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Articles :

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Vice Chancellor speaks



Prof. Dr. Shivajirao Kadam
M.Sc, Ph.D
Vice Chancellor
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Pune

In recent years, the education system has undergone a transformation, teaching pedagogy is strengthened by research work thus making education a wholesome experience.

The research based journal of IMED “JMSR” has evolved into a more comprehensive journal. This has added an extra mile to the academic exposure to our students, readers and contributors. The wealth of information shared through the journal has advanced our academic rigor to the next level of excellence. These contributions reflect the broader spectrum of innovative measures that we undertake on continuous basis to ensure that good industry- ready talent steps out of IMED.

The students are not only exposed to the didactic methods of teaching and learning but also guided to explore new ideas for the progress of the society. The wealth of knowledge and information enable them to confront the challenges head on and develop an inquisitive mind always wanting to learn, share and apply this knowledge to practical situations.

It is my pleasure to invite you to join the IMED family and help us in our journey of building a resourceful society.

My heartiest congratulations to the editorial board for their dedicated and painstaking efforts in making “IMED’s JMSR” a research journal par excellence.

All the very best.

A handwritten signature in black ink, consisting of a stylized 'S' followed by a horizontal line that ends in a small hook.

Dr. Shivajirao Kadam

Chief Editor's Message

Dear Readers,

Greetings from Bharati Vidyapeeth Deemed University, Institute of Management and Entrepreneurship Development, Pune.

It gives me great pleasure to place before you the Volume V July-Dec issue of IMED-JMSR. This issue is a bouquet of multi-flavor's empirical presentations devoted always towards emerging areas of research.

At present, we are passing through a transition phase from a low labor cost advantage to a highly skilled and trained labor advantage. The time has come for our country to produce smart managers/entrepreneurs who can think globally and act locally to fill up the gap between potential of the man power with good communicative skills and tools of management .Keeping in view the global corporate challenges, we put our efforts to inculcate right attitude instilling the right ethics and values in the minds of our management students, which will foster creativity and innovation in the dynamic environment.

Today, creativity forms the core activity of growing section of the global economy- the so called "Creative Industry"-Capitalistically generating (generally non-tangible) wealth through the creation and exploration of intellectual property or through the provision of creative services. It has been a topic of research studies to establish that organisational effectiveness depends on the creativity of the workforce to a large extent.

Creativity and Innovative management fills a crucial gap in management literature between the theory and practice of organizing imagination and innovation. It gives managers insights into introducing innovation within their organizations and accelerating the development of creative performance in their staff. The journal's central consideration is how to challenge and facilitate creative potential, and how then to imbibe this into result oriented innovative business development.

We at IMED keeps pace with the changing global trends to provide common platform to academicians and corporates for discussions and deliberations through this referred research journal.

I congratulate our editorial team led by Mrs. Dr. Kirti Mahajan for bringing out yet another quality issue of our journal. I request all the readers to give suggestions to further improve the quality of the same.



Dr. Sachin S. Vernekar

From the Editor's Desk

Welcome to the July-December 2012 issue of the Bi-Annual Journal – BVIMED Journal of Management & Social Research. We thank the contributors for their valuable contributions to make the journal a success. The current issue is amalgamation of empirical and conceptual papers with a good amount of depth and detail.

Dr. Namata Rajput, Mrs. Preeti Bajaj in their paper titled “Gender differences and Green purchase behavior: Effects of Environment knowledge, Environmental concern & attitude in Pune region” examine the impact of three main cognitive and attitudinal factors on gender differences in case of green buying behavior.

The paper titled “Goods and Services Tax Administration in India” authored by Dr. Khan M. A. Imran, explore the question of nature and structure of the agency for administrating and collecting the GST is one of the most crucial ones.

Dr. Rajiv B. Khaire in the paper titled “Training & Development practices in small & medium Enterprises (SME) in Nagpur region” have focused on the Business and organizations resources such as physical resources, financial resources and human resources or workers.

In the paper titled “The impact of inflation on Capital Budgeting: A Case Study” authored by Dr. R.K Sharma, Dr. Sunil Kumar, Dr. Sambhavna Gupta inflation have been selected by authors on the bases of fundamental analysis criteria and evaluated in order to obtain an information of inflation on Capital Budgeting.

