.

Factor 3- Meeting Current Financial Requirements

This factor has 7.126 percent of the total variance having three statements loaded in it. The statement, 'my satisfaction with investment' (.794) has the highest factor loading followed by 'quality of asset' (.754) and 'rate of inflation' (.590). This factor is named as meeting 'current financial requirements' having reliability coefficient, cronbach's alpha equal to .604.

Factor 4- Legal Benefit and Advice

This factor has 6.173 percent of the total variance having three statements loaded in it. The statement, 'tax benefit' (.731) has the highest factor loading followed by 'insurance cover' (.680) and 'friends advice' (.510).

This factor is named as 'legal benefit and advice' having reliability coefficient, cronbach's alpha equal to .525.

Factor 5- Performance Balancing

This factor has 5.570 percent of the total variance having two statements loaded in it. The statement, 'liquidity contained in options' (.656) has the highest factor loading followed by 'past performance of options' (.623). This factor is named as 'performance balancing' having reliability coefficient, cronbach's alpha equal to .534.

Factor 6- Proximity

This factor has 5.343 percent of the total variance having only one statement loaded in it. The statement, 'proximity' (0.787) has the highest factor loading. This factor is named as proximity having reliability coefficient, cronbach's alpha equal to .720.

Factor 7- Investment related Decisions

This factor has 4.552 percent of the total variance having two statements loaded in it. The statement, 'brand name' (.822) has the highest factor loading followed by 'economic scenario' (.745). This factor is named as 'investment decision' having reliability coefficient, cronbach's alpha equal to .571

Factor 8- Policies

This factor has 4.086 percent of the total variance having two statements loaded in it. The statement, 'government policy towards business' (.690) has the highest loading followed by 'growth rate' (.619). This factor is named as 'policies' having reliability coefficient, cronbach's alpha equal to .239

Factor 9- Surplus and Benefit

This factor has 3.942 percent of the total variance having two statements loaded in it. The statement, 'freebies with options' (.706) have the highest loading followed by parking of surplus funds (.697). This factor is named as 'surplus and benefit' having reliabilitycoefficient, cronbach's alpha equal to .329.

Factor 10- Information and Responsibility

This factor has 3.652 percent of the total variance having two statements loaded in it. The statement, 'social responsibility of the company' (.730) has the highest loading followed by 'information available on net' (.505).

This factor is named as 'information and responsibility' having reliability coefficient, cronbach's alpha equal to .505.

Table 2: Rotated Component Matrix

	Component										
Statements	1	2	3	4	5	6	7	8	9	10	**Communa-lities**
Regular return	.775										.714
Safety of principal amount	.732										.659
Access to information											.475
Amount of investment		.782									.692
Term of investment		.725									.626
Spouse and parent advice		.689									.736
My satisfaction with the investment			.794								.708
Quality of assets			.754								.680
Rate of inflation			.590								.573
Tax benefit with options				.731							.648
Insurance cover with options				.680							.661
Friends advice				.510							.662
Liquidity contained					.656						.587
Past performance					.623						.674
Proximity						.787					.720
Brand name							.822				.740
Economic scenario							.745				.680
Government policy towards business								.690			.628
Growth rate								.619			.457
Freebies with options									.706		.616
Parking of surplus funds									.697		.558
Social responsibility of company										.730	.648
Information on net										.505	.692
Eigen values	**2.133**	**2.105**	**2.054**	**2.029**	**1.900**	**1.721**	**1.598**	**1.488**	**1.439**	**1.367**	**17.834**
Percent of variance	**14.934**	**8.225**	**7.126**	**6.173**	**5.570**	**5.434**	**4.552**	**4.086**	**3.942**	**3.652**	
Cumulative variance	**7.619**	**15.13**	**22.474**	**29.72**	**36.50**	**42.65**	**48.36**	**53.67**	**58.84**	**63.69**	

Table 3: Naming of Factors

Factor	Factor Name	Statements (factor loadings)	Cronbach's alpha
Factor1	Safety and Return (14.934%)	Regular return	.762
		Safety of principal amount	
Factor 2	Conditions and Advice (8.225%)	Term of investment	.660
		Amount of investment	
		Spouse and parents advice	
Factor 3	Meeting Current Financial Requirements (7.126%)	Rate of inflation	.604
		My satisfaction with investment	
		Quality of assets	
Factor 4	Legal Benefit and Advice (6.173%)	Tax benefit	.525
		Insurance cover	
		Friend advice	
Factor 5	Performance Balancing (5.570%)	Liquidity contained in options	.534
		Past performance of options	
Factor 6	Proximity (5.434%)	Proximity	.720
Factor 7	Investment related Decision (4.552%)	Economic scenario	.571
		Brand name	
Factor 8	Policies (4.086%)	Growth rate	.239
		Government policy towards business	
Factor 9	Surplus and Benefit (3.942%)	Parking of surplus fund	.329
		Freebies with options	
Factor 10	Information and Responsibility (3.652%)	Information available on net	.505
		Social responsibility of company	

FINDINGS, SUGGESTION AND CONCLUSION

It is found that from the twenty eight variables only ten factors are extracted which affects the investment practices of the private sector academicians are safety and return, current financial requirements, surplus and benefit, information and responsibility, policies, investment related decisions, proximity, legal benefit and advice and the last factor is performance balancing. The companies should focus on the ten factors which are extracted, only these factors affect the investment practices of the private sector academicians.

The study concludes that there are various investment avenues available in the market and different people prefer to invest in different avenues accordingly. The private sectors academicians considered only ten factors which were important for them while selecting the investment avenues. The private sector academicians are so busy in their life so the portfolio companies should provide assistance and guide to them according to their requirements.

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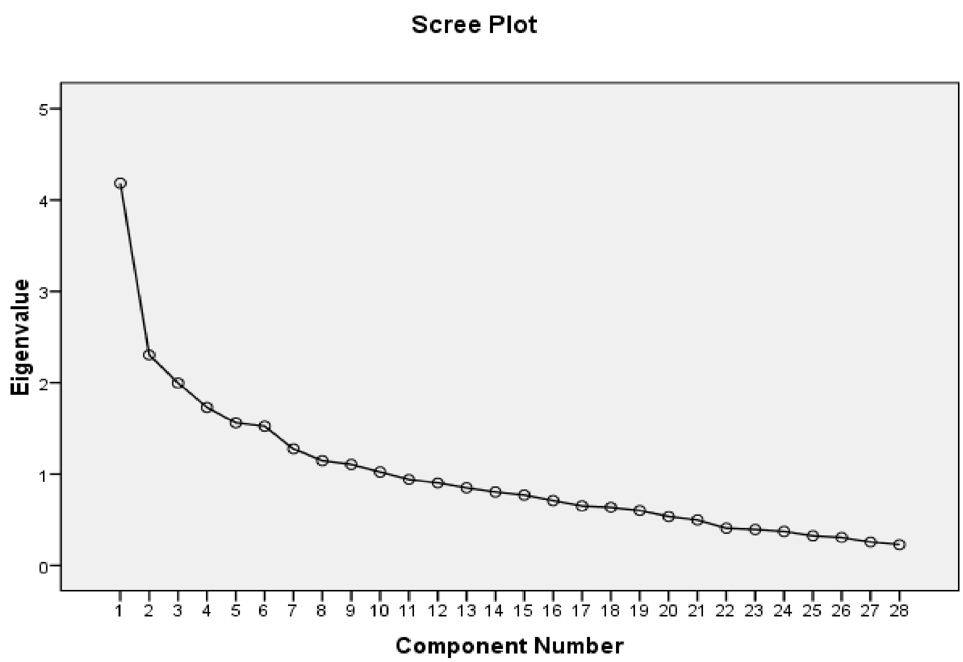
ANNEXURES

Reliability Statistics

Cronbach's Alpha	N of Items
.808	28



Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.182	14.934	14.934	4.182	14.934	14.934	2.133	7.619	7.619
2	2.303	8.225	23.159	2.303	8.225	23.159	2.105	7.519	15.138
3	1.995	7.126	30.286	1.995	7.126	30.286	2.054	7.336	22.474
4	1.728	6.173	36.459	1.728	6.173	36.459	2.029	7.247	29.721
5	1.560	5.570	42.029	1.560	5.570	42.029	1.900	6.787	36.509
6	1.522	5.434	47.463	1.522	5.434	47.463	1.721	6.147	42.655
7	1.275	4.552	52.015	1.275	4.552	52.015	1.598	5.707	48.362
8	1.144	4.086	56.102	1.144	4.086	56.102	1.488	5.313	53.675
9	1.104	3.942	60.043	1.104	3.942	60.043	1.439	5.139	58.814
10	1.023	3.652	63.695	1.023	3.652	63.695	1.367	4.881	63.695
11	.941	3.360	67.055						
12	.902	3.223	70.278						
13	.847	3.024	73.302						
14	.802	2.865	76.167						
15	.769	2.746	78.913						
16	.709	2.533	81.446						
17	.650	2.323	83.768						
18	.635	2.269	86.038						
19	.600	2.143	88.181						
20	.532	1.900	90.081						
21	.495	1.769	91.850						
22	.406	1.452	93.301						
23	.393	1.402	94.703						
24	.371	1.327	96.030						
25	.324	1.158	97.188						
26	.305	1.090	98.279						
27	.256	.914	99.192						
28	.226	.808	100.000						

Extraction Method: Principal Component Analysis.

Component Transformation Matrix

Component	1	2	3	4	5	6	7	8	9	10
1	.494	.314	.433	.411	.255	.314	.216	.268	-.006	.140
2	.378	.305	-.278	-.116	.516	-.335	.020	-.371	.235	-.320
3	.000	.790	-.140	-.225	-.484	.100	.069	-.136	-.144	.129
4	.200	.006	.609	-.479	-.023	-.385	-.369	.007	.059	.267
5	-.028	-.106	.165	-.464	-.082	.013	.763	.174	.300	-.190
6	-.294	.175	.203	.470	-.249	-.296	-.027	-.073	.681	-.036
7	-.527	.248	.116	-.262	.493	.479	-.216	.025	.240	.036
8	.315	-.211	-.353	-.110	-.074	.269	-.021	-.139	.478	.627
9	-.223	.180	-.286	.035	.290	-.483	.173	.519	-.098	.455
10	.243	.058	-.239	-.138	-.180	.090	-.391	.668	.266	-.388

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser
Normalization.

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Digitization of Libraries In Educational Institutions With Reference To Copyrights And Allied Aspects

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Abstract:

Digitisation and integrated communications technologies pave new ways for educational institutions to further their missions of preservation, research, education and public access. But Digitization also offers substantial challenges to museums, galleries and libraries, including the potential for creation and distribution of digital works to constitute copyright infringement. Digital technologies also mean copyright laws are undergoing its most significant period of change in decades. Digitization dramatically changes the way copyright works are accessed and disseminated. The delicate balance between copyright owners' rights and the public interest in access to copyright material is a key issue in digitization. Educational institutions are an excellent site for investigating policy issues regarding digitization because they are important creators, users and distributors of digital copyright material.

This paper analyzes CURRENT copyright law in relation to digitization and educational institutions, noting the law's complexity and focuses on provisions that have received little judicial and academic attention as of date. It explores difficulties that are likely to face educational institutions in understanding and adhering with the law, and considers options in terms of organizational practices and copyright law reform.

Key Words: *Copyright, Digitisation, Law,Research*

Introduction

Copyright is becoming a key issue in communications law and policy, as digital technologies explore the most significant transformation of copyright law in bygone decades. A primary reason for copyright law's growing importance lies in the way digitization dramatically changes the very nature of accessing and communicating information. In the analogue world, access and copying were, by and large, distinct acts. Restrictions on copying material did not unduly restrict people's ability to access material in the first place.

This is no longer the case. Because of the method material is reproduced within digital communications, copying is an unavoidable incident of accessing copyright material. At the same time, technological change has given copyright owners unprecedented powers to monitor access to electronic works using measures such as firewalls, passwords and encryption.

Thus whilst digital technologies greatly facilitate communication, technological limitations combined with legal restrictions in the form of copyright law have the capacity to substantially impede information flows.

In this situation, recent amendments to copyright law, and questions about how the law should develop, have been very contentious (Bartow, 2003). There is voluminous, prominent writing that decries an increasing power for copyright owners to control access to their material (eg Litman, 2001, Samuelson, 2002, Lessig, 2003). But there is also trenchant, sophisticated writing that questions whether the changes are as dramatic as others fear, and suggests the new copyright law reflects wider public interests (eg Ginsburg, 2001, 2002).

Discussions about digital copyrights concern ways in which analogue and digital technologies might warrant different policy approaches.

On one argument, the digital environment is so different from the analogue one that copyright owners' rights should be expanded and statutory exceptions and limitations, which traditionally exist in copyright legislation, more limited in their application. One reason this strengthening is seen as necessary is to eliminate a great impediment to electronic dissemination of works: "an increased fear of infringement" (Ginsburg, 2001). Not only do electronic technologies allow almost any text, sound or vision to be digitally regenerated, but the technology is commonplace. It puts in users' hands the capability to create and disseminate various and perfect reproductions of works. If one legal reproduction is generated under a statutory provision, it is comparatively easy to make further unauthorized reproductions without permission from the copyright owner.

The existence of widespread, large-scale infringement might severely impact upon commercialization activities and the potential market for a copyright owner's work. Thus, the argument suggests that copyright exceptions that have existed for analogue uses should be mitigated for digital ones. A second, related reason for limiting exceptions lies in the way digital technology can be seen to change copyright markets. Instead of selling physical objects containing works, copyright owners may license access to works. This may allow copyright owners to obtain payments for many more types of digital use than is feasible for analogue use. And this ability will be enhanced by limiting copyright exceptions.

But digital copyright critics – commentators who might be called copyright 'critics' (Goldstein, 1994: 15) – argue that digital communications do not require the limiting of traditional statutory exceptions. On the contrary, copyright law should be developed to ensure that copyright norms in the analogue world are protected as user rights in the digital world (Bartow, 2003).

Using licenses and technological controls may circumvent copyright norms; for example, by preventing users from engaging in activities that otherwise fall within express exceptions to copyright infringement. These exceptions to infringement are seen to have been critical in creating a vibrant ‘public domain’ and ‘cultural commons’.

However, copyright pessimists fear that:

- Changing technology and changing legal scenario are increasingly enclosing that commons.
- Courts and legislators proceed as if everything is the same, while in fact, crucial original values are inverted (Lessig, 2003: 768).

Vesting increased powers of control in copyright owners may suffocate the cultural commons, replacing it with a ‘market in words and sentences’ (Macmillan, 1999: 357) or a ‘“pay-per-use” economy in digital information’ (Samuelson, 2002: 1494).

These sort of arguments about digital copyright law follow from different beliefs about how best to promote public welfare and encourage creation and dissemination of copyright material. As suggested by the above, brief outline, much existing literature on ‘digital lockup’ (Ginsburg, 2002: 71) describes a stark division of copyright owners versus copyright users. It tends to polarise debate and can coarsen any consideration of wider social interests (Power, 1997). It is certainly true that the ‘digital commons has been politicised’ (Sherman, 2001: 95). But the interests of copyright creators, investors, users and wider publics interact in complex ways, and apparently opposed groups may share parallel interests.

When they are creating, for example, authors have an interest close to that of copyright users in a rich public domain from which they can adapt and develop their works (Litman, 1990).

One way to develop digital copyright debates about the public interest may be through examining particular contexts in which copyright owners, disseminators and public users come together. It may be useful to analyze the combination of statutory measures that exist in a country’s copyright law, and how they apply to educational institutions with clear public interest missions, such as museums, galleries and libraries. A more detailed understanding of what has been achieved across that particular segment may offer important material to reframe understandings of digital copyrights.

This paper initiates the project. Part II outlines Indian copyright law and the most relevant exceptions for educational institutions. It then discusses relevant legal reforms that have responded to digital communications. Part III discusses the implications of these aspects of copyright law for educational institutions. It addresses three areas of limitation which appear particularly important, related to digital collections, preservation copying, and digital reproductions. The paper suggests that examining the detailed legal contexts in which educational institutions operate with copyright, and subsequently examining the practical contexts, offers great scope for considering the wider social interests in copyright law and its relationship to the communications environment.

Educational institutions, and the legal environments they face, offer excellent sites for investigating how well copyright changes are achieving their stated policy objectives of promoting digital creation and access. Educational institutions are important users and disseminators of digital copyright material, while being charged with public interest missions of equitable access, research, education and preservation. They have responsibilities to copyright owners and the public, as well as significant opportunities to exploit their collections in digital forms (Aalberts and Beunen, 2002, Phelan, 2002).

For instance, creating electronic reserves enables multiple concurrent uses of works, allows electronic searching and browsing, and removes costs caused by the physical degradation of frequently-accessed works. Creating online collections is not only useful for research and education, but allows remote users who cannot otherwise attend institutions' premises to access collections. Institutions such as the Art Gallery of NSW have extensive online collections, complete with commentaries on works and information regarding provenance (see Art Gallery of NSW, 2004).

Digitization allows the making of high quality preservation copies of important, fragile or deteriorating works (eg Power, 1997). And it can help alleviate problems of physically storage, particularly for institutions such as libraries primarily housing print-based works.

In recent years, educational institutions have sought to develop management strategies for digitization's technical challenges (eg Webb, 2002) and to promote access while addressing copyright owners' interests (eg Day and Jones, 2002). Indian institutions have achieved some notable successes, especially with material for which they own copyright (eg Freeman, 2002) but digitization remains an important issue right across the sector (eg Key Needs Study, 2002: 71-7). This is because institutions often physically possess copyright materials without owning any copyright in the materials – property rights in the tangible object and copyright being distinct. This makes copyright compliance a substantial, recurring issue for educational institutions. They constantly risk infringing copyright through acts that are necessary to fulfil their missions. The clearest example is the frequent need to reproduce copyright works for purposes as varied as inclusion in catalogues and guides, provision to users and other institutions, preservation, creation of exhibits, use in advertising and promotion materials, and producing derivative products, like books, calendars and postcards.

Educational institutions can avoid copyright liability in two main ways: where they have a license from the copyright owner to perform the unauthorised act, or where the act falls within a statutory exception. As a contribution to understanding digital copyright, this paper therefore examines the most important statutory exceptions for educational institutions. The exceptions set the context in which licensing and rights management practices can be interpreted through later empirical research.

Reviewing the law suggests two broad conclusions. First, Indian law goes some way to enabling educational institutions to exploit digital communications technologies. But there appear to be significant limitations on their ability to use digital technologies without obtaining licenses from copyright owners. Rather than achieving equivalent copyright positions in digital and analogue environments – which was the stated objective of recent Indian reforms (Attorney General, 1999) – educational institutions' powers in the electronic environment are more limited than their powers for dealing with print material. Second, the provisions do not appear to allow the best use of technologies by educational institutions. This is an important point from the analysis, given the communicative potentials of both digital technologies and copyright policy (e.g. Macmillan, 2002, van Caenegem, 1995). Indian law does not appear well suited for the support of educational institutions where electronic storage and browsing is standard, nor where collections are available online and can be accessed both within institutions' premises and remotely. Legally, educational institutions must obtain the consent of copyright owners for many acts of digitization, through negotiating licensing arrangements.

Practically, this appears to place greater power in the hands of copyright owners to dictate the circumstances in which digitization and communication take place. But a caveat must be placed on the conclusions from this paper's legal analysis.

As with the different positions in the academic literature on digital copyright, the conclusions assume the prevalence of behaviours that should be investigated empirically. In fact, the suggestion that licensing practices will be very significant, which arises from the legal analysis, underlines the value of empirical research. To that end, the paper forms part of a larger project examining the contexts of digital copyright law through substantial research with Indian educational institutions and the people who work in them.

Copyright Law

The Copyright law provides that copyright subsists in various categories of material and gives copyright owners the exclusive right to perform certain acts with respect to copyright material. Copyright subsists in original literary, dramatic, musical and artistic works, as well as sound recordings, films, sound and television broadcasts and published editions (Copyright Act, ss 32, 89-92). Under the Copyright Act, the author or maker of copyright material, or their employer, is generally deemed to be the owner of copyright. But this principle can be modified by agreement, such that publishers and other investors who promote works will frequently be the owners of copyright (Copyright Act, ss 35, 97-100, 196). The exclusive rights of copyright owners include the right to reproduce copyright material, to publish it, and to communicate it to the public by making it available online or electronically transmitting it (Copyright Act, ss 31, 85-88). But copyright owners' rights are circumscribed through statutory exceptions and limitations. In part, these exception and limitation provisions aim to promote the public interest in providing access to copyright material. Thus, copyright can be seen as a statutory mechanism to encourage material's creation and dissemination by giving owners exclusive rights, while also protecting the public interest in access through statutory exceptions and limitations to those rights (Litman, 1996).