Mr. Tusshar Mahajan, Dr. Sourabhi Chaturvedi in their paper titled “Impact of Blended Learning on Higher Education: An Empirical Study”, analyses the impact of blended learning on Higher Education. According to the empirical study findings there is significant difference in impact of blended learning methodology and traditional learning methodology on students and teacher.

The paper titled “Restaurant Industry: A strategic approach towards Sustainability” by Mrs. Usha Kiran Rai, Dr. Ranjana Pandey explore the strategic approach that will help the restaurant industry in developing a clear concept about sustainability and a paradigm shift towards a sustainable society.

Dr. Suman Ghalawat in her paper titled “Preference of Men towards branded wears: A study of select factors”, focuses on the keystone of success in marketing. This paper is an attempt to determine the factor responsible for Purchasing Branded Garments by men and study reveal that BRAND enhances the traits of a person.

The paper titled “Consumer behavior and luxury fashion brands: An analytical study of Indian Consumer” authored by Gurmeet Singh focuses on consumer market. The paper progresses to look at the various ways of Indian consumers buying behavior and deeply understand the key factors of branded clothing which influence consumers’ involvement towards stylish branded clothing.

Dr. Shaikh Haroon-Al-Rashid in his article titled “Inflation and Security returns” discusses the important new insights and conceptual frameworks.

I take this opportunity to inform the esteemed readership that we have already started receiving papers for the next issue that is due to be published in December 2012 and are in the process of sending them for blind review. I would also to exhort my academic colleagues to put pen to paper or finger to keyboard and send us their valued academic/research contribution.

Your valuable suggestions and comments to improve the journal are always welcome.

Thank you.

Mrs. Preeti Wadhwa
(Co-Editor)

Dr. Kirti Mahajan
(Editor)

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GENDER DIFFERENCES AND GREEN PURCHASE BEHAVIOUR: EFFECTS OF ENVIRONMENTAL KNOWLEDGE, ENVIRONMENTAL CONCERN & ATTITUDE IN PUNE REGION

Dr. Namira Rajput
Mrs. Preeti Bajaj

ABSTRACT

The purpose of the study is to examine the impact of three main cognitive and attitudinal factors on gender differences in case of green buying behaviour. Survey was conducted across Pune region with a sample size (n= 244). MANOVA (multivariate analysis of variance) was conducted which confirmed the influence of consumers' ecological knowledge, concern and attitude on gender differences in green buying behaviour. As in case of previous studies, this study also confirmed that women appeared to be less aware of environmental issues compared with men. However, in this study, men showed more environmental concern and more positive outlook towards green purchase compared with women which is quite contrary to other studies conducted in the West. The findings of the study will help in discussing future course of action for policy makers and marketers alike to tweak their environmental programmes and marketing strategies.

Keywords: green buying behaviour, environmental knowledge, environmental attitudes, environmental concern, gender differences.

INTRODUCTION

Green consumerism refers to recycling, purchasing and using eco-friendly products that minimize damage to the environment. This involves decisions such as using Energy Start appliances that consume less power, buying hybrid cars that emit less carbon dioxide, using solar and wind power to generate electricity and buying locally grown vegetables and fruits. More and more businesses and industries are joining in the green movement, either out of a real interest in saving the planet or a desire to capitalize on the growing consumer demand for greener ways. For example, Wal-Mart anticipates savings to the tune of billions of dollars by reducing packaging across the supply chain and Wells Fargo issues carbon credits to offset its customers' credit card purchases. According to Shamdasani et al (1993) Green or environmentally friendly products are those that will not pollute the earth or deplete natural resources, and can be recycled or conserved.

Environmentally friendly (also eco-friendly, nature friendly, and green) are terms used to refer to goods and services, laws, guidelines and policies claimed to inflict minimal or no harm on the environment.

From the last three decades there has been gradual increase in public concern for environmental issues. According to MORI Millennium Poll, 54% people in India want more legal protection for the environment. 39 per cent of those polled by Roper Worldwide in 30 countries said protecting the environment is a very important principle to them. The percentages were even higher in Germany, Egypt, Argentina, the Philippines and India. According to the same poll, Indians rank environmental respect fourth out of 12 desired roles that firms should play in society.