Arguments about digital copyright place differing emphases on each of these elements: encouraging creation by providing economic rights, or encouraging access, use and further creation by limiting those rights.

The Digital Agenda expanded copyright owners' rights in several ways. First, it confirmed that converting a work into, or from, a digital form reproduces the work. This means copyright owners of analogue works have the right of first digitization of the works (Copyright Act, s 21(1A)). Second, this replaced earlier technology specific dissemination rights with the broader right of communication to the public, mentioned above.

Third, enforcement measures were extended to protect the position of copyright owners. Most notably, legislative protection was introduced for technological protection measures ('TPMs'). The future of copyright exceptions is seen to depend significantly on TPMs and the legal restrictions on their circumvention, both in Australia and internationally (Lindsay, 2000, Wiseman, 2002). TPMs are defined as devices or products designed, in the ordinary course of operation, to prevent or inhibit the infringement of copyright. They use access and copy control mechanisms (Copyright Act, s 10(1)).

The new provisions enable legal action to be taken against persons involved in importing, selling, or commercially dealing with circumvention devices (see eg Coco, 2001). Legal protection of TPMs is significant as it heralds a move away from copyright law's traditional focus – the copying of works – to also protect a copyright owner's ability to control access to published material. The abilities of copyright owners to control the first digitization of material, communication of material, and access to material through the use of TPMs are why copyright pessimists speak of digital lockup.

And they are reasons why changing technology and law is said to be enclosing the public domain (eg Lessig, 2003: 768).

These technological and legal developments underline the importance of copyright exceptions and limitations in the digital environment. In relation to educational institutions, the most important statutory limits are provided by the combination of fair dealing exceptions (Copyright Act, ss 40-43, 103A-103C) and libraries and archives provisions (Copyright Act, ss 48-53, 110A-110B, 203A, 203D-203H). These exceptions have closely related policy bases aimed at promoting public access to copyright material (CLRC, 2002).

Fair dealing allows users to deal with copyright material for particular purposes without the permission of the copyright owner. The four specified purposes for fair dealing are research or study, criticism or review, news reporting, and giving professional legal advice. In addition, the dealing must be 'fair', which will depend upon a variety of factors, including the character of the dealing, its effect on the market for the work, and the possibility of obtaining the work within a reasonable time at an ordinary commercial price (eg Copyright Act, s 41(2)).

Indian law differs from US law, under which there is a general defence of 'fair use' that is not attached to any specific purposes. The open-ended US model appears to be influenced in part by the US's greater protection for free speech (eg Loughlan, 2002). It results in the defence being available in many more situations than Australia's fair dealing (eg Sony v Universal City Studios, 1984). For example, its adaptability has seen low resolution 'thumbnail' digital images be treated as fair use in the US (Kelly v Arriba Soft, 2003). There have been calls for Australia to simplify its copyright law by adopting a general fair use defence (eg CLRC, 1998) however these calls have as yet gone unanswered.

Although they are limited to the four purposes, the fair dealing exceptions are seen to promote the creation of new works based on existing works by overcoming difficulties in negotiating licenses for every use of copyright material (see eg Gordon, 1997, Bently and Sherman, 2000: 192). But the fair dealing exceptions do not exist purely to deal with problems in obtaining owners' permission. They are seen, by some commentators at least, as a central element in the definition of copyright owners' rights (eg CLRC, 2002, De Zwart, 2003).

But fair dealing is not the most important copyright exception for educational institutions for two main reasons. First, it only arises for dealings within one of the four statutory purposes, which do not cover many activities of educational institutions. Second, the relevant purpose is that of the alleged infringer (De Garis, 1990). This makes the defence importance for members of the public using institutions' facilities. But when educational institutions deal with copyright works on behalf of third parties (such as copying articles to supply them to users), the fact that the third parties have fair dealing purposes will not allow the defence to crystallise. Educational institutions must rely on other statutory provisions to avoid liability. The most relevant exceptions for educational institutions are the libraries and archives provisions.

Libraries and archives provisions have existed in Indian copyright law since the Copyright legislation commenced. They apply to educational institutions because 'archives' are defined widely to include public museums and galleries (Copyright act, ss 10(1), 10(4)). They aim to promote public interests in being able to access copyright material, and allow educational institutions to make some use of material without paying copyright owners. For example, certain reproductions may be made for supply to library users conducting research or study (Copyright Act, ss 49, 50), or for supply to other libraries to add to their collections (Copyright Act, ss 50).

And institutions may make preservation or replacement copies of material in their own collections (Copyright Act, ss 51A, 110B). But the provisions also seek to protect copyright owners' markets because many of the provisions do not apply to commercially available works. The provisions are very detailed, and apply limits in relation to the proportion of material that can be reproduced, the uses for which this can be done, declarations that must be obtained from users, and records that must be kept by institutions (see generally McDonald, 2001, CLRC, 2002: 41-64).

It is noteworthy that some of the libraries and archives provisions are specifically stated not to apply to libraries that are conducted for profit (Copyright Act, ss 49, 50). Section 18 of the Copyright act provides a library is not conducted for profit merely because it is within a for profit business. This means libraries in private corporations may not be conducted for profit, in the statute's terms, and could therefore utilise the provisions. A strong reason underlying the provisions' wide scope, and inclusion of private libraries, has been to improve the viability of the inter-library loans system to benefit public sector institutions and their clientele (eg Franki Report, 1976).

Digitization and Educational institutions

As outlined in Part II, the Digital Agenda broadened existing exceptions, as well as providing a new right of communication to the public. This sought to replicate, 'as far as possible … the balance that has been struck in the print environment between the rights of owners of copyright and the rights of users' (Attorney General, 1999). Important elements of the amendments extended the application of the libraries and archives provisions to digitally reproducing material, rather than merely to copying it in analogue form, and extended the means of supplying material to digitally communicating it (eg Copyright Act, ss 49-51A).

Despite the changes introduced by the Digital Agenda legislation, many central activities of educational institutions still require the consent of the copyright owner through the granting of a license. This is so even where they are fundamentally non-commercial in nature, directly benefit users of educational institutions, further educational institutions' public interest missions and do not appear to unduly prejudice the rights of copyright owners. Three areas of limitation appear to be especially important. They relate to digital collections, preservation copying, and digital reproductions.

Limitations on digital collections

The policy agenda behind Digital Agenda legislation is clear: whilst individual acts of digitization are permitted, these are for specific purposes only. They do not allow the creation of digital collections. Three examples illustrate this.

First, where an analogue work is digitally reproduced and supplied to a user who has requested a copy (which is covered by s 49), any electronic copy in the possession of institution must be destroyed once the user's request has been fulfilled (Copyright Act, s 49(7A)(d). This is the position regardless of whether it forces institutions into inefficient practices of digitizing the same works multiple times for different users. The limitation is said to ensure that institutions do not build up electronic collections as a result of section 49 requests (Explanatory Memorandum, 1999: 79-82). But it is not clear that permitting educational institutions to retain such copies, purely to satisfy other user requests, would unduly impact on copyright owners' rights. On the contrary, it may improve public access to copyright material.

Second, where a work is acquired in electronic form it can be made available on terminals within the institution's premises. Those terminals must not permit electronic reproduction or communication of the work (Copyright Act, s 49(5A)).

The words 'electronic reproduction' suggest printing a hard copy would be acceptable, but not saving the work to disk, attaching it to an email, or similar actions. This provision is further limited in two significant ways. It excludes users located off-site from accessing any electronic collection, such as those using the internet. And, with the exception of original artistic works, the provision excludes all works acquired in hard copy form, even using terminals that are completely copy-disabled and solely allow electronic browsing. Again, it is difficult to see how digitizing a collection to permit electronic browsing and searching would impact on copyright owner's rights, particularly if users can only make hard copy reproductions of the work for fair dealing purposes. Indeed, many academic and research authors might experience significant benefits through the increased exposure of their works. In such cases, the change in format may well not facilitate making unauthorized digital copies so there not need be any diminution in the level of sales.

Third, for original artistic works acquired in analogue form, a preservation reproduction may be made available to users within the institution's premises on completely copy disabled terminals. But this is only possible where the original has been lost, has deteriorated or is so unstable that it cannot be displayed (Copyright Act, s 51A(3A)). This does not indicate why users cannot make hard copy reproductions, which is allowed for electronically-acquired works (Copyright Act, s 49(5A)).

Limitations on preservation copying

Preservation copying is only permitted for original artistic works and works held in manuscript form (Copyright Act, s 51A(1)(a); see also s 110B). For other works, only replacement copying is allowed – that is, the work must have deteriorated or been damaged, lost or stolen prior to a replacement copy being made.

Even then, an officer of a library or archives must make a 'commercial availability declaration' with respect to published works that an unused copy of the work is not commercially available (Copyright Act, s 51A(4)). This means back-up copies of frequently accessed works cannot be made, nor can preservation copies of rare or out-of-print works that are still in good condition. In addition, there is no provision expressly allowing existing preservation copies or electronic works to be reproduced in a different electronic format, should existing hardware or software be upgraded or become obsolete. The

Digital Agenda legislative changes do allow reproducing a work for 'administrative purposes' (Copyright Act, s 51A(2)). But the phrase is undefined in the Act, and is unlikely to include all the above uses. It may be directed more to use of reproductions in internal, administrative catalogues. Thus, the copyright owner's permission is required for many acts that promote access and preservation.

Limitations specifically for digital reproductions

Rather than being equivalent with analogue works, digital reproductions face more limitations and bureaucracy. For instance, an institution supplying an electronic reproduction to a user must notify the user about copyright and then destroy any copy of the work remaining in its possession (Copyright Act, s 49(7A)(c) and (d)). In addition, where an institution requests a reproduction of the whole, or more than a reasonable part of, a published work other than an article in a periodical publication, and the work from which a reproduction is made is in hardcopy form, the statutory protections will not apply unless an authorized officer has made a commercial availability declaration (Copyright Act, s 50(7A)). In contrast, where the work copied is in electronic form, a commercial availability declaration is required for all reproductions (including for articles), regardless of the amount copied (Copyright Act, s 50(7B)).

The whittling away of circumstances in which digitization is permitted, outlined above, appears to force educational institutions to obtain licenses to undertake many fundamental activities. This must creates costs in locating and negotiating with copyright owners, in addition to the technological costs associated with digitization, such as the expense of equipment and training, and the time and logistics of digital imaging (eg Williams, 1997). This combination of factors may make digitization programs prohibitively expensive. However, there may be greater costs. The increased need to obtain licenses appears likely to give copyright owners more power to negotiate restrictive terms. Some of the academic literature suggests that license terms may have extremely onerous conditions (eg Lessig, 2003). The prevalence and scope of restrictive terms in the cultural sector, limiting the ways in which material can be accessed, used and communicated, thus emerges as a very important empirical question in relation to debates about digital copyright. In any event, licenses would appear to remain impractical and inefficient for one-off uses, dealings with older works, and for difficult to- locate owners and creators. All this means there may be value in an expanded role for the collective administration of digital copyright issues (see eg Simpson, 1995).

Conclusion

The Indian approach in the Digital Agenda has been to amend exceptions to copyright infringement in response to the digital environment. But the extent to which they consider owners' and users' rights is controversial. In particular, the reformulated libraries and archives provisions allow some digital reproductions to be communicated to the institution's own staff, users or other institutions. But these exceptions only operate in a narrow range of circumstances. The requirements for specific requests from users, and the application of a commercial availability test, mean the provisions do not extend to providing general digital access to institutions' collections.

Many digitization efforts will be outside the scope of fair dealing and the libraries and archives provisions, and so will require permission from copyright owners. The exceptions also vary in complex ways depending on the type of work or audiovisual item in question. This is likely to produce particular difficulties for institutions because their collections increasingly involve the full range of material protected by copyright. It should be noted that these debates about control and use are not new, although digital communications qualitatively change the stakes involved (Digital Dilemma, 2000). Fair dealing and the libraries and archives provisions developed significantly in response to earlier technological change. Then, an important issue was the balance between copyright owners and users. For example, the Franki Report (1976) was particularly concerned with photocopying and its effects on copyright material.

Legislative reform after the Report provided guidelines about fair dealing for research or study, and deemed certain limited reproductions for research or study to be fair dealing. The libraries and archives provisions have been even more influenced by new technologies, with the Franki Report arguing for expanded provisions, in part, because Australia's geographic size and population density created a very dispersed national collection.

Without greater sharing of copyright material, research or study would be unreasonably impeded. Jessica Litman (1989) illustrates how such detailed, complex provisions for libraries also arose in US law in response to the development of photocopying. Concern with reproductive technology's influence on the copyright balance between owners and users has continued in recent reforms. This paper's review of Indian law suggests its digital copyright provisions may be failing educational institutions, and wider public interests, in relation to digital collections, preservation copying, and digital reproductions.

This echoes Fiona Macmillan's comments that the digital agenda reforms did not duplicate the accessibility of print material in relation to digital material in libraries: This is a serious issue in a world of proliferating digitization. A consequence may be to restrict access to a considerable wealth of knowledge. Alternatively, libraries and their users will simply have to pay more in license fees … Either way we are turning libraries into gatekeepers for the new information age, rather than making them its facilitators (Macmillan, 1999: 359). But the situation may not be so bleak, and arguments that analogue and digital environments should have equivalent copyright treatment may be overstated (Ginsburg, 2001). Future research into institutional practices will show what balance between gate keeping and facilitating exists across the sector of educational institutions. This is an important way in which to develop current policy consideration of digital copyright reforms. Copyright policy documents have sometimes taken a conceptual approach and re-examined the categories and criteria used within copyright law (eg CLRC, 1998, 1999). But more often, reform bodies have pursued their tasks through publishing discussion papers, accepting submissions from a wide range of stakeholders, and attempting to describe and synthesize the range of issues and interests affected (eg CLRC, 2002). This work has been valuable in clarifying the diversity of views relevant to digitization and copyright, and the strength with which those views are held. But it may merely replicate the 'hostile camps' of academic commentary (Ginsburg, 2001: 71). This sort of limited outcome may well be repeated in the federal government's current Digital Agenda Review (see Argy 2003). The review, using law firm consultants, has adopted an issues paper and stakeholder-submission model (eg Phillips Fox, 2003). Showing what uses, if any, large and small educational institutions can make of the fair dealing and libraries and archives provisions may do more to suggest whether copyright pessimists are the more insightful commentators on digital copyright.

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Exploring Evangelism - Behaviour & Application

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Abstract:

For a company it is a perfect marketing dream comes true if their customer themselves promote their product /service for them. As companies have grown and become more impersonal, marketers experience more challenges making evocative relations with customers. Consumers want products/ services they can trust and thus they turn to people who can suggest it to them, which marks the entry of an evangelizing customer. Thus this "evangelism" facilitates businesses build their repute and spread word of their highly regarded services.

Marketers want to know how they can respond to their customers. Marketing in the 21st century is about creating a discussion around a product. Marketing messages no longer exist in a vacuum; they are part of living, breathing brands. Comprehensive marketing education provides new marketers with all the tools they will need to make an impact at the companies of tomorrow.

Thus it is very essential for a marketer to know what the antecedents to an evangelizing customer are. This paper employs qualitative techniques to determine the underlying antecedents to an evangelizing customer of beauty salon services and also to comprehend the resultant behaviour pattern.

Key words: *Evangelism, Evangelism marketing, antecedents, customer behaviour*

Introduction

Turning a customer into a mouthpiece for promotion is a marketing dream. As companies have grown and become more impersonal, marketers experience more challenges making evocative associations with customers. Consumers want to buy products from businesses they can trust, and often turn to their friends for commendations. Thus this "evangelism" facilitates businesses build their repute and spread word of their highly regarded services.

Marketing is defined as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large defined by American Marketing Association, 2007. Kotler and Armstrong (2008) also defined marketing as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return. In order to create and retain profitable customers, the marketing concept has become the way of thinking with the customer located at the centre of the business. Over the years the concept of market has evolved from one concept to the other.

From paid forms of promotion to publicity, marketers have done everything in the book to reach customers in the most cost effective manner, which marked the advent of Word -of -Mouth communication. Word -of -Mouth communication plays a vital role in spreading information about the product or service without the company having to pay a penny for promotion. In one of the first, more formal studies, Katz and Lazarsfeld (1955) found that WOM was the most important source of influence in the purchase of household goods and food products. It was seven times as effective as newspapers and magazines, four times as effective as personal selling, and twice as effective as radio advertising in influencing consumers to switch brands. Feldman and Spencer (1965) determined that about two-thirds of new residents in a community relied on WOM to select a physician. However, it appears that a considerable potential exists for enriched conceptualizations and new research directions on WOM. In this paper the author is trying to investigate the next level of WOM which is evangelism.

Consumer behavior literature provides plentiful evidence of enthusiastic and highly passionate forms of consumer-object relationship.

In an attempt to enthrall their lives, consumers engage in motorcycle riding (Schouten and McAlexander 1995), in worshipping the Apple Newton Brand (Muniz and Schau 2005), or in communicating with other passionate fans, as for instance reported by Pimentel and Reynolds (2004). Wallendorf and Arnould (1988) contended that material objects play many important roles in the lives of consumers. They might become "favorite things" and serve important psychological functions in our lives. It has also been contended that enthusiastic consumers are spreading positive word-of-mouth and engage in convincing other consumers (Pimentel and Reynolds 2004; Ahuvia 2005). Having observed these enthusiastic consumers, word-of-mouth as a measurement construct is likely to underestimate the evangelical forms of talking about favorite possessions and the tendency of passionate consumers to induce other consumers. (Matzler et al 2007) Still, there are hints in theory as well as in real-life that passion for a brand can cause more intense and more extreme acts than just positive word-of-mouth. Pimentel and Reynolds (2004) have shown that truly devoted consumers not only spread positive word-of-mouth but eventually engage in recruiting in order to actively convince others of their beloved brand. Rozanski, Baum, and Wolfsen (1999) portray the actions of brand zealots whose extreme loyalty and emotionality towards their favorite brand can inspire them to extreme acts.

Thus when customers are truly thrilled about their experience with your product or service, they can become outspoken "evangelists" for your company. Evangelism literally comes from the three words of 'bringing good news' and the marketing term justly draws from the religious sense, as consumers are literally driven by their beliefs in a product or service, which they preach in an attempt to convert others. Thus for a company/ service provider evangelist will help in business development without any price. This group of satisfied believers can be converted into a potent marketing force to grow your universe of customers.

As they act independently, evangelist customers often become key influencers. The fact that evangelists are not paid or associated with any company makes their beliefs perceived by others as credible and trustworthy. Evangelist customers spread their recommendations and recruit new customers out of pure belief, not for the receipt of goods or money. Thus it would be noteworthy to find out as to why a consumer would indulge in evangelism i.e.: antecedents to the evangelism behaviour.

Methodology

In this paper Qualitative research has been used to explore deeper into the purview of the term evangelism.

Qualitative research is form of formative research that comprises of specialized techniques for obtaining in-depth responses about what people think and how they feel. Qualitative research has often been conducted to answer the question "why" rather than "what". Systematic techniques of Free listing combined with pile sort can be used for exploring the perceptions of local people on a given research topic in a systematic manner. In this paper free list exercise is done to explore underlying dynamics for evangelism.

Since the principle of qualitative research is to find out answer to the question 'why', and explore diverse perspectives on the research topic by generating rich textual data, Non-probability sampling is recommended Wilmot A (2009). In this paper purposive sampling, has been preferred where women respondents obtaining beauty salon services have been selected.

In this paper the author has used free listing exercise to find out as to why would ladies highly recommend (evangelize) a certain beauty salon. The systematic technique and the tool of free listing and pile sorting was used to gather the antecedents to them evangelizing about the services of a beauty salon.

A total sample size of 18 ladies participated in the exercise beyond which there was no new addition to the list of antecedents to them evangelizing the

services. The ranking too did not differ much and was more or less close to what others said. Also an observation study was conducted to identify the behaviour of ladies in the beauty salon who were seen to evangelize and influence others to comprehend the underlying evangelism behaviour in them. Fig 1.1 depicts both these aspects under study.

The following antecedents of evangelizing about the services of a beauty salon came of this exercise.

Price

Price is unquestionably one of the most important extrinsic cues utilized during a consumer's decision-making. Price can be defined as the consumer's perceptual representation or subjective perception of the objective price of the product (Jacoby and Olson, 1977). Zeithaml (1982) proposed that consumers encode and interpret actual price in ways that are meaningful to them. In particular, theories on adaptation level (Helson, 1964) and assimilation-contrast (Sherif et al., 1965) suggest that customers have adaptation level prices or a latitude of acceptable prices for a given product/service category. Customers judge the actual price of a product to be high, low or fair in comparison with these internal standards (Monroe, 1990). This suggests that it is the perceived product price rather than actual price that affects consumers' product/service evaluation and choices (Jacoby and Olson, 1977; Zeithaml, 1988). Price has been a determining factor in consumer choice, playing a more complex role than often attributed to it (Monroe, 1990). Consumers tend to remember information on past and present price and are able to acquire complete information on the attributes of products/services being considered as options. Of the 18 respondents, 12 respondents ranked this as their very first consideration.

Trust

The concept of trust has been widely discussed in the literature of buyer-seller long-term relationships (see Dwyer et al., 1987; Anderson and Narus, 1990; Crosby et al., 1990; Berry and Parasuraman, 1991; Moorman et al., 1992; Morgan and Hunt, 1994; Berry, 1995; Bowen and Shoemaker, 1998; Garbarino and Jhonson, 1999; Hennig- Thurau, 2002; Wong and Sohal, 2002; Lin et al., 2003; Eastlicka et al., 2006). Authors in general agree that trust is one of the most important components framing the relationship between buyers and sellers. For instance, Garbarino and Johnson (1999) suggested that when a customer trusts an organization, he/she has the confidence in the quality and reliability of the service offered. Chow and Holden (1997) argue that the more trusting a relationship, the higher the value a customer places on the relationship; in response, the customer is more likely to maintain a trusting relationship than risk uncertainty in the building of new exchange processes. That is, uncertainty implies a potential for service failures and thus negative outcomes (Crosby et al., 1990). Furthermore, trust is seen as having a positive impact on the stability of buyer-vendor relationships (Anderson and Weitz, 1989).

Service quality & Satisfaction

One of the key aspects of satisfaction is measurement of the degree of overall appraisal of customers' relationship (interaction) with their service provider. Customer satisfaction is one of the most important components in a customer's decision to keep or switch a product or service provider (Lemon et al., 2002). The choice of satisfaction is consistent with previous research in relationship marketing that has found satisfaction to be a key determinant of the relationship between customer and service provider (Hennig-Thurau and Klee, 1997; Smith and Barklay 1997; Rosen and Surprenant, 1998; Shamdasani and Balakrishan, 2000; Hennig-Thurau et al., 2002; Kim and Cha, 2002; Roberts et al., 2003; Hsieh and Hiang, 2004, Leverin and Liljander, 2006).

In reviewing the service literature, customer satisfaction has been generally viewed within the expectation-disconfirmation theory or paradigm describing the process in which customers evaluate satisfaction (Oliver, 1980; Oliver, 1981;

Churchill and Surprenant, 1982; Swan, 1983; Tse and Wilson, 1988; Westbrook and Oliver, 1991; Wirtz and Bateson, 1999). In an attempt to further explore customer satisfaction as a concept, service marketing researchers have preferred to make a distinction between satisfaction and related constructs. For example, Bitner (1990) argues that satisfaction is not the same as a customer's general attitude towards the service. That is, satisfaction assessment relates to individual transactions, and satisfaction as an attitude is more general. Liljander and Strandvik (1994), Parasuraman et al. (1994), and Shemwell et al. (1998) also distinguished between service quality and satisfaction. For example, according to Liljander and Strandvik (1994), perceived service quality can be viewed as an outsider perspective, a cognitive judgment of a service; satisfaction, on the other hand, refers to an insider perspective (the customer's own experiences of a service, where the outcomes have been evaluated in terms of what value was received). More recently, Zeithmal and Bitner (2003) have argued that satisfaction is generally viewed as a broader concept, and service quality is a component of satisfaction. However, despite satisfaction being conceptualised differently in the service marketing literature, Fornell's (1992) conclusion that satisfaction is a post-purchase assessment leading to an overall feeling about specific transaction provides a useful summary for the term.

Commitment

A number of views have been put forward in the literature about the significance of commitment in long-term relationships. For instance, Berry and Parasuraman (1991, p.139) maintained that "relationships are built on the foundation of mutual commitment," and according to Morgan and Hunt (1994) commitment is regarded as an essential component for successful long-term relationships. Furthermore, it has been considered to be an important outcome of good relational interaction (Dwyer et al., 1987). Bennet (1996) argued that the strength of customers' commitment to a firm depends on their perceptions of the firm's efforts. Because commitment is a critical variable in measuring the future of the relationship between buyer and seller, most authors in relationship marketing regard it as an important dimension of relationship quality (see Dorsch, 1998; Smith, 1998; De Wulf et al., 2001; Hennig-Thurau et al., 2002; De Wulf et al., 2003; Roberts et al., 2003; Bansal, 2004; Palmatier, 2006; Wang et al., 2006). In this context, Roberts et al. (2003, p.178) maintain that, "customer's commitment to a service organisation is an important indicator of the health of a relationship.

Customer Loyalty

Several authors have suggested that loyalty is a phenomenon related to relationships (i.e., Jacopy and Kyner, 1973; Sheth and Parvatiyar, 1995). The significance of this concept arises from the idea that maintaining a customer is more profitable than winning a new one because: the cost of serving loyal customers is less and loyal customers spend more with the company (Berry and Parasuraman, 1991; Dowling and Uncle, 1997;

Bowen and Shoemaker, 1998; Tepeci, 1998; Noon et al, 2003). Customer loyalty is also one major driver of success in the hospitality industry. Pullman and Gross (2004) acknowledge that loyal customers are the key to success for many services, particularly those in the hospitality setting. Bowen and Shoemaker (1998) also maintain that a small increase in loyal customers can result in a substantial increase in profitability. Further, Kandampully and Suhartano (2000) claim that the significance of customer loyalty is likely to become a necessary prerequisite for the future survival of hotel organizations. Furthermore, Tepeci (1999) found that loyal customers are more profitable for hospitality firms, because they are easier to serve than non-loyal customers. From a customer perspective, Reichheld (1996) maintains that customers are willing to invest their loyalty in businesses that can deliver superior value relative to competitors. Similar to this, Yang and Peterson (2004) also acknowledge that there is a tendency for customers to avoid searching, locating, and evaluating purchase alternatives, which predisposes them to be loyal to one company. That is, when customers become loyal, they tend to avoid such processes that consume the time and effort required to be accustomed to new vendors.

Affect

The *Affect* component reflects the likeability of for the service. Likeability can include attractiveness, feeling of liking, enjoyability, and positive affection (e.g., Ganesan, 1994; Haley, 1996; Ohanian, 1990; Young and Albaum, 2003). Here, the *Affect* component includes items such as positive, likeable, and enjoyable, which are consistent with the prior conceptualization of likeability. In recent studies of the structure of affect, positive and negative affect have consistently emerged as two dominant and relatively independent dimensions. At the heart of emotion, mood, and any other emotionally charged event are states experienced as simply feeling good or bad, energized or enervated. These states--called core affect--influence reflexes, perception, cognition, and behavior and are influenced by many causes internal and external, but people have no direct access to these causal connections. Core affect can therefore be experienced as free-floating (mood) or can be attributed to some cause (and thereby begin an emotional episode). These basic processes spawn a broad framework that includes perception of the core-affect-altering properties of stimuli, motives, empathy, emotional meta-experience, and affect versus emotion regulation; it accounts for prototypical emotional episodes, such as fear and anger, as core affect attributed to something plus various nonemotional processes. (Zevon, M. A., & Tellegen, A. (1982).

Status-quo

The status-quo effect is a recognized phenomenon in individual decision making (cf. Jungermann et al., 1998). Individuals tend to select the current situation respectively the status quo unduly often when faced with choices between new alternatives and the current situation. Samuelson and Zeckhauser (1988) are said to be the first who have demonstrated this effect. In a series of decision making experiments on health insurance plans, for instance, they found that individuals disproportionately stick with the status quo. Although rational explanations can be provided, Samuelson and Zeckhauser argue that a variety of psychologically based theories such as misperceived sunk costs, regret avoidance, or a drive for consistency provide more robust explanations. Kahneman et al. (1991) point out that the status-quo effect could be seen as a consequence of loss aversion. If individuals are keen to avoid losses they will have "a strong tendency to remain in the status quo because the disadvantages of leaving it loom larger than advantages" (Kahneman et al., 1991: 197f.).

Social ties

Stone (1954) initially suggested the importance of social exchange, recognizing the existence of shoppers who evaluate personal contact in stores, because they do not like to be served in a uniform way. This is derived from business-to-business literature, where it was used to indicate good personal relations (i.e., Smith, 1998; Williams et al., 1998; Rodríguez and Wilson, 2000). This mode of thinking has also been adopted by subsequent studies in business-to-consumer markets (see De Wulf et al., 2001; De Wulf et al., 2003; Lin et al., 2003; Liang and Wang, 2005; Wang et al., 2006). In conceptualizing social ties, Han (1991, p.61) describe these as "the degree to which certain ties link and hold a buyer and seller together closely in a personal (emotional sense)."

Thus, social ties include linking of identities through self-disclosure, closeness, providing support or advice, being empathetic and responsive, feelings of affiliation, attachment, or connectedness, and shared experience. Lin et al. (2003) and Hsieh et al. (2005) provide a more comprehensive view by defining social ties as personal ties that pertain to service dimensions that offer interpersonal interactions, friendships, and identifications. Berry and Parasuraman (1991) and Berry (1995) referred to social ties as imperative in securing customer loyalty. They claim that customers who are treated personally should have stronger reasons not to switch companies, although social ties do not overcome price differences or any weaknesses in service delivery (Berry and Parasuraman, 1991).

Experience

Brand experience is conceptualized as sensations, feelings, cognitions, and behavioral responses evoked by brand-related stimuli that are part of a brand's design and identity, packaging, communications, and environments. Experiences also occur when consumers consume and use products. As with product experiences, service experiences are also seen to vary in valence; that is, some are more positive than others, and some experiences may even be negative. Furthermore, some experiences occur impulsively without much reflection and are short-lived; others occur more consciously and last longer. Service experiences occur when a consumer interacts with a store's physical environment, its personnel, and its policies and practices (Hui and Bateson 1991; Kerin, Jain, and Howard 2002). Experiences vary in strength and intensity; that is, some experiences are stronger or more intense than others which lead a consumer to evangelize like seen in this exercise.

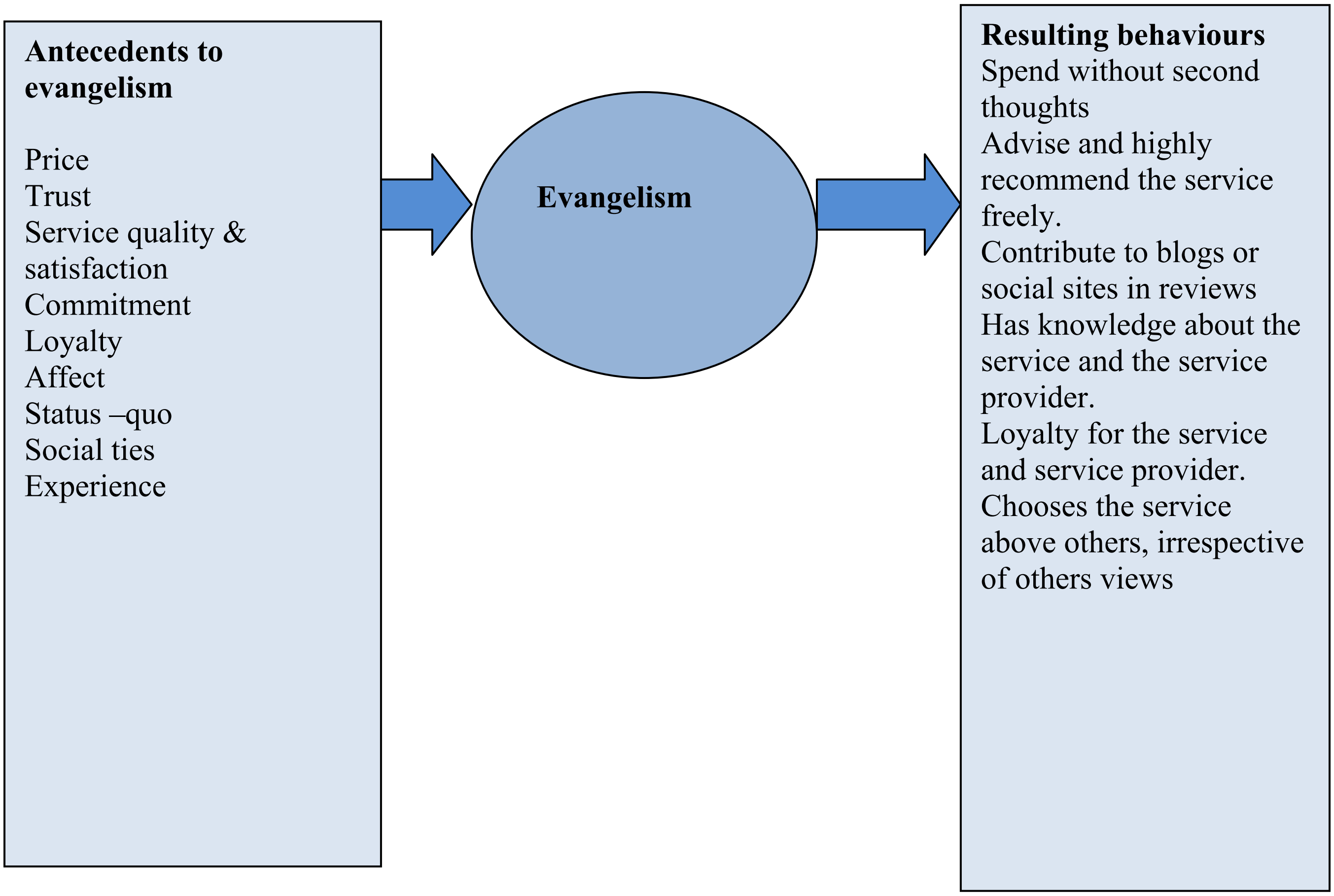

Fig 1.1 Antecedents & resulting behaviour in evangelism

From looking at the antecedents of evangelism in consumer behaviour we move on to how marketers look at it as an innovative tool for marketing. Many people believe Guy Kawasaki, the former chief evangelist of Apple Computer, to be the Father of evangelism marketing. In his books "The Art of the Start" and "How to Drive Your Competition Crazy" Kawasaki states that the driving force behind evangelism marketing is the fact that individuals simply want to make the world a better place.

Authors Ben McConnell and Jackie Huba explain how to convert already loyal customers into influential and enthusiastic evangelists. The year-long research project that led to "Creating Customer Evangelists" outlines the framework for developing evangelism marketing strategies and programs. The ultimate goal is to create communities of influencers who drive sales or membership for your company or organization.

From their research into the best practices of some of the most forward-thinking companies with legions of evangelists who spread the word, McConnell and Huba outline and explain the six basic tenets of creating customer evangelists:

1. Customer plus-delta: Continuously gather customer feedback.
2. Napsterize knowledge: Make it a point to share knowledge freely.

3. Build the buzz: Expertly build word-of-mouth networks.
4. Create community: Encourage communities of customers to meet and share.
5. Make bite-size chunks: Devise specialized, smaller offerings to get customers to bite.
6. Create a cause: Focus on making the world, or your industry, better.

McConnell and Huba profile highly successful companies to illustrate these tenets and prove how solid customer relationships build and sustain companies through good and rocky times. By deepening customer relationships, successful organizations create communities that generate grassroots support and value for their products and services.

For the Marketer

Evangelist marketing is marketing strategies that rely on ideas being spread from one person to another, person or group. This type of marketing occurs when a company takes a product or service that they offer and convince consumers that they need to have it, or at least need to try it. From buying and trying the product or service, the consumer then spreads the word about their experience, here in which the consumer becomes an evangelist or influencer of the product. Essentially, the main goal of evangelist marketing is to tap into your consumer base. If a company trusts the benefit of their product to be so great, there's no doubt that customers will spread the word as advocates.

A marketer can look for these following traits in a consumer to recognize an evangelist.

- The consumer will spend extensively without an second thoughts on the service since the consumer already trusts the service.
- The consumer will advise others for the service and will highly recommend the service freely.
- Contributes to blogs or social sites in reviews about the service.
- Has in-depth knowledge about the service and the service provider.
- Is very loyal to the service and service provider.
- Chooses the service above others irrespective of others views

Conclusion

Evangelist marketing is a concrete approach for companies that have a product they know will advantageous and make a difference in consumer's life, and will be something consumers will talk about and spread the word. It is also a beneficial marketing strategy in that it is relatively inexpensive, particularly when utilizing social media. While evangelists are those that are tremendously fond of the product that you have to offer, no one can tell you more about your product than those that have actually used it. Marketers should take advantage of this opportunity to implement this tool for their brand or service. Encouraging enriching experiences with those poised to maximise benefit to the individual and the company seems alluring and also very profitable in the long run. Ideally, this could lead to a future where marketers can contribute to budding their own evangelists, rather than stumbling in the dark, waiting for the stars to align and a Customer Evangelist to be born.

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How the IPOs performed in Indian Stock Market (National Stock Exchange) in 2005-06? An Empirical Study

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Abstract

The focus of this research article is to find out the performance of the IPOs which are listed in the NSE, India during the year 2005-2006.The sample considered for the study is the IPOs issued during the year 2005 and 2006 and listed in the National stock Exchange. The performance is studied for a period of 24 months since the date of issue. Both the long run and short run performance are analyzed. The short run performance is measured by means of initial abnormal returns while the long run performance is measured by means of average abnormal returns. Further analysis is carried out by forming portfolio of the issues based on a number of factors like the issue price, size and type of industry sector of the companies. The impact of these factors on the performance of the share is analyzed using regression. Based on the above analyzes, finding and recommendations are framed.

***Key Words**: (Initial Public Offerings, Abnormal return, Short term performance, Long term performance)*

INTRODUCTION

Investing in various types of assets is an interesting activity that attracts people from all walks of life irrespective of their profession, economic status, education and family background. An investor is always looking for better alternatives so as to invest their hard earned money so as to maximize their return. At present a number of investment avenues are opened to the investors where they can invest their hard earned money to suit their needs and nature. One of the avenues opened for them is IPO or Initial Public Offerings.

Before understanding about IPO it is necessary to have a brief overview about Financial Market.

1.1 Financial Market

The growth and development of a sound economy depends upon the development of a healthy financial market. Financial market is a place where there is a flow of fund from the area of Surplus (Household) to the area of Deficit (Banks, Financial Institutions etc) and flow of financial Instruments like (Bonds, debentures etc) from the area of Deficit to the Area of Surplus. In other words, Financial Market is a place where the Investors and the fund seekers meet for mutual benefits and there is exchange of Financial Assets. Financial Market is divided into Money Market and Capital Market. Money Market deals with open market operations in highly marketable short-term debt while capital market deals with long-term financial claims.

Capital Market dealing with long term financial assets is further segregated into:

- Primary Market
- Secondary Market

Primary Market is also known as New Issue Market where new issues of Shares and Debt securities are made, while the existing securities are traded in the Secondary Market. If a company wants to raise new funds it can approach the primary market with any one the following options:

- Public Issues
- Private Placement
- Right and Bonus Issues

1.2 *Initial Public Offer*

An Initial Public Offering is the selling of the security to the public in the primary market by the unlisted company either by a fresh issue of shares or an offer of sale of existing securities both for the first time to the public. The shares are made available to the investors at the price determined by the promoters of the company with consultation of its investment bankers. The successful completion of an IPO issue results in listing and trading of the company's share at the designated stock exchange.

The sale of securities can be either through book building process or through normal public issue. Book building is normally a process used in IPO for efficiency market delivery. During the period 1993-94 to 2007-08, 4538 companies have raised Rs 149671 crores from primary market through IPO.