As per (Kohl 1990) marketers have reacted to consumers' growing environmental consciousness by developing "environmentally friendly" products. They are indeed trying to target this green segment of

the population. Banerjee et al (1993) revealed that on the basis of environmental appeal many products have been launched such as recycled paper and plastic goods, dolphin safe tuna and the like. Marketers are also trying to integrate environment and 4 Ps of marketing, namely, pricing (Kapelianis and Strachan, 1996) product and package designing (Bhat, 1993; Polonsky et al 1997).

McDaniel and Rylander, (1993); Menon and Menon, (1997) established that marketers have researched to such a great extent in the area of green marketing that they have developed specific models for the development of green advertising and green marketing strategy. McCloskey and Maddock, (1994), argued that nowadays, environmental consciousness is not only an ideology of activists, but also a matter of 'market competition', which influences consumer behavior (Follows and Jobber, 1999). D'Souza (2004) claims that the green vision is a reality and needs to be more functionally understood to allow marketers to develop strategies aimed to meet the green consumers' needs.

Comparing India's situation to the west, the green idea is just catching up and is at a nascent stage in India. In other words we can say that we are at a green awakening stage. Reitman, (1991) revealed that only a few "green" products have been successful despite the fact that Chase and Smith (1992) argued that vast majority of consumers reported that their purchases were influenced by environmental concerns. This definitely points out to the fact that not much has been understood about green consumerism. In Indian context, virtually not much research has been conducted in the field of green consumer behavior and sustainable consumption specifically focusing on gender differences. To remedy this void in literature As a solution to this void in the literature, this study attempts to look at the influence of various cognitive and attitudinal factors on the gender differences in green purchase behavior of Indian consumers.

OBJECTIVES OF THE STUDY

The main aim of this paper is to investigate factors influencing gender differences in green purchase

behavior namely-environmental knowledge, concern and attitude.

While consumer attitudes towards environmental issues have been widely researched during recent years, there have been noticeably very less gender-specific studies of this phenomenon. For example, Wehrmeyer and McNeil (2000) suggest that little information exists on gender differences in environmental perception and values.

The aim of this research is to fill this research gap by examining gender differences in Indian consumers' green purchase behavior. More specifically, we aim to analyze gender differences in Indian consumers':

- environmental knowledge;
- environmental concern; and
- green purchase attitudes.

This paper will first review relevant literature and develop research hypotheses. Next, methodology and results will be discussed.

Implications section follows. Finally, research limitations and directions for future research will be presented. In this study, the terms 'green', 'environmentally friendly' and 'environmentally conscious' are used interchangeably.

REVIEW OF LITERATURE AND DEVELOPMENT OF HYPOTHESIS

ECOLOGICAL KNOWLEDGE

It refers to knowledge that individuals have about various aspects of the environment. According to Fryxell and Lo, (2003, pg 43) Environmental knowledge can be defined as 'a general knowledge of facts, concepts and relationships concerning the natural environment and its major ecosystems'.). Thus, environmental knowledge basically revolves around what aspects of environment are known to the people in general and specifically, key relationships leading to environmental aspects or impacts, an appreciation of 'whole systems', and collective responsibilities necessary for sustainable development. Moreover, Knowledge about environmental issues can be understood in form of a continuum of the knowledge of environmental

problems. On one end it can be sheer knowledge of their existence to the detailed knowledge of their causes, impacts, major affected areas, major players responsible for the problem, solutions, and agents responsible for these (Barreiro et al).

There are three main sources from where the such knowledge can derived: • Cultural tradition: also known as the ecological ethnocentrism; • Diffusion of scientific knowledge on these issues: presence in media, school curriculum and various recreational activities. • Problems that individuals experience also the risks associated and their effects. Moreover, personal experience will make a difference only if individual has developed some kind of observable scheme of thoughts based on their experience. The scheme of thoughts should be based on its definition, its causes, effects and extent, and those responsible for provoking and resolving the problems. The opinion of a person on environmental problems will largely depend on the quantum of information that he/ she has about that problem. The amount of information that an individual needs to possess varies with different kinds of environmental problems.

Past behavior and perceptions about recycling and second-hand products purchase also seem to have influence on ecological Knowledge. Aguilar et al. revealed that past behavior directly influences the intention to recycle, as part of green behavior. He emphasizes the significant and independent contribution of past behavior to the variance of the intention, once variables such as attitudes, social norms or perception of behavioral control are taken into account. Second-hand purchasing as an alternative form of green consumption (Gregson & Crewe), implying therefore a change in the perception of used goods, otherwise interpreted as waste.