Growth of IPO Market in India

Year	Number of IPO	Amount (In Crores)
1991-1992	158	724
1992-1993	467	3673
1993-1994	693	7650
1994-1995	1231	9919
1995-1996	1357	10924.11
1996-1997	717	5958.60
1997-1998	52	1047.52
1998-1999	18	404.21
1999-2000	51	2719.04
2000-2001	114	2722.38
2001-2002	7	1201.8
2002-2003	6	1038.68
2003-2004	14	1412
2004-2005	23	12382
2005-2006	79	10936
2006-2007	77	28504
2007-2008	85	42595

Source: **SEBI Annual Report**

1.3 *IPO Process*

First the firm has to select an underwriter so as to sell its securities in the primary market. The company usually consults with his investment banker how best to structure the offerings and how it should be distributed. Since most of the new issues are too large for one underwriter, the investment manager also known as the underwriter manager invites other investment bankers to participate in the joint distribution of the offering. The groups of investment bankers are also known as syndicates. Members of the syndicate usually make a firm commitment to distribute a certain percentage of the entire offering and are held financially responsible for any unsold portion. The underwriter syndicate can choose either best effort method or firm's commitment method for selling the securities. There exist 2 main mechanisms for sale of public issues.

- Fixed Price method
- Book Building Method

Fixed Price Method

In a fixed price offer, an issuer company is allowed to freely price the issue. The basis of the issue price is disclosed in the offer documents where the issuer discloses in detail about the qualitative and quantitative factors justifying the issue prices.

The issuing firm (with the help of the underwriter) decides upon the selling price and offers a set of shares at that price.

Book Building Method

In a traditional IPO process an investment bank is always hired to underwrite an IPO. The issuing firm will chose an underwriter (Book Runner) or co-manager risk, the investment bankers themselves almost always form a syndicate and each member of which will sell part of the issue. Deal can be structured in a number of ways. One consideration is whether it is a "firm commitment" or "best effort agreement". In a firm commitment, the underwriter buys the entire offer and resells it to the public, thus guaranteeing the amount of money that the money that will be raised. Under the best effort agreement, the underwriter sells as much of the security to the public as it can sell at the offering price but it doesn't guarantee the quantity.

Next the underwriter put together a "red herring" and goes on a road show to potential investor and gauge demand. Most of the potential investor is institutional investor such as mutual funds, pensions funds and hedge funds and they give the underwriters the feedback as to how much stock they intend to buy and at what price.

This is called book-building process since the underwriters build a book of potential orders. After the SEBI approves the registration and the road show is complete, the underwriter and issuing firm decides on a offering price range, which will depend upon the success of the road show, the current market conditions and the company's goal.

2. LITERATURE REVIEW:

The literature review for the IPO is vast. It has been proposed to present some of the research finding which has helped me to conduct the present study:

Chemmanur (1993) presented information - theoretical model in IPO pricing in which the insider sells stock, in both IPOs and the secondary market, have costly private information about the performance of the firm. High Value firms, which know that they are going to pool with the low value firms, induced outsiders to engage in information production by underpricing which compensates outsiders for the cost of producing information. So the underpricing results from insiders inducing information production in order to have a more precise valuation of their firm in the secondary market.

Mauer and Senbet (1992) analyzed the role of the secondary market in pricing and underpricing of IPOs. The study considered 1002 IPOs during the period 1977-1984.IPOs are above $ 1.5 Million, underwritten and subsequently traded on NASDAQ, AMEX or NYSE. The analysis is done on the basis of the Person Coefficient Correlation calculated between Initial return, Dimon Beta, Residual risk, offering Size Age and time of offering. They had argued that the incomplete spanning of the primary issues in the secondary market and the limited investors access plays a very important role in the pricing of the IPOs. The study reveals that the IPOs initial return are positively related to the IPO residual risk, negatively related to offering size and company age and are not related to systematic or Beta Risk.

Jenkison and Ljungqvist (2001) provided a detail review of IPOs and summarized the results of the studies concerning short run and Long Run performance in their paper. The evidence shows that the investor who purchase the shares at the offering date and sell them on the first day of the trading gain high positive returns while those investors who hold the IPO for a longer time don't gain much. However this evidence in the long run is controversial, with different researchers reporting contrasting results. For example Lee et al (1996) find that the IPO launched in Australia exhibits serve underperformance in the two years post IPO in the Australian Market. Others, such as Ritter (1991) and Loughran and Ritter (1995), report that the US IPO companies do experience significantly negative returns in the first three to five years following an IPO.

Madhusoodanan and Thiripalraju (1997) analyzed the Indian IPO market for the short term as well as ling term underpricing. They also the studied the impact of the issue size on the extent of the underpricing in these offerings and the performance of the investment bankers in pricing these issues. The study also indicates that in general the underpricing in the Indian IPOs is short run is higher than in comparison with other countries

Gompers and Lerner (2003) investigated 3660 IPOs from 1935 to 1972 for the holding period upto five years after listing. Their findings demonstrate that the IPO performance depends upon the method used to measure return. Their results show some evidence of underperformance when the value weighted event time buy and hold abnormal returns are used. However, the underperformance disappears when either equally weighted event time buys and hold or cumulative abnormal returns are employed.

Vaidayanathan (2007) studies the price performance of the IPOs listed in the NSE. The study suggests that the demand generated for an issue during the book building process and the listing delay positively impact the first day under pricing whereas the effect of money spent on the marketing of the IPO is insignificant.

Cai and Wei (1997) note that the Japanese issuing companies under perform size- matched non-issuing companies in most industries.

Pastor and Veronesi (2003) analyzed the performance of the IPOs from the period January 1962 to December 2002 and observed 16 IPOs waves and used regression analyses for analyzing performance of the IPOs. The researchers used market return, market volatility and time series analyses. The study provides a theoretical framework on different aspects such as IPO waves, Optimal IPO timing and IPO valuation.

Ritter (1991) finds that the US IPOs display long run underperformance, with a tendency for smaller offers to have the worst aftermarket performance. He also reports that the companies, which have the highest, mean initial returns also have the poorest long run returns consistent with the hypothesis framed by Aggrawal and Rivoli (1990) and of De Bondt and Thaler (1985 and 1987).

Singh (2003) has reported that the internationally observable phenomenon of the IPO market is characterized by pervasive under pricing in the short run and the underperformance in the long run.

3. NEEDS AND SIGNIFICANCE OF THE STUDY

This study conducted by me is to focus on the performance of the IPO issued in NSE during the year 2005 and 2006. All the investors before investing in the IPO should thoroughly investigate regarding the returns as well as make a Fundamental analysis of risk and return associated with the investment in the IPO. A Company before approaching the primary market to raise the requisite amount of capital from the market has to consult the underwriters before deciding about the number of shares to offer and the price per share. In order to result in a healthy and proper growth of IPO market in India it is very necessary that the investors should have proper knowledge about the performance of IPO. Hence this article is focused on knowing the performance of the IPO, which will help the investors.

4. RESEARCH METHODOLOGY

This study has been conducted with the aim of appraising the price performance of the IPO listed in the NSE during 2005 & 2006.

4.1 *Objective of the Study*

The focus of the research article is to find out the initial return and the abnormal return of the IPO listed in the NSE during the year 2005-06 and to analyze the performance of the IPO during a period of time. It has also been a endeavor through this research article so as to conduct a study whether there exists a pattern with regard to performance of the IPO across different industrial sector, types of listing, size of the issue as well as the price of the issue during the same period.

4.2 ***Data and Methodology***

The target population IPO listed in NSE during 2005-06. The sample size for the study is 61. Data regarding 61 issues has been analyzed. The study involves secondary data collected from NSE. The research design used in the study is descriptive one. The relationship between different variables like abnormal returns and the issue price, issue size and issue types and industry sector are analyzed in this research article.

5. DETERMINATION OF THE PERFORMANCE OF THE IPO

The performance of the IPO can be measured by the closing price of the first trading day because it is not possible for the non-professional buyers to buy the stocks at the offering price or the price at which it is listed. The abnormal returns can be measured from the closing price of the first day's trading. This research article studies the performance of the IPOs issued during the year 2005-06 for a period of 24 months. This is done by finding out the initial abnormal return on the day of the listing. The average abnormal return and cumulative average abnormal return are found for the period of 24 months after the issue of the security. The performance of the IPO is further segregated by the IPO on basis of the 1) Different industries to which the company belong to as per the IPO issue 2) size of issue 3) Types of Issue 4) Issue price.

6. ANALYSIS

6.1 ***Initial Abnormal Return***

The initial abnormal return = Difference between the closing price on the first day of the issue and issue price of the IPO.

Table A

Year	No. of Listing	Mean Initial Return (%)	Median (%)
2005	31	29.65	22.75
2006	30	21.49	17.06

Reference: TABLE 1 and TABLE 2 (Annexure)

It can be observed that the Initial Abnormal Return have decreased from 29.65 to 21.49 (from 2005 to 2006) that is 8.16% which is very significant percentage. The median have shown also decrease from 22.75 to 17.06 (from 2005 to 2006) that is 5.69% which indicates that the performance of the issues have decreased over the years according to the initial returns.

The decrease in the performance of the IPO can be attributed to the awareness of the investor, availability of information regarding issues.

6.2 ***Mean Initial Abnormal return for different Issue Size***

TABLE B

Issue size (in lakhs Shares)	No. of Companies	Mean initial Return (%)	Median (%)
<30	2	8.79	8.79
> 30 and < 70	41	25.45	35.10
>70 and < 110	6	8.26	2.32
>110 and < 150	1	43.35	43.35
>150 and <190	0	0	0
>190 and < 230	1	16.27	16.27
>230 and < 270	1	-30.24	-30.24
> 270 and < 310	1	-.35	-.35
>310	5	40.21	42.33

Issue Size has been segregated on the basis of the number of shares in lakhs issued rather than on the total amount.

As per the above Table B it can be observed the highest mean is for the issue size in the range > 110 and < 150 but only one company comes under this category. In the issue size range > 30 and < 70 the mean is calculated to by 25.45% and median 35.10% where the total number of companies falling under this category is 41 IPO.

6.3 ***Mean Initial Abnormal return for different Issue Price***

TABLE C

Issue Price	No. of Companies	Mean Initial Return (%)	Median (%)
<60	11	52.29	35.10
>60 and < 100	8	20.85	18.83
>100 and < 250	21	10.68	5.91
>250 and < 400	9	36.63	49.9
>400 and < 550	3	29.68	35.85
>550 and < 700	3	4.58	-.8
>700	3	28.91	18.59

In the Table C the mean and the median initial returns are represented as per the issue price of the IPOs. From the table it can be observed that the highest mean is for the issue price in the range < 60 followed by the price range of 250-400.All the other prices show a moderate positive return.

6.4 *Mean Initial Abnormal return Industry wise*

TABLE D

Industry	No of Companies	Mean Initial Return	Median
Banking &Financial Services	6	42.31	25.74
Retail	9	15.88	9.79
Construction	5	18.05	.58
Pharma	6	33.07	13.38
IT	9	31.50	29.65
Textile	4	7.38	-4.96
Media	3	19.03	5.05
Aviation	3	-4.36	1.35
Engineering &Power	13	38.74	27.34
Transport	1	-.8	-.8

From the above table it can be observed the industry wise sectoral division of the IPO that aviation industry has negative initial return which means that the market value of these shares are lesser than price at which it is

issued. The highest mean and median for the initial return, which is 42.31 is of the Banking and Financial Services which has captured the interest of many investors in the recent years followed by Engineering and Power Industry.

7. ABNORMAL RETURN AND AVERAGE ABNORMAL RETURN

The performance of the IPO listed during the period of 2005 and 2006 are analyzed using the concept of abnormal return. The abnormal return and the average abnormal returns are calculated for a period of 24 months since the listing of the stock in the National stock exchange. The abnormal return = raw return – market return. In other words the formula is represented by ARIT=RIT-RMT.

For calculating the return number of listing taken from 2005 is 12 issues and from 2006 are 18 issues. Hence a total of 30 issues have been taken for the analysis purpose.

TABLE E

Year	Number of listing	CAAR
2005	12	2.48
2006	18	.34

CAAR = Cumulative Average Abnormal Return

From the above table it can be observed that issues listed in the year 2005 (CAAR =2.48) shows a better performance compared to the listing in 2006 (CAAR = .34).

7.1 *Industry wise Cumulative Average Abnormal Return (CAAR)*

TABLE F

Industry	Number of Companies	CAAR
Aviation	3	-2.06
Banking	3	4.01
Construction	4	-2.28
Engineering	6	1.36
IT	4	4.06
Media	2	-2.72
Pharma	1	-1.56
Retail	4	3.79
Textile	2	1.94
Transport	1	.58

The table above shows CAAR industry wise reflecting that banking showing a CAAR of 4.06 while Construction, Media and Pharma showing negative CAAR.

8. HYPOTHESIS

A number of linear regression analyses are done to find out whether there exists a dependency of the initial performance of the issue on different variables like issue price, issue size, industry sector or issue types.

A number of hypotheses are found which are either proved or disproved depending upon the regression equation in each case.

The regression equation is $Y = a + b X$

7.1 *Hypothesis*

Null Hypothesis H0: *The initial performance of the stock is not dependent on the issue price of the IPO.*

Alternative Hypothesis H1: *The initial performance of the stock is dependent on the is Issue price of the IPO.*

TABLE G

Result of the regression between issue price and initial abnormal return

Model	R	R Square	Adjusted R Square
1	.396	.157	.138

Model	NStandardized Coefficient	Standardized Coefficient	T	Sig
	B Std Error	Beta		
Issue Price	59.24		4.24	.000
	-12.456	-.441	-3.176	.004

From the above tables the regression equation can be formed as below:

Y = 57.567 – 10 X

R square is .157, which is closer to zero; therefore the criterion variable cannot be predicted accurately by the predictor variable. This leads to the inference that the null hypothesis is accepted which means that the initial return doesn't depends on the issue price of the IPOs.

7.2 *Hypothesis*

Null Hypothesis HO: The initial performance of the stock is not dependant on the issue size of the IPO.

Alternate Hypothesis H1: The initial performance of the stock is dependant on the issue size of the IPO.

TABLE H

Result of the regression between issue size and initial abnormal return

Model	R	R Square	Adjusted R Square
1	.237	.056	.046

Model	NStandardized Coefficient	Standardized Coefficient	T	Sig
	B Std Error	Beta		
Issue Size	44.20		3.02	.009
	-7.576	-.246	-1.5667	.105

inference that the null hypothesis is accepted which From the Table H, R square is .056, which is closer to zero; therefore the criterion variable cannot be predicted accurately by the predictor variable. This leads to the means that the initial return doesn't depends on the issue size of the IPOs.

9. FINDINGS

The performance of the IPO issued during 2005 and 2006 are analyzed. This is done by analyzing the performance of the IPO during short run as well as long run.

Some of the findings of the paper can be summarized as below:

- The mean initial abnormal return of 2005 is greater than 2006 by more than 8 %.
- CAAR of 2005 is greater than 2006.
- The average initial return also confirms the fact that the IPO issued in 2005 has done well

compared to 2006 in short term as well long term performance.

- The mean initial abnormal return is higher in case of IPO issue price less than 60 followed by IPO in the range between greater than 250 and less than 400. This is consistent with the long-term performance of the issues observed from the vales of the CAAR for these portfolios.

From the above observation it can be inferred that IPOs with the smaller size have performed better in the short term.

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ANNEXURES

Companies Taken in 2005 and 2006

Sr. No.	Name (2005)	Listing Date	Name (2006)	Listing Date
1	Kernex Ltd	20/12/2005	Ess Dee Ltd	28/12/2006
2	Repro Ltd	22/12/2005	Nissan Copper	29/12/2006
3	Everest Ltd	15/12/2005	XL Telecom	28/12/2006
4	Triveni Ltd	13/12/2005	LT Oversea	18/12/2006
5	AIA Ltd	14/12/2005	Sobha Ltd	20/12/2006
6	Bombay Rayon	5/12/2005	Ruchira	20/12/2006
7	Pyramyde	6/12/2005	Bluebird	11/12/2006
8	Prithvi Ltd	16/11/2005	Parsunath	30/11/2006
9	Bannari Ltd	14/11/2005	Lanco Infratech	27/11/2006
10	Shree Renuka	31/10/2005	InfoEdge	21/11/2006
11	Aurionpro Ltd	25/10/2005	Global Vectra	27/10/2006
12	Suzlon	19/10/2005	Dev.Credit Bank	27/10/2006
13	Amar Ltd	16/09/2005	Accel	30/10/2006
14	Sasken	9/9/2005	JHS	21/10/2006
15	HT Media	1/9/2005	FIEM	19/10/2006
16	Infrastructure Ltd	12/8/2005	HOV	27/9/2006
17	Shri RamRupia	2/8/2005	Atlanta	25/9/2006
18	IL & FS	27/07/2005	GMR	21/8/2006
19	SPL Ltd	26/07/2005	Tech Mahindra	28/8/2006
20	Nectar Ltd	18/07/2005	All Cargo	23/6/2006
21	Yes Bank	12/7/2005	Air Deccan	12/6/2006
22	Provogue	7/7/2005	Unity Infra Project	12/6/2006
23	Shopper Stop	23/05/2005	Reliance Petro	11/5/2006
24	India Infoline	17/05/2005	Sun TV	24/4/2006
25	All sec Tech	9/5/2005	Emkay	28/4/2006
26	Shringar Cinema	24/4/2005	Godawari	25/4/2006
27	Gokal Das Ltd	27/4/2005	Visa Steel	17/3/2006
28	3i Infotech	22/4/2005	Mahindra	17/3/2006
29	Gateway	31/3/2005	GVK	27/2/2006
30	UTV Ltd	17/03/2005	Jagran	22/2/2006
31	Jet Airways	14/3/2005		

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Indian Pharmaceutical Industry: Opportunities, Challenges in Current Global Scenario

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Abstract

In order to stay alive in Global Competitive market place, it is extremely essential for organizations to know the different challenges and opportunity is available for the pharmaceutical companies in the Global Era. The global pharmaceutical market is highly dynamic and is characterized by greater levels of Research & Development expenditure and extensive regulation of its products. Increasing Research & Development expenditure, strong economies are dynamic the global pharmaceutical market. Though the developed countries dominate the global pharmaceutical market, the share of developing countries, like Brazil Russia, India, China, South Africa (BRICS), is increasing in recent years, Pharmaceutical industry moving through several phases, largely in harmony with Government Policies.

Keywords: *Challenges, Opportunities, Customer Relationship Management, Generic Product, Pharmaceutical Industry*

Introduction

Drug & pharmaceutical industry plays a vital role in the health care of the any country. Rapid growth of this industry requires further attention because even after sixty six (66) years of independence of India, the poverty and disease in India on one hand calls for higher standard of healthcare and pharmaceuticals production Drug & Pharmaceutical industry has therefore, encountered a tough situation which most industry have always found difficult, to provide ample quantity and quality products at low prices.

India is now among the top five pharmaceutical emerging markets. The Indian pharma industry has been growing at a compounded annual growth rate (CAGR) of more than 15 per cent over the last five years and has significant growth opportunities. The Indian pharmaceutical sector is expected to grow five-fold to reach Rs 5 lakh crore (US$ 91.45 billion) by 2020, as per Dr A J V Prasad, Joint Secretary, Department of Pharmaceuticals (DoP). The industry, particularly, has been the front runner in a wide range of specialties involving complex drugs' manufacture, development, and technology. With the advantage of being a highly organized sector, the number of pharmaceutical companies is increasing their operations in India.

The pharmaceutical industry in India is an extremely fragmented market with severe price competition and government price control. The industry meets around 70 per cent of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals, and inject-tables .Growth in the domestic pharma market will be driven by increase in the penetration of medical facilities, increase in the prevalence of chronic diseases, rising per capita income and increase in the health insurance coverage. Growth in the exports of pharmaceutical products from India will be driven by patent expiries of the major branded drugs across the world, particularly in the US market. The growth in the US market will be led by increasing generic penetration and healthy ANDA (Abbreviated New Drug Application) pipeline of Indian pharma players.

In the long term, growth in the exports market will be sustained by emerging markets like Russia, Brazil, S. Africa etc along with the enhanced focus on the niche and complex product segments such as inject-tables, inhalers, ophthalmic, dermatology and oral contraceptives. These are high risk - high return product segments. These offer comparatively huge entry barrier; as their clinical trials, approvals and manufacturing process are comparatively more complex and time consuming.

The Indian pharmaceutical companies have facing many challenges in the era of liberalization, privatization and globalization. The different challenges are as follows

Challenges

- **Increased Competition**

  Due to Liberalization, Privatization and Globalization (LPG) policy adapted by Government of India, MNC companies are coming in big-way in Indian market. A present policy allows 51% to 100 FDA in pharma industry. Further there is no requirement to have your manufacturing unit also in India. Presently around 48000crore Rupees are invested by Foreign Multinational Companies in India. Due to worldwide recession & economic slowdown only few countries are maintaining their growth rate. Hence, Abbotte purchased Nicolas primal, Pfizer purchased Wyeth, Diichi Sankyo purchased Ranbaxy. MNC are investing their profit in India in purchasing Indian company, brand acquisition & timing hands with Indian player for joint manufacturing & marketing. Hence there is huge increase in competition in post globalize era.

- **Decreasing Market Share**

  Even though life style associated disease pattern is on rise such as, cardiac, Diabetes, arthritis etc overall market growth is reduced in India due to reduction of acute therapy market. Due to better health facilities over period of time & immunization awareness of the people in general resulting into reduced market volume for acute therapeutic segment Double digit market growth is reduced to single growth in first Quarter of 2013-14 this year.

- **Managing Extensive Distributor/Stockiest Network**

  Pharmaceutical companies are opening their distribution of sales through Carry & Forward Agent (C&FA), wholesalers, semi wholesalers-Retailers. India being vast country unlike other point of the world market, as pharmaceutical companies has to manage this huge marketing network for better availability of their product in metro & rural market place.

- **Product Management**

  Government has forcing to Rx a generic product to their hospitals and institutes. They make a list of 348 drugs in "National list of essential medicine (NLEM) category so it is major competition arises for generic Verses branded drugs.

Evolution of every drug starts from a research laboratory and ends in a medical shop. Many new molecules are invented in research laboratories. Specific pharmacological formulations require tedious technology and procedures. Many of such molecules never achieve final approval. After formulation of a drug, it is tested on animals and then on human volunteers. These quality controls are stringent and FDA certification is necessary for avoiding side effects and toxicity of drugs. Only after testing the drug in large number of patients in drug trials, the drug comes in market. Drug companies spend lot of money in formulating each drug. Thus every drug cost depends on the expenditure of the research and procedures of approval. Every newly launched drug is thus very expensive to begin with. Companies have drug patent of their drug for a specific time period of 10 to 12 years and cost as much as 2.0 billion dollar.

'Generic' formulations, it's important to remember that there are brand name and generic versions of medicines like high blood pressure, diabetes, etc. Today about 50% of all prescriptions are filled with generic drugs. The FDA has established standards for generic drugs that might seem complicated but are really simple. In accordance with Black's law dictionary,' the term "counterfeit drug" may be used to describe a drug made by someone other than the genuine manufacturer, by copying or imitating an original product without authority or right, with a view to deceive or defraud, and then marketing the copied or forged drug as the original. In reality, however, a counterfeit drug is defined differently in different countries. The absence of a universally accepted definition not only makes information exchange between countries very difficult but it also limits the ability to understand the true extent of the problem at global level. In order to address this problem the following definition has been developed by the World

"A counterfeit medicine is one which is deliberately and fraudulently mislabeled with respect to identity and/or source. Counterfeiting can apply to both branded and generic products and counterfeit products may include products with the correct ingredients or with the wrong ingredients, without active ingredients, with insufficient active ingredients or with fake packaging."

- **Managing A Large Sales Force**

  Due to increased population of sales promotion employees doctors are allowing very little time to them for product promotion which is ranging today from (twenty) 20 seconds to hardly two (2) minutes unlike other part of the world. Hence, Pharmaceutical companies are snatching time from doctors by appointing large numbers of sales promotion employees with multidivisional sales force with specialty marketing team. To keep the sales promotion employees away from bargaining category, various companies appointing “Sales Officer” under non -bargain able category & hence they need to manage large sales force.

- **The Number and The Quality Of Medical Representatives**

Due to LPG policy adapted by Government in mid 90’s various sectors are being opened for its entry in Indian market such as insurance, banking, Fast Moving Consumer products, and reality etc. Hence opportunities for sales promotion employees in pharma, popularly known as MRs (Medical Representative) has increased many fold in other than pharmaceutical. Hence professionally intellectual class of MR are attracted to higher pay scale in other sectors and hence there is continues shift of MRs From pharma marketing to other sectors. Since doctors are getting product information through internet & through direct communication from various aggressive marketing companies by email etc, role of MR is also marginalized with doctors in their clinic. Therefore, companies are appointing MRs on compromising with quality and managing with low cost of expenses compromising on the “communication skill” with their customers i.e doctors.

- **High Training and Re-Training Costs Of Sales Personnel.**

The average span of MR with a company has reduced to two years with one company because of increased work load, newer marketing system & performance based service conditions. Rate of attrition has increased many folds in these days from 4 to 7% earlier to more than 25% in recent years. Hence expenditure of pharmaceutical company on training of MRs is increased many fold. In-fact Pharma companies are avoiding to give training to MRs now a days that is one of the reason which has resulted in Loss in Quality of MRs.

- **Busy Doctors Giving Less Time for Sales Calls.**

The Pharmaceutical Industry facing tough challenges like the doctors giving very less time to Medical Representative due to increased number of MRs & high frequency of patients to busy doctors.

New Drug Approval (NDA)

Prior to launching its products in any country, a pharma company undertakes patent registration to protect its own interests. To protect the interests of the consumers, it is necessary that the product be approved by the drug authorities in that country. Mostly the process for seeking approval is initiated alongside the patent registration process.

WTO

Due to pressure from the developed countries, across the world uniformity in patent laws is being implemented under WTO (World Trade Organization - earlier GATT i.e. General Agreement on Tariffs & Trade). Presently, different countries have different patent types and life period. WTO has decided upon a product patent life of 20 years in all countries.

Research and Development (R&D)

The pharmaceutical industry is characterized by heavy Research & Development expenditure. It is only the large pharmaceutical companies who can distribute significant resources for Research & Development to introduce new products.

As the products are an outcome of significant Research & Development expenditures incurred by these companies, they have their products patented. The patent allows the companies concerned to exercise enormous pricing power for their new products.

The Competition

The level of competition in very high in Acute segment on day to day basis however the degree of competition in not as much as high in Chronic therapy area on day to day basis, as doctor has to prescribe drug for a long time in chronic cases and patient is suppose to consume it without any change of brand. While in acute cases doctor is changing brands on day to day basis.

Customer Complexity

Doctors write the prescriptions, pharmacists fill them, benefits plans may pay for them and patients decide whether or not to take the drugs. It is not simply a matter of choosing one group as "the customer;" drug makers need to get the right message or information to the right decision-maker at the right time. To add more complexity, the right time may be before the drug is prescribed, the time of purchase, and on-going throughout treatment. Given customer complexity, it would seem that the industry would not know how to focus its marketing spend.

Channel Complexity

For any of the potential customer groups mentioned above, there are a number of channels a pharmaceutical firm will use to communicate with or market to them. Using physicians as an example, the most visible channel and the channel which often receives the most funding is the direct sales force. Yet, in a 2003 Accenture study, physicians' decision to prescribe medication was more influenced by peer-reviewed clinical journals and industry associations and meetings, than by the sales force. Colleagues and the internet also played a significant role in getting the physician. In recent years, the impact of the Internet has been rising and the usefulness of the sales force may be on the turn down. Some drug makers believe almost one-third of sales visits never get past the receptionist and that the time the sales force is able to spend with the physician is decreasing and may be a short as two minutes in some instances.

Customer Involvement

Patients have never been more involved in their medical care. Today, the industry is communicating directly to the patient/customer through television and print advertising as well as on-line. It is not unusual for a patient to request a specific medication as the physician is making a diagnosis. Once a physician prescribes a medication, a patient can go to the manufacturer's website for more information or join an on-line community to share experiences. The patient is now an integral part of the equation from the start, not simply at the time of treatment and is involved in decisions beyond whether to take the drug or renew their prescription on time.

Interaction Complexity

In addition to the complicated relationships among customer groups - physicians, patients, pharmacists - and the varying degrees of involvement each has in the prescription, purchase and use of drugs, the pharmaceutical companies must deal with complex interactions. Communications between drug makers and their customers range from simple to very involved and the interactions may be regulated, with regulations different from country to country. Legislation about disclosures, privacy, response times and other components of the communication process between doctor and patient leads additional complexity to marketing, sales, call centers, web sites, in effect all the functions and channels which touch the doctor patient relationship.

Industry Sluggishness

It may not be fair to label this obstacle industry sluggishness as the pharmaceutical industry has been forced to change and it is changing, although not as rapidly as one would expect. Drug companies are organized by product (drug), function or therapeutic area so it is difficult to earn the cross-organizational support needed for CRM initiatives. Most importantly, data is not organized to support customer-focused business objectives. The collection, storage, management and use of customer data to market and to communicate with customers are critical to getting CRM initiatives off the ground. Without a single view of the customer, it is nearly impossible to have an integrated and quick interface with the customer and, in turn, a positive customer experience.

Opportunity

The Patent Act and Drug Price Control Order of the 1970s forced MNCs to shrink their operations in India, thus providing space for indigenous pharmaceutical companies to expand in the local market. As a result, in the past two to three decades domestic pharmaceutical companies have established operations and are self sufficient in all aspects. For example, Cipla Limited could provide the generic version of the AIDS triple cocktail to impoverished South African people at $350/patient/year or at a price that is one-thirtieth its cost in the United States. Indian patent laws allowed local companies to set up operations to produce bulk drugs that are still under patent, by various synthetic routes. The prevalence of this re- verse engineering is controversial, but it suggests that the IPI's chemists have a strong showing in organic/ medicinal chemistry. The IPI's tremendous potential to produce bulk drugs will be a major asset in future drug discovery programs.

Highly educated people as well as low labor costs are the major strengths of the IPI . Any pharmaceutical industry needs employees from the fields of organic chemistry, biochemistry, pharmacology, pharmacokinetics, pharmaceutical science, analytical chemistry, and so forth. With a very well-developed and diverse education system, India produces students who can meet these requirements. Bangalore is considered to be the Silicon Valley of India. The Indian computer industry is on par with its American counterpart, and many companies in the world depend upon Indian programmers to develop complex software. The use of computers in the pharmaceutical industry is increasing, and in particular they are being applied to data management and drug discovery pro- grams Thus, collaboration between the computer and pharmaceutical industries will help drug discovery and development programs prosper. The presence of other parallel drug/medical systems also would be a major strength for the IPI. It would pro- vide a vast resource for the development of new drug molecules in the drug discovery programs.

Conclusion

In the era of globalization the Indian companies are facing different challenges like Competition, decreasing Market Share, Managing Extensive Distributor/Stockiest Network Product management, government forcing for the use of generic products. In present scenario companies are focusing more and more on the availability of products so as to enjoy good image in their customer's (doctors) chamber. Many companies such as Glaxo, Pfizer, Dabur, FDC, Aventies, Cipla, Sun Pharma, Dr Reddy Lab, Lupin etc. are known for their availability of products. For marketing of these types of products companies require more and more field force to remind their products on daily basis to their direct customer (doctor). Moreover field force should have good knowledge of product schemes and offers. Also field force is required to have a good rapport with retailers. To sustain in the market the Indian companies have to have overcome with all above problems, then only they will survives in the competitive market.

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Role of Media In Fostering Brand Loyalty: An Empirical Analysis

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Abstract

Present day market is flooded with goods and services. Customer satisfaction leading to brand loyalty is a buzz word. Marketers are striving hard for survival in this competitive market and most importantly marketers have realised that satisfying a customer and making him loyal is easier and comparatively economical than getting a new customer who is already loyal to a competitors brand thus, its ideal to lead a customer to a satisfactory purchase experience and creating a loyal customer. This study attempts to identify through primary data the level of loyalty exists among customers for a FMCG like toothpaste and the factors that influence the customer loyalty.

Key words*-Branding, Brand loyalty, Consumer Behaviour, Media Influence on brand loyalty*

Introduction

In a competitive market companies are trying hard to get the attention of target customers and create a distinctive brand Image of their products. Relationship principles, both theory and practice have drawn increased attention during the past decade but, the application of relationship principle at the level of brand is negligible (Fournier 1998). Absence of theoretical and empirical research on this subject is noticeable due to the fact that relationship thinking, guides and leads modern brand management practices to leverage consumer brand bonds, especially due to the increasing unpredictability and competitive market.(Shoker etal., 1994).The relationship between consumer and brand is also given importance in the development of marketing theories(Miller 1995) as it also has implications to other relevant areas such as brand loyalty and brand equity. The characteristic of a brand which differentiates one brand from the other is brand personality. Brand personality plays a vital role in building customer loyalty and repurchasing behaviour. (Kim et.al 2001).

The concept of brand loyalty is the central construct in the area of marketing for past several decades with the shift of company orientation from sales to marketing where customer is focal point and customer satisfaction is the ultimate aim of the marketer Brand loyalty is defined as customer's preference of a brand *(Jacoby &Chestnut, 1978*) or attachment to a brand (*Aaker, 1991*) resulting in repeated purchase. Both brand loyalty and habit are ways of ensuring satisfaction based on prior experiences which saves customer time by simplifying search process and thereby, decision making *(Assael, 1992)*.Brand loyalty is a customer's preference to buy a product amongst a host of other products available in the market. Such behaviour occurs because consumers perceive that the brand offers the right product features, Images or Level of quality at the right price. This perception of the consumers becomes the foundation of the buying habit and makes him prefer a particular brand over others. A loyal customer is committed to a particular brand, is willing to pay a higher price and recommends the brands to others that his decision is ultimately based on brand knowledge.

Brand knowledge of a consumer comprises of two important components which are brand awareness and brand image .Brand awareness is related to the strength of the brand node or its ability to be recalled by the consumer which means its presence in the consumer memory (Leone etal, 2006).Brand image is the association of brands with various tangible and intangible attributes which differentiates one brand from the other.

Studies reveal that though firms allocate substantial resources for measuring and monitoring quality satisfaction and loyalty to retain customers and improve performance. However, those methods are still not sufficient for making a customer loyal. Marketing managers are also not very sure about the quality of the product expected because there is no such benchmark so as to compare to the standard expected (Olsen 2002)

Marketers strive hard for a loyal consumer because once loyalty is formed consumer does not get attracted to the competitors actions like price reduction, Promotion and advertising (Baldinger & Rubinson 1996, Bawa & shoemaker,1987,Lichtenstein,Burton & Notemayer 1997).Customer loyalty has a significant impact on firms performance and is considered to be very important source of competitive advantage (Heskett, Sasser,and Schlesinger 1997,Zeithml and Lemon 2000,woodruff 1997) the consequences of increased satisfaction is enhanced loyalty ,low acquisition cost and lower cost of serving repeat purchase leading to greater profitability (Reichheld 1993;Reichheld and Sasser 1990).

Quality and customer satisfaction are also very important constructs and have a problematic relationships (Gotlieb, Grewal, and Brown 1994). Few empirical studies have tested the relationship between quality &,satisfaction vis-a-vis buying behaviour or repurchase loyalty (Bloemer and Ruyter 1998; Zeithaml 2000).Identifying the relationship between satisfaction rating and brand loyalty are some the toughest challenges marketers come across(Mittal and Kamakura 2001).Efforts that can improve the quality dimensions and satisfaction can possibly predict or explain the purchase intention and loyalty behaviour of the customers(Cronin, Brady, and Hult 2000;Johnson, Gustafsson, Andreassen, Lervik, and Cha 2001,Oliver 1999).It's evident from the research that a product's brand equity also affect the future profits and long term cash flow (Srivastava and Shocker 1991).A consumer's willingness to pay premium prices(Keller 1993),merger and acquisition decision making (Mahajan et al,1994),stock prices (Simon and Sullivan, 1993; Lane and Jacobson, 1995),Sustainable competitive advantage (Bharadwaj et al., 1993),Brand loyalty is an asset(Aker 1984) and also increases the flexibility of pricing (Staudt et.al)

Two component model of brand trust

BRAND TRUST

Credibility-based Trust Correlates [Conative]	**Performance-Satisfaction-based Trust Correlates [Cognitive]**
Truthful Fair-minded Sincere Shows Concern Similar values Gives Confidence Competence Expert Status Reputation	Personal Experience Usage History Fulfils Expectations Quality Consistency Peoples Experience Quality Level Dependability

Source: Reast (2003)

Brand loyalty has a direct relationship between consumers trust on the brand. In literal terms trust means expectancy held by an individual that the word of another can be relied upon (Rotter 1967). Brand being a personality attached to the product entrusts confidence in the minds of the consumer by fulfilling the expectation of the consumer from the product. In other words it means the willingness of an average consumer to rely on the ability of the brand to perform its stated function trust is reported to be involved as part of "brand credibility" in brand extension acceptance (Keller & Aaker 1992) fundamental to the development of loyalty (Berry, 1993, Reicheld and Schefter, 2000).In a research study by Reast 2003 on real and fictitious brands within low involvement products and services categories, finds that brands with higher trust ratings tended to have significantly higher brand extension ratings. Amongst the five dimensions of brand equity brand loyalty is found to be core and defined as a set of brand assets and liabilities linked to a brands name and symbol (Aaker, 1991).Review clearly shows the importance of brand loyalty thereby, establishing the need for identifying the factors influencing loyalty behaviour of the consumers.

Review of the Literature

In an study *"Difference Between South Korean Male and Female consumers in the clothing brand loyalty formation process: Model Testing"* published in Clothing and Textiles Research Journal (1999), authors Jin.B and Koh.A, focussed on causal relationship among brand loyalty-related variables such as consumer knowledge, product involvement, perceived risk information search, and customer satisfaction and intended to propose model of clothing brand loyalty formation considering the five brand loyalty behaviour simultaneously and to examine the gender differences in the process of clothing brand loyalty formation and found that consumers knowledge ,product involvement and perceived risk directly influence brand loyalty, through the mediating variables of information search and consumer satisfaction Information search and consumer satisfaction directly influence brand loyalty. The major difference between men and women was that the most influential variable in Information search was perceived risk for men whereas product involvement was the most influential variable for women.

Blackwell.S.A etal., "*The Antecedents of customer loyalty, An empirical investigation of the role of personal and situational aspects on repurchase decision*," publishes in the Journal of Service Research (1999) examined ,customer loyalty perspective of Individual situation or need context and the customer perception of his or her personal encounters with the service provider. Authors hypothesised in this study whether perceived value would have a direct influence on repeat patronage which undergirds customer Loyalty and found that consistent with several theoretical propositions this study empirically examined the relationships concurrently as well as develop strategies for enhancing customer loyalty.

Oh.Haemon in his study *"the Effect Of Brand Class, Brand Awareness, and Price On Customer Value And Behavioural Intentions"* Published in the journal of Hospitality (2000) Introduced a comprehensive customer value framework and tests an extended and tests an extended value model with lodging products. The extended value model in this study newly incorporates the concepts of brand awareness as compared to brand or product class and price fairness. This study found the traditional customer value process to be useful for lodging research and marketing. In addition, brand awareness and price fairness concepts were found to play significant roles in the customer value process.

Yoo etal ., in a study *"An Examination of selected marketing mix elements and brand equity"* Published in the journal of the academy of marketing science(2000) explored the relationships between selected marketing mix elements and the creation of brand equity. The authors propose a conceptual framework in which marketing elements are related to the dimensions of brand equity, that is, perceived quality, brand loyalty, and brand associations combined with brand awareness. These dimensions are then related to brand equity.

The empirical tests using a structural equation model support the research hypotheses. The results of the study showed that frequent price promotions, such as price deals, are related to low brand equity, whereas high advertising spending, high price, good store image, and high distribution intensity are related to high brand equity.

Olson .O.S in his study *"Comparative Evaluation and the Relationship between Quality, Satisfaction, and Repurchase Loyalty,* published in the *Journal of the Academy of Marketing Science (*2002) evaluated alternative measurement approaches to examining the relationship between perceived quality performance, customer satisfaction, and repurchase loyalty. The authors define and measure the constructs within a relative attitudinal framework and compare these results to a non comparative or individual evaluation of products. The use of relative attitudes, however, indicated a much stronger relationship between quality, satisfaction and loyalty than the attitudes toward a product when they are performed as an individual evaluation. With respect to predictive ability, the study findings suggest that quality, satisfaction, and loyalty should be defined and measured within a relative attitudinal framework.

Yi and Jeon in their study "*Effects of Loyalty Programs on Value Perception, Program Loyalty, and Brand Loyalty"* published in the journal of Academy of marketing Science (2003), Investigated how reward schemes of a loyalty program influence perceived value of the program and how value perception of the loyalty program affects customer loyalty. The results show that involvement moderates the effects of loyalty programs on customer loyalty. In high-involvement situations, direct rewards are preferable to indirect rewards. In low-involvement situations, immediate rewards are more effective in building a program's value than delayed rewards. Under high-involvement conditions, value perception of the loyalty program influences brand loyalty

both directly and indirectly through program loyalty. Under low-involvement conditions, there is no direct effect of value perception on brand loyalty.

In the study "*Loyalty And Customer Satisfaction"* ,Published in Journal of Hospitality and Tourism research(2003), Back.K.J And Sara.P.C investigated the mediating effects of attitudinal brand loyalty on the relationship between customer satisfaction and behavioural brand loyalty and also developed a robust brand loyalty measurement in the lodging industry by using attitudinal and behavioural brand loyalty constructs and the findings of the study indicate customer satisfaction had a significant indirect effect on behavioural brand loyalty when mediated by attitudinal brand loyalty, including cognitive-affective a co native brand loyalty stages.

In their study *"Linking brand equity to customer equity"* an article Published in the journal of service research (2006), authors Leone etal., reviewed what was known and not known about the relationship between brand equity and customer equity. During their discussions, it became clear that two distinct research streams have emerged and there are distinct differences, the concepts are also highly related. It also became clear that the focus of both brand equity and customer equity research has been on the end consumer, there is a need for research to understand the intermediary's perspective (e.g., the value of the brand to the retailer and the value of a customer to a retailer) and the consumer's perspective (e.g., the value of the brand versus the value of the retailer).

Lee.J.S and Back.J.K in their study "*An examination of attendee brand loyalty understanding the moderator of behavioural brand loyalty"* Published in the Journal of Hospitality and Tourism (2009) tried to explore the path of brand satisfaction and brand loyalty via brand trust through updated expectation of brand value and also investigated the the differential tendencies to Attitudinal brand loyalty and Behavioural brand loyalty within the conceptual model. The authors found that updated expectation of brand value is the moderator except for the brand test ABL (attitudinal brand loyalty) and low BBL (behavioural brand loyalty) attendees showed a stronger tendencies toward the path from brand satisfaction to brand trust as compared to the ones with high Behavioural loyalty.

In a study "Customer Value, Satisfaction, Loyalty, and Switching Costs: An Illustration From a Business-to-Business Service Context" published in Journal of the Academy of Marketing Science(2004). authors Lam.S.Y. etal, extended the prior research by developing a conceptual framework linking all the in a business to business service setting On the basis of the cognition-affect-behaviour model, the authors hypothesize that customer satisfaction mediates the relationship between customer value and Customer loyalty, and that customer satisfaction and loyalty have significant reciprocal effects on each other and found that most of the hypotheses and, in particular, confirm the mediating role of customer satisfaction.

The Study *"Loyalty Regardless of Brands ? Examining Three Non performance Effects on brand Loyalty in a Tourism Context"* by Xiang Robert li ,Published in "the Journal of Travel research(2010) explores the effects of three non performance factors on brand loyalty in a tourism context and lends partial support to their direct effects on loyalty. Specifically, it is revealed that respondents' attitudinal loyalty is significantly and positively related to their propensity to be loyal, and their behavioural loyalty is significantly and positively related to a brand's market share. However, brand parity does not seem to affect respondents' attitudinal loyalty but is found to have a slightly positive effect on respondents' behavioural loyalty. These results suggest that the three effects on loyalty could be more complicated than originally believed.

"When does commitment lead to loyalty" a study by Fullerton.G published in the journal of service research (2010) Investigates the roles played by different forms of their commitment in the relationship between customers and their service providers. It was found that that when customer commitment is based on shred values and identification, It was a uniformly positive impact on loyalty and found important implications for the development and management of service relationships because it is not necessarily the case that more customer commitment is better for either the service provider or the customer.

The review of the literature shows that the majority of the studies on brand loyalty comprise of the impact of certain psychological factors like personal and situational factors and impact of some purchase decision factors like brand class, brand awareness, price, quality and satisfaction on brand loyalty. One of the study focuses on the moderating factor of brand loyalty. There is a study which focuses on the "loyalty programme" as a communication mix element and studied the impact of such programmes on consumer brand loyalty behaviour and another is focussing on selected marketing mix elements and its impact on customer loyalty. One of the studies quoted here tried to examine the link between brand equity and customer equity .Only one study focused on the switching cost dimension vis-vis business to business service context. None of the studies quoted above have touched impact

of Media on FMCG purchase decision or any other form of Communication on FMCG. Thus, there appears a dearth of studies on brand loyalty behaviour of consumers for FMCG. This study focuses on the role of media in fostering brand loyalty behaviour of consumers for a toothpaste which is an FMCG.

Research Problem

Review of the literature shows the dearth of literature in the area of brand loyalty behaviour of consumers for FMCG. This research intends to identify if brand loyalty exists for a frequently purchased and low price product like toothpaste in a competitive market and identify the role media in such a scenario. This study would provide marketers an insight to put their marketing efforts towards the right direction.

Methodology

Keeping in view the problem and scope of the study Random sampling method is used for collecting data. Respondents from three cities Bhubaneshwar and Cuttack Berhampur are selected for the sure. Total sample size is 520 respondents from these three cities.

A pretested structured questionnaire is used as a tool for the purpose of eliciting information from the sample respondents. For a proper and meaningful interpretation of the data statistical tools like Factor analysis Cluster Analysis are used and in the process correlations existing between the factors are also examined. SPSS is used for statistical analysis and data processing.

Objectives of the study

- To examine the existence of brand loyalty for a product like toothpaste which is very frequently purchased(FMCG)
- To explore the various factors influencing the brand loyalty/Brand switching behaviour.
- To examine the Influence of media and advertising in particular on loyalty behaviour of consumers.

The Study

The present study is an endeavour to find out the various influencing factors affecting the brand loyalty behaviour of the sample especially if it is a fast moving consumer product like Toothpaste. After liberalization the market is transformed into consumers market, flooded with multinationals not only offering quality products but also at prices never seen before. So, the companies are left with no other option then satisfying consumers for their survival in the long run. "Consumer satisfaction" has become a Buzz word today, corporate is trying hard to woo the consumers and make them loyal to their product.

With a wide variety of brands and variants with in brands available for the consumers to choose from, most of them being equally good in terms of quality the consumers are finding hard to take a decision. The Scenario where all the products are equally good, attractive fascinating, consumers find themselves in

still difficult situation to make a choice. Every other day consumers are given better choices, better than the previous ones. In such a situation when we think of brand loyalty existing in a fast moving consumer product like tooth paste the obvious answer will be 'No'. But, a number of research studies are, indicative to the fact that consumers in general are found to be quite loyal to the brands of frequently purchased items. Some of the studies undertaken in developed countries have already proved that in the branded dental care market more particularly in the toothpaste category, brand allegiance is placed third after cigarettes and mayonnaise. Brand loyal consumers as a matter of fact, provide the basis for a stable and growing market share of a company. Therefore, interest of marketers hover around the ways and means to develop and sustain brand allegiance for their products and services. However, retaining customers in a highly competitive and volatile market place is indeed a difficult proposition.

Taking all these factors into consideration an attempt is made in this study, to examine the loyalty for a FMCG in a competitive market.

TOOTHPASTE BRAND AND THE DURATION OF USE

Markets in India are awash with so many brands of toothpaste that one can safely presume finding a band of customers loyal to one single brand over a time-frame would be difficult. In other words, enduring brand loyalty in the brand crowded toothpaste category would be a rarity. The duration of the use of toothpaste will provide an insight into the brand loyalty behaviour. Against such an assumption, the sample respondents have been posed with the question that how long they are using the particular brand of toothpaste and the summarized responses is presented in (Table – 1). Respondents who use one particular brand for more than 1 year are taken to be loyal towards a particular brand for the sake of the study thus, all the respondents using a particular brand for more than 1year are considered to be loyal and less than one are taken as switchers. It is observed that out of 520 respondents,

TABLE-1 Duration of Use of Toothpaste Brand

Group (Duration of usage in years)	No. of Respondents	Percentage
< 1 year	24	4.62
1 to 3 years	194	37.30
> 3 years	302	58.00
Total	520	100.00

As Low as 4.62 per cent (only 24 respondents) are using their brand of toothpaste for less than a year and hence are the switchers all others ie the rest 95.30 per cent constitute the group of toothpaste brand users of more than one year to three years and above three years thus as per the criteria of the paper are the loyalists. This observation is sharp in contrast to popular notion of existence of ‘brand fragility’ in a brand crowded market like toothpaste. It also broadly conforms to the earlier findings of research studies regarding the presence of high-level brand-allegiance in the FMCG category like toothpaste.

It’s evident from the above data that brand loyalty exists for a product like toothpaste belonging to FMCG category. Factor analysis is used to condense the data and draw meaningful conclusions and also helps in summarizing the information contained in a number of original variables into a smaller set of composite dimensions and cluster analysis is used for grouping the variables on the basis of their influence. Variables within cluster are found to be homogenous in terms of their influence and between two clusters they are heterogeneous. The study comprises of 16 variables which are expected to be in influencing the loyalty behavior are identified and through the application of factor analysis the extent of influence is identified through the correlation values

The sixteen variables found suitable for the application of factor analysis, are given below:

Variable 1 (V1)	-	Extent of influence of advertisement
Variable 2(V2)	-	Frequency of watching television
Variable 3(V3)	-	Influence of television advertisement on toothpaste choice
Variable 4(V4)	-	Frequency of reading newspapers
Variable 5(V5)	-	Frequency of going through print advertisement.
Variable 6(V6)	-	Influence of newspaper advertisement
Variable 7(V7)	-	Influence of magazine advertisement
Variable 8(V8)	-	Frequency of watching cut outs and displays
Variable 9(V9)	-	Influence of advertisement presented through cutouts and displays
Variable 10(V10)	-	Frequency of listening radio
Variable 11(V11)	-	Influence of radio advertisement
Variable 12(V12)	-	Frequency of visiting movie houses
Variable 13(V13)	-	Frequency of watching advertisements shown in movie houses
Variable 14(V14)	-	Influence of advertisement showed in the form of slides and short films
Variable 15(V15)	-	Satisfaction with the present brand of toothpaste
Variable 16(V16)	-	Frequency of changing toothpaste

The result of the factor analysis is presented in the formed correlation matrix table in Table-2 (Annexure).

The Correlation value presented in Table-2(a) clearly shows the positive correlation between the variables with all those having a correlation value of more than 0.5 are found to be significant and positively correlated. If the value is less than 0.5 it's insignificant and if it's negative the correlation is negative. The table shows that there is a significant positive correlation (0.740) between the extent of influence of advertisement and Influence of television advertisement. This clearly shows that television has a profound influence of brand loyalty behaviour of consumers. The next influencing factors amongst the variables which has a high correlation values (0.632) is between variables "Influence of newspaper advertisement and Magazine advertisements and frequency of watching cut outs and displays with (.582) correlation value .All others are found not have a very significant association thus, have very low correlation values that is less than 0.5.

Table 2(a) showing various positive correlations

First Variable	Second Variable	Correlation Value
V1- Extent of influence of advertisement	V3-Influence of television advertisement	0.740.
V4-Frequency of reading newspapers)	V5-Frequency of going through print advertisement	0.441
V5-Frequency of going through print advertisement	V6- Influence of newspaper advertisement	0.462
V6-Influence of newspaper advertisement	V7-Influence of magazine advertisement V8-Frequency of watching cut outs and displays V14 - Influence of advertisement showed in the form of slides and short films	0.632, 0.582 0.494
V7-Influence of magazine advertisement	V9 -Influence of advertisement presented through cutouts and displays V14 - Influence of advertisement showed in the form of slides and short films	0.492 0.447.
V8 Frequency of watching cut outs and displays	V9 Influence of advertisement presented through cut outs	0.528.
V9 Influence of advertisement presented through cut outs and displays	V14- Influence of advertisement showed in the form of slides and short films	0.514
V10 - Frequency of listening radio	V11- Influence of radio advertisement.	0.458
V11-Influence of radio advertisement	Variable10 -Frequency of listening Radio	0.548,
V11-Influence of radio advertisement	V12-Frequency of visiting Movie houses V13- Frequency of watching advertisement in movie houses V-14-Influence of advertisement shown in the form of slides and short films	0.177 0.208 0.487

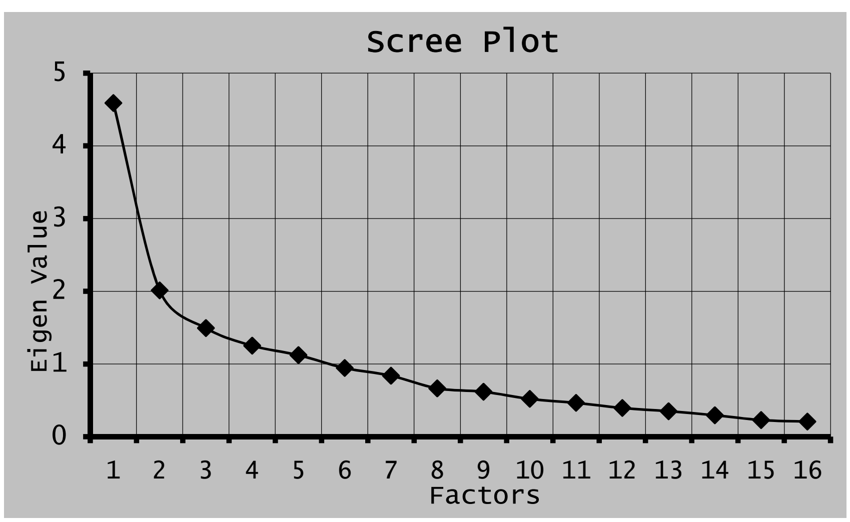
Factor analysis procedures are based upon the initial computation of a complete table of inter-correlations among the variables (correlation matrix). The correlation provides an initial indication of the relationship among variables.

The analysis is made simpler by reducing the correlation matrix to a smaller set of relationships from which six variables are drawn which in total account for more than 70% variance accounted for by the factor.

Individual variance accounted for by the various factors shows that Factor 1(V1) i.e. influence of advertisement causes the highest i.e. 28.686 per cent variance in the respondents' buying behavior followed by Factor 2(V2), Factor 3 (V3), Factor 4(V4), and Factor 5(V5), in the mentioned order with 12.581 per cent, 9.338 per cent, 7.824 per cent, and 7.014 per cent, respectively. In other words, the first five factors namely, 'influence of advertisement', 'frequency of watching television', 'influence of television advertisement' 'frequency of reading newspapers', and frequency of going through print advertisement together have caused 65.445 per cent variation in the respondents buying behavior Factor 6 can also be included because it causes a variation which is very close to 1 i.e. 0.945 and inclusive of Factor 6 which is 'influence of newspaper advertisement' leads to the cumulative variation of 71.351 per cent. Basing upon the results of the component analysis it can be inferred that the sample's brand loyalty have been considerably influenced by advertisements in general and television and print advertisement, in particular. Such a conclusion is quite obvious as the product under survey is a FMCG one which is purchased frequently by the consumers and advertising as such plays a significant role in influencing their brand-choice behavior. So, the first 6 factors play a very significant role in influencing the respondent's behavior to continue with the present brand of toothpaste or switchover to another brand.

Table-3 (Annexture) presents the percent of variable accounted for by the various factors undertaken for the study, the total variance is explained briefly in Table-3 (Annexture).. Scree Plot (fig-1) presents the graphical representation of the variance contributed by the factors in 'x' axis and Eigen Value in 'y' axis (Figure -1). Eigen value is the sum of squares for a factor also referred to as the latent root. It represents the amount of variance accounted for by a factor.

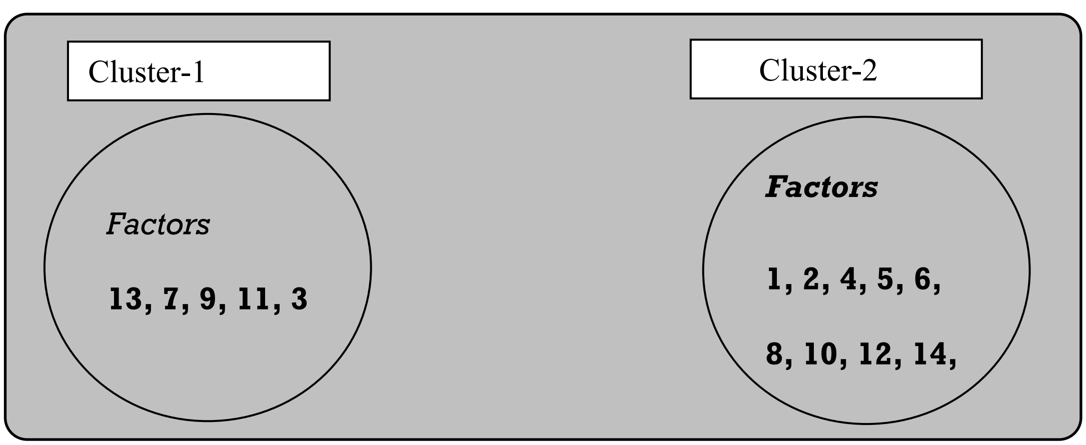
Figure-1



The Scree Test is derived by plotting the latent roots against the number of factors in their order of extraction and the shape of the resulting curve is used to evaluate the cutoff point. Fig. 1 plots the sixteen factors extracted in the study. Starting with the first factor, the plot slopes steeply down initially and then slowly then becomes an approximately horizontal line. The point at which the curve first begins to straighten out is considered to indicate the maximum number of factors to be extracted that influence the respondents significantly while making their purchase decision. As per the response collected the results of the Scree Test shows that the first six factors viz., extent of influence of advertisement, frequency of watching television, influence of television advertisement, frequency of going through print advertisement, influence of newspaper advertisement would qualify to be the most influential factors by contributing significantly to the variance in buying behavior of the respondents. As per Figure-1, variance caused by first six factors which almost equals to one thus, qualifies as per the latent criterion, and the others not contributing significantly to the respondents choice of toothpaste hence, would not be acceptable. Further, it is to be noted that using the latent root criterion only five factors would have been considered. In contrast, using the Scree Test provides us with one more factor. As a general rule, the Scree Tail Test result in at least one and sometimes two or three more factors being considered as significant as will the latent root criterion i.e.1.

Clustering technique is used shows that variables 13, 7, 9, 11 and 3 belong to Cluster I and variables 1, 2, 4, 5, 6, 8, 10, 12, 14, 15 and 16 belong to Cluster II.

Fig-2: Factors Present in Two Clusters



The above mentioned analysis and distribution of the variables in two clusters on the basis of rescaled distance cluster combined of the individual variables. It can be summarized as variables in Cluster-I and variables in Cluster-II exhibit a high degree of within cluster homogeneity in influencing the brand loyalty behavior of the respondents. But, variables in cluster-1 and Cluster-II have high degree of between cluster heterogeneity.

Thus, on the whole the analysis shows that variables in cluster-1 pose a similar type of influence on the respondents brand loyalty behaviour and Variables in Cluster-II are similar in nature in influencing the brand loyalty behavior of the sample respondents.

Cluster 1 consists, five variables which are V3 V7, V9, V11, V13,. These variables are respondent's habit of watching advertisements shown in movie houses, Influence of magazine advertisement on toothpaste choice, influence of advertisements presented through cutouts and displays on toothpaste choice, influence of advertisements broadcasted on radio and, influence of advertisement displayed/beamed on television while making toothpaste choice. Summarizing the cluster analysis, Cluster-1 consists of various media of advertising that influences the toothpaste choice of the respondents. Cluster-2 consists of all the other variables which are not important in influencing the consumer decision. Thus, all the variable in cluster-2 do not have a significant influence on the brand loyalty behavior and Media both TV and Print are considered to be the most influencing factors both in terms of purchase decision and brand Loyalty.

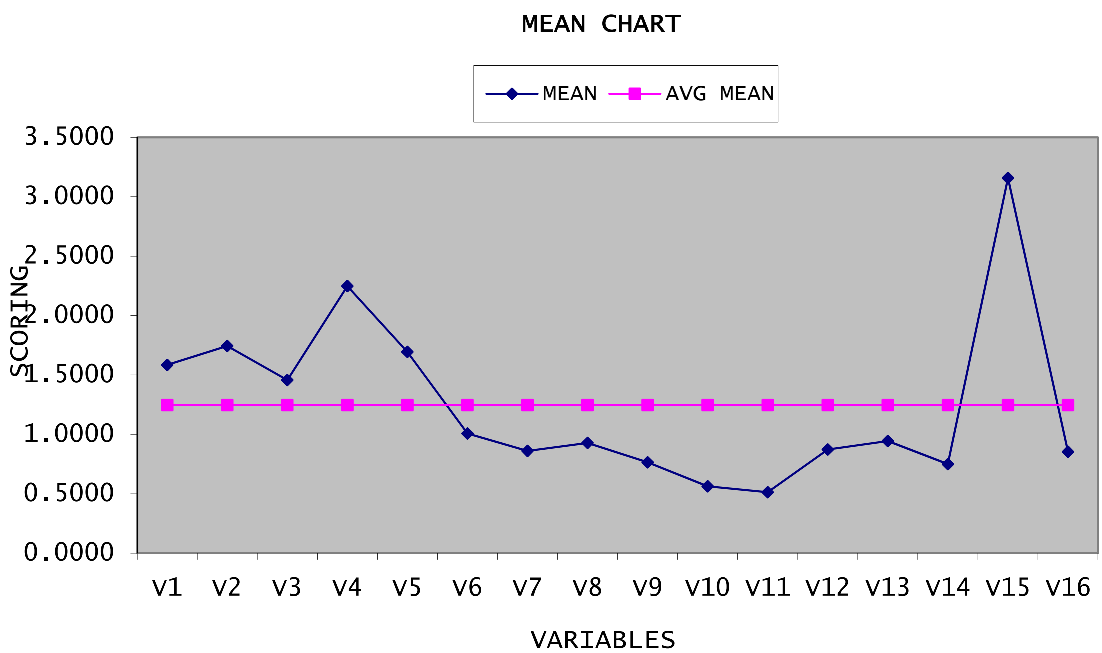
In a nutshell, it can be concluded as the variables in Cluster-I posses a very close similarity with each other in influencing the respondents buying behavior rest all other factors are placed in Cluster-II for a more scientific segmentation of the different variables taken for study.

IMPORTANT FACTORS – RESPONDENTS' PERCEPTION

The factors influencing the respondents brand loyalty behavior is presented in graphical manner in (Fig. 3.) The figure shows a faded line which represents the grand average of the average ratings of all the sixteen variables taken into consideration. The calculated grand average of the sixteen variables is 1.2468. The bold line in the figure represents the average of the respondent's perception of all the sixteen variables taken for the study.

Figure-3 shows that V4 (the respondents' habit of reading newspapers and journals) and V15 (the satisfaction derived from the present brand of toothpaste) are the most important factors influencing the respondents brand loyalty/switching behaviour as perceived by the respondents. The other factors which also play an important role when compared with the grand average of the average ratings are V1 (role of advertisement), V2 (frequency of watching television), V3 (influence of television advertisement in making toothpaste choice) and V5 (respondents habit of going through advertisements appearing in newspapers and journals).

Figure-3



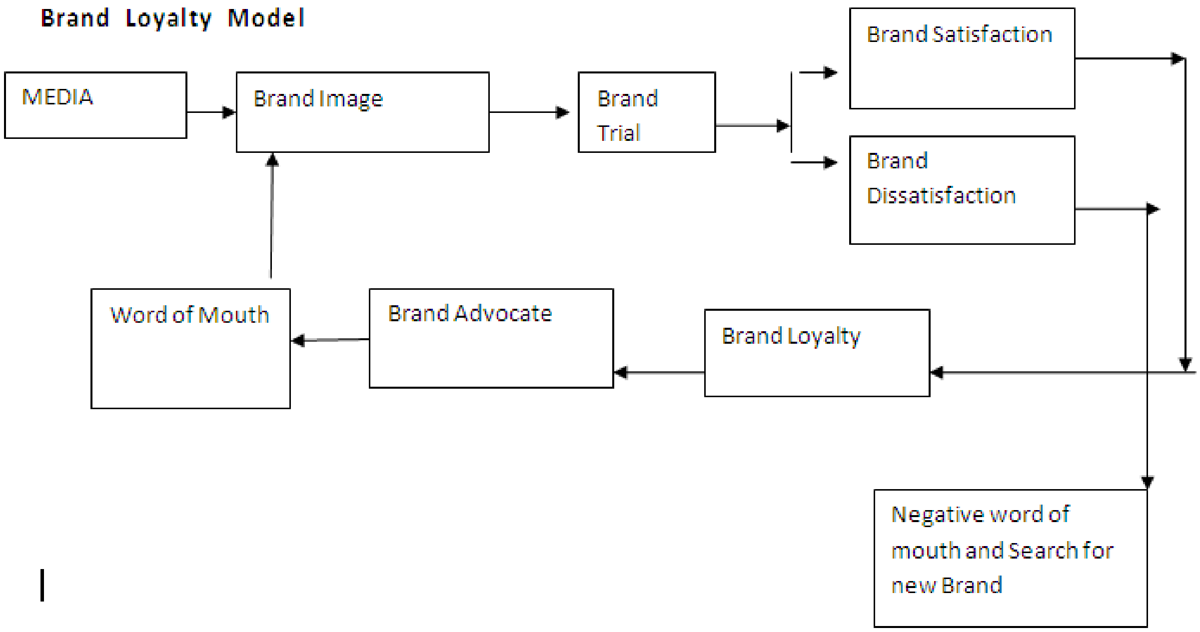
All the other variables except Variable 1, 2, 3, 4, 5 and 15 are comparatively less important as per the respondent's perception these variables lie below the line representing the grand average of the average ratings.

Brand Loyalty Model

Brand Loyalty model is a flow chart model that explains the psychological process which transforms a customer from first time user to a loyalist and then a loyalists again to a switcher. Most of the time the customer tries a product getting influenced by media in Indian context television is most important media Influencer. Media influences a consumer to get attracted to a brand whereby he initiates the trial process .After trying the brand if a customer is satisfied he becomes loyal to the brand on the contrary dissatisfaction leads to switching. Switching initiates a customer's search for other better alternative. A satisfied customer advocates the brand (positive word of mouth) and dissatisfied customer results in negative word of mouth.

Negative word of mouth is disastrous for the firm's image and future prospects. Thus, a firm has to put all its efforts not only to attract customers but also to satisfy them which results in retention of the customer and positive word of mouth, benefitting the firm in long run. The Model is an outcome of the research which identifies the steps of decisions a customer takes starting from brand identification which normally takes place because of the customers exposure to media follows through a range of other steps and then finally the customer becomes a advocate of the brand or spreads negative word of mouth depends on his level of satisfaction. As media plays an important source of information resulting in customer expectation. Thus, it's advisable for the company to make only those promises which can be met and not to build up. Communication through media might lead to expectations and when expectations are compared with perceived quality and the experience is satisfactory customer becomes loyal and any dissatisfaction might lead to switching as well as negative word of mouth. But the Influence of the media also motivates a satisfied customer to try a new brand is established in the study with respondents confirming to getting influenced by media.

Brand Loyalty Model



Major Findings

1. Indian consumers are found loyal to a particular brand of toothpaste even if it's a FMCG.
2. Television is the most Influencing factor in consumer purchase decision Followed by print.
3. Individual variance accounted for by the various factors shows that Factor 1(V1) i.e.
4. Influence of advertisement causes the highest i.e. 28.686 per cent variance in the respondents' buying behavior.
5. Advertisement plays an important role in motivating people to try different brands leading to Brand switching.
6. Six factors viz., extent of influence of advertisement, frequency of watching television, influence of television advertisement, frequency of going through print advertisement, influence of newspaper advertisement would qualify to be the most influential factors by contributing significantly to the variance in buying behavior of the respondents.

Conclusion

Admittedly, FMCG brands constantly enliven in the minds of the consumers through the mass communication tool of advertising, thereby invoke emotional bond with the consumers. The restoration of the sample that advertising remained an important influence of brand choice is therefore a simple confirmation of the widely accepted view. Among the various media of advertising, television, for obvious reasons, emanate as the most important one for influencing the toothpaste brand choice behaviour of the respondents. This is further confirmed in our study which establishes a positive relationship between advertising and purchase behaviour with advertising capable of creating 28.686% variance in buying decision. Television advertising alone is able to create 9.338% variance .Other factors that are found to be significantly influencing are Frequency of watching television, Frequency of reading newspapers, frequency of going through print advertisement, Influence of newspaper advertisement, & Influence of magazine advertisement. In a nutshell, it can be concluded that advertising especially television & print are the factors that create variation in the buying decision process.

This discussion shows that despite media like television and print has profound influence on the purchase decision of consumers still brand loyalty exists for a frequently bought product like toothpaste which is quite unusual. This also shows the diminishing product differentiation and add clutter which is not giving the desired results to the advertisers and despite some brands like Colgate and Pepsodent have introduced so many new variants into the market it very hard for them to shift the consumers from their existing brand which might be sometimes a very unwelcome sign for these brands. The loyalty existing with consumers also shows that they are very satisfied with their present brands and the use of media for information is only to update them about the development that’s taking place with respect to their present brands. The study leads to the fact that a satisfied customer tends to be brand loyal even if it’s a FMCG like toothpaste .Advertisers trying hard to get noticed and encouraging trial of a new products do not seem to be very successful. Which means it would not be so easy for the marketers to initiate even trial of the customers if they are satisfied despite the ads and other media getting noticed its unable to influence thus, customer satisfaction may be focussed upon by the corporate in order to sustain in the market

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Study of Effect of Gender on Managerial Effectiveness With Respect To Blended Learning

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Abstract

In business organizations, Information Technology has brought remarkable transformations to almost all business processes and managerial activities. Now business organizations are using innovative technologies along with learning processes, like blended learning, to achieve competitive advantage. Blended learning is an approach which combines effectiveness of the traditional learning with the technologically enhanced online learning. Blended learning approach can be used for enhancing effectiveness of managers in organizations.

The present study is based on Managerial Effectiveness and its three factors viz. functional, personal and interpersonal effectiveness factors. Managerial effectiveness is the extent to which a manager achieves the desired output requirements. It represents a manager's ability to achieve desired results, by applying his skills and abilities. The paper analyses effect of gender of Banking and Information Technology Sectors managers on Managerial Effectiveness and its three factors, with respect to Blended Learning. The study was carried out using standardized managerial effectiveness scale. From the study, it was concluded that Banking Sector female managers showed more functional effectiveness.

Key Words: *Blended Learning, Information Technology, Managerial Effectiveness, Banking Sector, and Information Technology Sector.*

Introduction

In business organizations, Information Technology (IT) has brought remarkable changes to almost all business processes and managerial activities. Now business organizations are using innovative ways and technologies for business processes and also for creating and promoting learning environment. Business organizations are becoming the knowledge based organizations implementing technological advancements. With increasing use of the Information Technology, new learning methods are becoming popular. Due to the fact that people have different learning styles, a new approach called Blended Learning is emerging. Blended Learning refers to mixing of different learning environments. It combines effectiveness and socialization opportunities of the traditional/classroom/face-to-face learning with the technologically enhanced online learning, making learning process more efficient, well-organized and professional. In organizations, blended learning approach can be used for enhancing effectiveness of managers.

In this competitive world, irrespective of its type and nature, every organization is trying to maximize effectiveness. Effectiveness can be in terms of the entire organization, individual, managerial etc. Managerial effectiveness can be defined in terms of organizational goal(s) achieving through the coordinated efforts.

Managerial effectiveness is a manager's ability to achieve desired results. A manager has a combination of technical, people and conceptual skills that can make him an effective manager. Managerial effectiveness is the extent to which a manager achieves the output requirements related to his position. Managerial effectiveness is considered as one of the most important determinants for organizational success. The extent to which an organization will achieve its predetermined goals depends on how effectively its managers adapt according to dynamic market forces and achieve results.

In business organizations, managers are required to understand and learn new techniques and technologies and then to disseminate the knowledge acquired among their team and fellow-workers. In such case, specialized training enhances skills and effectiveness of managers, also such training increases ability to apply specialized knowledge. For this purpose blended learning approach can play a crucial role and can lead to enhancing managerial effectiveness. This paper analyses effect of gender of Banking Sector and Information Technology Sector managers on Managerial Effectiveness and its three factors, with respect to Blended Learning.

1. Literature Review

In a study, Alireza and Sheela (2010) reported that the blended learning entails a relatively innocuous set of techniques and leads to innovative instructional design, to achieve effectiveness gains without increasing costs. Patil and Shinde (2010), in their survey, concluded that the traditional learning methodology needs a smooth but sustainable transformation. Blended learning approach can be the pathway of success towards that direction. Blended learning approach has ability to make learning process more efficient, easy, socialized, well-organized and professional. Sloman (2007) in his paper suggested that blended learning should be used beyond technology. There is need to understand more about what motivates learners, what support they need and how these supportive interventions can take place in practice, for the right "blend". Bersin (2005) found that blended learning can be used to develop competence and integrating it into a company's workforce for competitive advantage. Leveraging competence in today's markets can lead to success when executing business strategies and it can be achieved effectively by using blended learning approach.

Srivastava and Sinha (2007) explored the relationship between certain individual level variables and managerial effectiveness variables. The individual level variables were values, needs, maturity, locus of control, work ethic, self-monitoring, learned helplessness, self-awareness, self-limiting behavior, and self-consciousness. Managerial effectiveness was conceptualized in terms of competence, satisfaction, conflict resolution, need fulfillment, value realization, self-concept and recognition. Dhar et al. (2005) found that managerial creativity significantly affected managerial effectiveness. Managers with high managerial creativity have significantly high managerial effectiveness.

Jain (2000) showed that managerial effectiveness may be assessed with the help of factors like, the success of

training and development programs, the creation of such an organizational environment in which employees work willingly and also effectively, motivation and moral of employees, efficiency and effectiveness of systems and procedures, adaptability, flexibility and productivity. According to Dhar et al. (2000), there are three aspects of managerial effectiveness, which are *functional, personal and interpersonal effectiveness.*

Functional effectiveness means a manager is able to implement all managerial functions effectively viz. planning, organizing, coordinating, controlling, etc. Personal effectiveness refers to the individual effectiveness in which a person knows what he wants to do and accordingly works hard to achieve the target. Interpersonal effectiveness means a manager has good interpersonal relations and thus persuades people to put their best efforts with available resources for maximizing the output of the organization. These three types of effectiveness lead to the managerial effectiveness.

2. Objectives of the Study

The study is a comparative study of Banking Sector and Information Technology (IT) Sector managers based on the following four objectives:

1. To determine effect of gender on Functional Effectiveness Factor (FEF) of Managerial Effectiveness (ME) with respect to Blended Learning (BL).
2. To study effect of gender on Interpersonal Effectiveness Factor (IEF) of Managerial Effectiveness (ME) with respect to Blended Learning (BL).
3. To analyze effect of gender on Personal Effectiveness Factor (FEF) of Managerial Effectiveness (ME) with respect to Blended Learning (BL).
4. To examine effect of gender on overall Managerial Effectiveness (ME) with respect to Blended Learning (BL).

3. Research Methodology

The study:

The study is an exploratory research. The present study explored effect of gender of Banking Sector and Information Technology (IT) Sector managers on Managerial Effectiveness and its three factors viz. functional, personal and interpersonal effectiveness factors with respect to Blended Learning.

The sample:

The sample consisted of 320 managers from IT Sector and Banking Sector, based on the application of blended learning in their organization, from cities like Pune, Mumbai, Noida, Ghaziabad, Gurgaon, Indore, and Bhopal.

The design:

The bi-variate design of "2x2" constitution was used to examine the effect of gender (Male and Female) of Banking Sector and Information Technology Sector managers as independent variables on Managerial Effectiveness and its three factors as dependent variables. Considering the '2x2' factorial constitution, the sample distribution is as shown in the following table:-

Table 4.1: Sample distribution

Type of Sector			
Banking Sector		**IT Sector**	
Male	**Female**	**Male**	**Female**
A(80)	**B**(80)	**C**(80)	**D**(80)

The tools for data collection and analysis:

For data collection, Questionnaire (Appendix 1) based on Managerial Effectiveness Scale [Upinder Dhar, Santosh Dhar and Preeti Jain (2000). *Manual for Managerial Effectiveness Scale*. Agra: National Psychological Corporation. Reliability coefficient of the scale was found to be 0.9667 and validity was 0.98322] was administered and used to determine the impact of Blended Learning on Managerial Effectiveness. For data analysis, statistical tool Z-Test was applied, using SPSS (Version 19.0), at 5% level of significance.

4. Results

For the present study, based on the above stated objectives, four problems and eight null hypotheses were formulated and tested using Z-Test. The problems, hypotheses and respective results are shown as follows:

Problem 1: Do the male and female managers of Banking Sector and Information Technology Sector differ in terms of Impact of Blended Learning (BL) on Functional Effectiveness Factor (FEF) of Managerial Effectiveness (ME)?

H_{01}: Male managers working in Banking Sector do not differ significantly from male managers working in IT Sector in terms of Impact of Blended Learning on FEF of ME.

The null hypothesis was accepted.

H_{02}: Female managers working in Banking Sector do not differ significantly from female managers working in IT Sector in terms of Impact of Blended Learning on FEF of ME.

The null hypothesis was rejected (z=1.984, p=.049). Hence Banking Sector female managers are more effective than IT Sector female managers in terms of Impact of BL on FEF of ME.

Problem 2: Do the male and female managers of Banking Sector and Information Technology Sector differ in terms of Impact of Blended Learning (BL) on Interpersonal Effectiveness Factor (IEF) of Managerial Effectiveness (ME)?

H_{03}: Male managers working in Banking Sector do not differ significantly from male managers working in IT Sector in terms of Impact of Blended Learning on IEF of ME.

The null hypothesis was accepted.

H_{04}: Female managers working in Banking Sector do not differ significantly from female managers working in IT Sector in terms of Impact of Blended Learning on IEF of ME.

The null hypothesis was accepted.

Problem 3: Do the male and female managers of Banking Sector and Information Technology Sector differ in terms of Impact of Blended Learning (BL) on Personal Effectiveness Factor (PEF) of Managerial Effectiveness (ME)?

H_{05}: Male managers working in Banking Sector do not differ significantly from male managers working in IT Sector in terms of Impact of Blended Learning on PEF of ME.

The null hypothesis was accepted.

H_{06}: Female managers working in Banking Sector do not differ significantly from female managers working in IT Sector in terms of Impact of Blended Learning on PEF of ME.

The null hypothesis was accepted.

Problem 4: Do the male and female managers of Banking Sector and Information Technology Sector differ in terms of Impact of Blended Learning (BL) on Managerial Effectiveness (ME)?

H_{07}: Male managers working in Banking Sector do not differ significantly from male managers working in IT Sector in terms of Impact of Blended Learning on ME.

The null hypothesis was accepted.

H_{08}: Female managers working in Banking Sector do not differ significantly from female managers working in IT Sector in terms of Impact of Blended Learning on ME. The null hypothesis was accepted.

The details of above results, in tabular form, are shown as follows:

Table 5.1: Showing Means, Standard Deviations and Z-values

BS Managers → ITS Managers ↓	FEF Male Managers, Mean= 68.2875 SD= 11.45955	FEF Female Managers Mean= 68.5250 SD= 12.22880	IEF Male Managers, Mean= 53.2375 SD= 8.58501	IEF Female Managers Mean= 53.5500 SD= 9.49204	PEF Male Managers, Mean= 32.2625 SD= 5.30522	PEF Female Managers Mean= 31.3250 SD= 6.54057	ME Male Managers, Mean= 153.7125 SD= 24.28480	ME Female Managers Mean= 151.8875 SD= 27.57314
FEF Male Managers, Mean= 66.2000 SD=11.71648	Z = 1.139							
FEF Female Managers, Mean= 64.7750 SD=11.67056		*Z=1.984 **						
IEF Male Managers, Mean= 52.9625 SD=7.86185			Z = 0.211					
IEF Female Managers, Mean= 51.5750 SD=8.07210				Z=1.418				
PEF Male Managers, Mean= 31.1375 SD=5.18943					Z = 1.356			
PEF Female Managers, Mean= 30.4500 SD=4.97818						Z=.952		
ME Male Managers, Mean= 150.3000 SD=23.58577							Z = .902	
ME Female Managers, Mean= 147.0750 SD=24.17488								Z=1.174

* Rejection at 5% Level of Significance

5. Conclusions

In the present research, effect of gender of managers of Banking and Information Technology (IT) Sectors on Managerial Effectiveness and its three factors viz. functional, personal and interpersonal effectiveness factors was studied with respect to Blended Learning. From the results and in accordance with the four objectives, following conclusions were drawn:

The first objective was based on Functional Effectiveness Factor (FEF) and Banking Sector female managers showed more Functional Effectiveness Factor than Information Technology Sector female managers, while no significant difference was observed in male managers. The second objective was related to Interpersonal Effectiveness Factor (IEF). There was no significant difference between male managers and female managers of Banking Sector and IT Sector. Similarly in case of the third objective (Personal Effectiveness Factor) and the fourth objective (Based on Managerial Effectiveness), no significant difference was observed between male managers and between female managers of Banking Sector and IT Sector.

Finally from the above results it can be concluded that Banking Sector female managers were found to be more effective managers in terms of Functional Effectiveness Factor of Managerial Effectiveness with respect to Blended Learning. Hence Banking Sector female managers are functionally more effective, according to the study and also form the study it was found that Banking Sector managers represented more effectiveness.

6. Discussion

There are certain similar researches, which support results of the present study. Hall and Le Cavalier (2000) reported that using a blend of Web-based (80 percent) and classroom (20 percent) instruction, Ernst & Young reduced training costs by 35 percent while improving consistency and scalability. This represents positive indication for blended learning. Singh and Reed (2001) found that organizations are beginning to understand how learning experiences will evolve to exploit "blended" combinations of both traditional and technology-based learning methods, and how blended learning can have a strategic impact on critical business processes. Nagura and Arakawa (2003) carried out a series of tests to verify effectiveness of blended learning in management skill training and showed that blended learning helps for enhancing skills of managers. Kim et al. (2007) reported that blended learning will become a popular delivery method in the future of workplace learning not only in Western countries but also in Asian countries.

Lee and Hadi (2012) studied e-learning adoption in banks and revealed that management support, prior experience, computer anxiety and compatibility have predictive power towards behavioral intention to use e-learning systems in banking sector. Chaturvedi (2008) reported that service sector employees had a positive perception towards e-learning and perceive e-learning as a better training medium. Nathwani (2004) showed that the managerial effectiveness of nationalized and private sector banks was very much high and satisfactory. The study carried out by Choudhari (2003) found that the effectiveness of bank managers is more than managers of other sectors, and it is associated with timely completion of jobs, better service transaction and better customer interactions. Mungania (2003) determined seven barriers experienced by employee e-learners, namely: personal or dispositional, learning style, instructional, situational, organizational, content suitability, and technological barriers. Results of the study showed that employees of the IT consulting company reported the most barriers on six of the seven categories of barriers.

According to Chaturvedi (2008), females perceive E-Learning as a better training medium. Kenworthy (2005) conducted a research for developing Managerial Effectiveness and the female participants showed a significantly greater behavior change than males in Achievement Orientation. McSporran and Young (2001) reported that women may outperform men in blended environments because they are better at scheduling their time. According to this study in blended environments men had lower participation, in comparison to women.

7. Implications of the Study

According to the present study, Blended Learning has shown significant Impact on Managerial Effectiveness (ME) and its three factors, for managers of Banking Sector and Information Technology (IT) Sector. Hence organizations should create and encourage learning environment for enhancing managerial effectiveness and should design and conduct training/learning programs through the application of blended learning approach. Banking Sector managers have shown more effectiveness than IT Sector managers. It implies that Banking Sector managers are efficiently utilizing and getting more benefit of blended learning. Hence the study implies that managers of IT sector have to pay more attention and enthusiasm as the market is turning competitive due to large number of players.

The study also implied that in general, female managers showed higher managerial effectiveness through blended learning approach. Hence females projected a better image of managers than their male counterparts. Therefore there is a need for male managers to use blended learning effectively for enhancing their managerial effectiveness.

The blended learning approach offers organizations both the cost savings associated with e-learning and the personal touch of classroom learning. Organizations should focus on customizing learning programs, as per learners' requirements while implementing blended learning approach. Finally, organizations must consider the value which they can derive from training delivered through blended learning approach.

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Appendix 1: Questionnaire

Please assess each pair of statements with reference to your superior on a seven-point scale. Encircle your choice for each pair of the statements accordingly.

1	Know exactly what they want to do.	7 6 5 4 3 2 1	Do not know what they want to do.
2	Capable of presenting facts in a logical and clear way.	7 6 5 4 3 2 1	Incapable of presenting facts in a logical and clear way.
3	Create an organizational climate to help people maximize output with available resources.	7 6 5 4 3 2 1	Do not create an organizational climate to help people maximize output with available resources.
4	Help subordinates develop into effective teams.	7 6 5 4 3 2 1	Do not help subordinates develop into effective teams.
5	Good interpersonal skills.	7 6 5 4 3 2 1	Poor interpersonal skills.
6	Coordinate various task groups to achieve results.	7 6 5 4 3 2 1	Do not coordinate various task groups to achieve results.
7	Can handle conflict effectively.	7 6 5 4 3 2 1	Cannot handle conflict effectively.
8	Can work well under pressure.	7 6 5 4 3 2 1	Cannot work well under pressure.
9	Delegate tasks.	7 6 5 4 3 2 1	Do not delegate tasks.
10	Encourage subordinates to assume responsibility.	7 6 5 4 3 2 1	Discourage subordinates to assume responsibility.
11	Assign group members work best suited to them.	7 6 5 4 3 2 1	Assign group members work not suited to them.
12	Can identify problems effectively.	7 6 5 4 3 2 1	Cannot identify problems effectively.
13	Can analyze problems effectively.	7 6 5 4 3 2 1	Cannot analyze problems effectively.
14	Can solve problems effectively.	7 6 5 4 3 2 1	Cannot solve problems effectively.
15	Capable of recognizing key areas and issues.	7 6 5 4 3 2 1	Incapable of recognizing key areas and issues.
16	Can set and review priorities.	7 6 5 4 3 2 1	Cannot set and review priorities.
17	Use sound judgment to choose among various options.	7 6 5 4 3 2 1	Biased in choosing among various options.
18	Capable of motivating their employees.	7 6 5 4 3 2 1	Incapable of motivating their employees.
19	Can divide time effectively between various job aspects.	7 6 5 4 3 2 1	Cannot divide time effectively between various job aspects.
20	Are well aware of their strengths.	7 6 5 4 3 2 1	Are unaware of their strengths.

21	Help subordinates identify their strengths.	7 6 5 4 3 2 1	Do not help subordinates identify their strengths.
22	Set definite goals before starting any work.	7 6 5 4 3 2 1	Do not set definite goals before starting any work.
23	Help subordinates set their goals in line with organizational goals.	7 6 5 4 3 2 1	Do not help subordinates set their goals in line with organizational goals.
24	Contribute effectively in increasing the productivity of the department.	7 6 5 4 3 2 1	Do not contribute effectively in increasing the productivity of the department.
25	Can identify forces having long term impact.	7 6 5 4 3 2 1	Cannot identify forces having long term impact.
26	Capable of analyzing information.	7 6 5 4 3 2 1	Incapable of analyzing information.
27	Try to reinforce employee behavior through recognition.	7 6 5 4 3 2 1	Do not try to reinforce employee behavior through recognition.
28	Change old procedures for new to improve departmental working.	7 6 5 4 3 2 1	Do not change old procedures for new to improve departmental working.
29	Maintain a proper link between human resource planning and business planning.	7 6 5 4 3 2 1	Do not maintain a proper link between human resource planning and business planning.

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Talent Management Practices and Employee Engagement

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Abstract

The talent management process begins with attracting the right talent to drive our current and future growth. Employee engagement is the thus the level of commitment and involvement an employee has towards their organization and its values. Talent management may be described as comprising three key components as; Talent Identification, Talent Development – Internal and external talent development, and Talent Engagement, motivation and retention. Smart organisations work to develop and nurture engagement as the benefits speak for themselves. It is important to note, the employee engagement process does require a two way relationship between employer and employee.

This research paper attempts to reveal the relationship between talent management initiatives and employee engagement dimensions. The research concentrated on 53 companies of public and private sector and collected 313 samples. This research work is attempted to encourage the organizations to develop their own talent management initiatives to improve the degree of employee engagement and commitment. The result shows the relationship of talent management initiatives and employee engagement dimensions are significant and both variables are significantly correlated with each other as well. It shows that if organisations are having proper talent management planning and strategies, their employees will be more engaged.

Key words: *Talent management, Employee Engagement, Talent attraction and retention.*

Introduction

The talent management process begins with attracting the right talent to drive our current and future growth. Strategic talent management involves attracting talent by creating adequate interest in potential employees to join the group and in existing ones to stay on.

The focused approach to talent management will lead to; guarantying an continuous availability of talent pool members for significant positions, assigning appropriate development opportunities for people to facilitate them to tie together and optimize their capabilities and grow in their careers, effective employment of talent pool whenever there is business requirement, growth the leadership pipeline of the business and the group by developing capable successors for critical positions.

Talent management may be described as comprising three key components as; Talent Identification, Talent Development – Internal and external talent development, and Talent Engagement, motivation and retention. The first component talent identification is the process of identifying key positions and roles necessary to support the design and deployment of strategic and ready plans and proposals. The second component, talent development is divided into internal and external development. Internal talent development relates to a diversity of activities such as training, performance management, coaching, special projects, job plan, career development, etc. External talent development is basically recruitment and selection, where the organization goes out into the labour market to identify, attract, select and motivate mandatory talent to join the organization. The third component, defined as "Talent EMR" is an short form for employee engagement, motivation and retention. Once the organization has the required talent, it needs to manage its investment, building required promise and strategic alignment to support the organization's policy. There may be several outcome or results of effective talent management system. Two of them are; employee engagement and leadership quality enhancement.

Employee Engagement

An organization's productivity is measured not in terms of employee satisfaction but by employee engagement. Employees are said to be engaged when they show a positive attitude toward the organization and express a commitment to remain with the organization. Organizations that believe in increasing employee engagement levels focus on: Culture, Continuous Reinforcement of People-Focused Policies, meaningful metrics, organisational performance. Employee engagement is the thus the level of commitment and involvement an employee has towards their organization and its values. DDI defines engagement as "the extent to which people enjoy and believe in what they do and feel valued for doing it. There are the 10 most important attributes which lead to better employee engagement named 10 C's as follows; Communicate, Career, Confidence, Control, Clarity, Collaborate, Compliment, Connect, Contribute and Credibility. According to the Gallup the Consulting organization there are there are different types of people; Engaged, Not engaged, and Actively disengaged. Engaged employees are builders. They want to know the desired expectations for their role so they can meet and exceed them. Not Engaged; Not-engaged employees tend to concentrate on tasks rather than the goals and outcomes they are expected to accomplish. Actively Disengaged; The actively disengaged employees are "Consistently against Virtually Everything." They're not just unhappy at work; they're busy acting out their unhappiness.

Robinson (2004) and Penna (2007) both advocate a model of engagement which incorporates job satisfaction, feeling valued at work, communication and training & development as key influences on staff engagement and overall satisfaction at work. Robinson argues that satisfaction with the job of work alone, will not produce a satisfied and engaged workforce, but it is a contributory with many other factors. Penna's model (2007) adopts a similar position. This model indicates that staff is seeking to find "meaning" at work.

Penna defines "meaning" as fulfillment from the job. Fulfillment comes from the employee being valued and appreciated, having a sense of belonging to the organisation, and feeling as though they are making a contribution, and is congruent with the underlying theoretical framework of Robinson.

Smart organisations work to develop and nurture engagement as the benefits speak for themselves. It is important to note, the employee engagement process does require a two way relationship between employer and employee.

1. Literature Review

Alan M. Saks (2006) indicates that there is a meaningful difference between job and organization engagements and that perceived organizational support predicts both job and organization engagement; job characteristics predicts job engagement; and procedural justice predicts organization engagement. In addition, job and organization engagement mediated the relationships between the antecedents and job satisfaction, organizational commitment, intentions to quit, and organizational citizenship behavior.

Richard S. Wellins (2007) states there is a big difference between putting in place initiatives that have the overall goal of increasing employee engagement and truly seeing the payoffs. And, on the other hand, one might easily attribute low engagement to persistent downsizing, which leads to an erosion of loyalty and commitment.

Triple Creek's Research (2007) reveals Mentoring positively impacts all critical themes related to employee engagement. Organizations who see the connection between engagement and company performance should consider web-based mentoring as a high impact, low cost way to improve attitudes shown to be critical to engagement.

Nitin Vazirani (2007) focuses on how employee engagement is an antecedent of job involvement and what should company do to make the employees engaged. The paper also looks at the Gallup 12 point questionnaire, twelve-question survey that identifies strong feelings of employee engagement and the steps which shows how to drive an engaged employee.

2. Objectives of the study

The main purpose of the research work is to study the relationship between talent management practices and employee engagement in selected public & private organizations. Following objectives are tending towards to fulfill the purpose:

1. To identify the relevant talent management initiatives and employee engagement dimensions.
2. To analyze the relationship between talent management and employee engagement/employee retention in selected public & private sector organisations.

3. Research Methodology

The study is based on primary data as well as secondary data; primary data was collected through pre-tested (Reliability analysis – Crobanch alpha testing) structured questionnaire. The questionnaire was designed with a view to seeking information on talent management practices in public and private sectors and different dimensions of employee engagement as employees; chances to grow and learn employees' sense of commitment, proud to work for company, retention, and recommend to organization to others. The sample was chosen by means of non probability sampling and convenience sampling techniques will be used. Data was collected from 313 respondents of selected 53 corporate companies belonging to different sectors (as MNC, service, public, PVT. Etc). The respondents' sample included HR executives, CEO, Sr. & middle level manager (responsible for talent management practices).

Secondary data was collected from various sources such as magazines, HR manual of companies, journals, websites etc.

Data was grouped, and subjected to descriptive and statistical analysis. Correlation coefficient method was employed to analyze the data. All data was stored, analyzed and interpreted through SPSS package 16^{th} version and findings was put to content, construct and criteria validation.

In statistics, correlation (measured as correlation coefficient, p) indicates the strength and direction of a linear relationship between two random variables. A number of different coefficients are used for different situations. The best known is the Pearson product –moment correlation coefficient, which is obtained by dividing the covariance of the two variables by the product of their standard deviations. In the study correlation was used to find out the interrelationship between talent management practices and employee engagement along with interrelationship between talent management practices and leadership qualities. The value of correlation should be close to +1 in order to factor that two variables are positively related.

4. Analysis and Result

In this section the association between different talent management practices and employee engagement dimensions is measured.

5.1 Relationship between talent management initiatives and chances to grow and learn.

H_{01} = There is no significant association between talent management initiatives and chances to learn and grow (I dimension of employee engagement).

Table 5.1 Correlation between talent management initiatives and chances to grow & develop			
		Talent Management Initiatives	Chances to grow & develop
Talent Management Initiatives	Pearson Correlation	1	.395**
	Sig. (2-tailed)		.000
	N	308	308
Chances to grow & develop	Pearson Correlation	.395**	1
	Sig. (2-tailed)	.000	
	N	308	313
**. Correlation is significant at the 0.01 level (2-tailed).			

The table shows the relationship of talent management initiatives and chances to learn and grow in organisation. The result indicates that both variables are significantly correlated with each other. Therefore H_{01} stands not accepted.

5.2 Relationship between talent management initiatives and strong sense of commitment towards organisation.

H_{02} = There is no significant association between talent management initiatives and strong sense of commitment towards organisation (II dimension of employee engagement).

Table 5.2 Correlation between talent management initiatives and Strong sense of commitment towards organisation			
		Talent Management Initiatives	Strong sense of commitment
Talent Management Initiatives	Pearson Correlation	1	.298**
	Sig. (2-tailed)		.000
	N	308	305
Strong sense of commitment	Pearson Correlation	.298**	1
	Sig. (2-tailed)	.000	
	N	305	310
**. Correlation is significant at the 0.01 level (2-tailed).			

The table shows the relationship of talent management initiatives and strong sense of commitment of employees towards organisation. The result indicates that both variables are significantly correlated with each other. Therefore H_{02} stands not accepted.

company (III dimension of employee engagement).

5.3 Relationship between talent management initiatives and proud to work for the company.

H_{03} = There is no significant association between talent management initiatives and proud to work for the

Table 5.3 Correlation between talent management initiatives and proud to work for the company.			
		Talent Management Initiatives	Proud to work for company
Talent Management Initiatives	Pearson Correlation	1	.304**
	Sig. (2-tailed)		.000
	N	308	306
Proud to work for company	Pearson Correlation	.304**	1
	Sig. (2-tailed)	.000	
	N	306	311
**. Correlation is significant at the 0.01 level (2-tailed).			

The table shows the relationship of talent management initiatives and proud to work for the company. The result indicates that both variables are significantly

correlated with each other. Therefore H_{03} stands not accepted.

5.4 Relationship between talent management initiatives and recommend organisation to others to work.

H_{04} = There is no significant association between talent

management initiatives and recommend organisation to others to work (IV dimension of employee engagement).

Table 4.4 Correlation Between talent management initiatives and recommend organisation to others to work.			
		Talent Management Initiatives	recommend to others
Talent Management Initiatives	Pearson Correlation	1	.257**
	Sig. (2-tailed)		.000
	N	308	306
recommend to others	Pearson Correlation	.257**	1
	Sig. (2-tailed)	.000	
	N	306	311
**. Correlation is significant at the 0.01 level (2-tailed).			

The table shows the relationship of talent management initiatives and recommend organisation to others to work. The result indicates that both variables are ignificantly correlated with each other. Therefore H_{04} stands not accepted.

5.5 Relationship between talent management initiatives and not considering leaving the organistaion in next few years.

H_{05} = There is no significant association between talent management initiatives and not considering leaving the organisation in next few years (V dimension of employee engagement).

Table 5.5 Correlations between talent management initiatives and not considering leaving the organisation in next few years.			
		Talent Management Initiatives	Not leaving the company
Talent Management Initiatives	Pearson Correlation	1	.294**
	Sig. (2-tailed)		.000
	N	308	307
Not leaving the company	Pearson Correlation	.294**	1
	Sig. (2-tailed)	.000	
	N	307	312
**. Correlation is significant at the 0.01 level (2-tailed).			

The table shows the relationship of talent management initiatives and not considering leaving the organisation in next few years. The result indicates that both variables are significantly correlated with each other. Therefore H_{05} stands not accepted.

5. Conclusion and Recommendations

Experts say that 70% of company's value is based on the skills, experience, and Performance of its workforce. Organisations need to find highly-qualified candidates, get the best from people, identify and retain top performers, encourage ongoing learning, and keep employees engaged. Talent management is a strategy that enables organisations to effectively drive results and gain a competitive advantage leveraging people. The result shows the relationship of talent management initiatives and employee engagement dimensions are significant and both variables are significantly correlated with each other as well. It shows that if organisations are having proper talent management planning and strategies, their employees will be more engaged i.e. the organisations following talent management initiatives and practices are having more engaged and committed employees rather than those which are not planning for talent management.

On the basis of analysis few **recommendations** have also been made;

- Employers should identify and ensure those employees who are engaged and feel valued as soon as they begin employment with the company.
- Often the environment in which people work can make a huge difference to the speed and quality of people development. Frequent exposure to a wide variety people and ideas and the freedom to explore and pursue individual ideas and passions can make the relaxed working environment interest.
- Employer should focus on few things such as; keep employees motivated, assurance of employee retention, cost benefits, proper development and learning for employees and reward system etc.
- Employers should develop a succession plan for their company; it encourages the commitment towards employees and talent development.
- Employer should follow the process 'transition integration' for new managers. In this new managers are provided an internal mentor and an external coach to insure support during the transition process.
- Organisations should take proper talent management initiatives so employees can be engaged and committed towards the organisation.

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