For the purpose of examination of environmental actions Schahn and Holzer (1990) have distinguished two types of knowledge: abstract and concrete. Abstract knowledge is the one which is concerned with environmental issues such as problems, causes, solutions and so on. On the other hand the concrete

knowledge relates to behavioral knowledge that can be utilized and acted upon. I Hines et al. (1987), in their analysis of 128 previous studies argued that most significant predictor environmental action is the abstract knowledge. An average correlation of 0.30 between ecological knowledge and behavior was noted by them.

Grunert (1993) in his study on the purchase of green products has further supported this moderately, but statistically significant positive association. Arcury (1990) emphasized individual's gender as one of the factor affecting the amount of environmental knowledge he or she possesses as well as the amount of the individual displays for the environment. Gendall and Smith (1995) compared knowledge of environmental facts across six countries. In all six countries men tended to have higher levels of knowledge than women. Tikka et al. (2000, p. 16) found that 'knowledge of nature and the environment seemed to be dependent on gender' because the mean knowledge points scored by men were higher than those scored by women. Thus, it is hypothesized that:

H1: Women are likely to posses less environmental knowledge as compared to men.

ENVIRONMENTAL CONCERN

New environmental paradigm measures (Milfont and Duckitt, 2004) environmental concern as a unidimensional construct ranging from unconcerned about the environment at the low end to concerned at the high end. According to Weigel, 1983 environmental concern can be understood as an attitude towards facts, one's own behavior or other's behavior in context of its consequences on environment. Attitude here can mean particular attitude directly determining regulating intentions or more widely to a general attitude or value orientation (Fransson & Gorling, 1999). On the other hand, Schultz (2000) proposed that environmental concerns have three correlated factors: concern for the selfb(egoistic), other people (altruistic) and the biosphere (biospheric).Academic studies examining environmental concern include Fritzsche and

Dueher (1982) who examined the effects of concern for the environment on the choice of deodorant container.

As per the understanding of (Hines et al. 1987) individual's concern is primitive to environmental research. According to (Arbuthnot and Ligg 1975; Kellgren and Wood 1986; Simmons and Widmar 1990) environmental concern denotes an individual's general orientation toward the environment. Also, individual's concern level as to environmental issues has been found out by Chan 1996; Donaton and Fitzgerald 1992; Kerr 1990; Ottman 1993; Schlossberg 1992 to be a useful predictor of environmentally conscious behavior ranging from recycling behavior to green buying behavior. As per (Mainieri et al. 1997), consumers who depict stronger concern for the environment are more likely to purchase products as a result of their environmental claims, than those who are less concerned about the environmental issues. In an extensive literature review by Schultz 2000; Stern et al. 1995 it was found out an individual's environmental concern is related to his or her fundamental beliefs or values. Also, it is depended on an individual's core value orientation. As per Schultz and Zelezny 1998, environmental concerns are unquestionably affected by altruistic values including biospherism, but negatively relate to egoistic values. On the same lines, an environmental concern is also related to collectivism as the concept lays emphasis on the benefit of the group members. Other studies include: Prothero and McDonald (1992), examining green cosmetics and toiletries, and Barr et al.(2003), examining recycled packaging. Environmental concern can have a significant impact on the degree to which individuals are motivated to change behavioral practices so as to attempt to alleviate the problem (Baldassare and Katz, 1992 and Seguin et al. 1998). Grunert (1993) suggested that environmental concern has been found to be a major determinant of buying organic food. Nonetheless, it is worth a note that reviews of the many studies (Hines et al.,1987) analyzing the direct empirical relationship between environmental concern and behavior all agree in the conclusion that this relation is low to moderate. Taken together, the general

attitude environmental concern seems to explain not more than 10% variance of specific environmental behaviors (Bamberg, 2003). Women are more concerned about environmental issues than are men and that there are value and belief differences between men and women regarding the environment (Mohai 1992 and Stern 1992). Davidson and Freudenberg (1996) revealed in their exhaustive review of the literature that, under certain circumstances, women express greater environmental concern than do men. Riechard and Peterson (1998), in a study of 231 pre-college students found that female students had significantly higher perception of environmental risk scores than male students. According to Blocker and Eckberg, (1997) theoretical explanations for gender differences involve the increased knowledge of and tolerance for technological advances, support for economic growth and lower perception of environmental risks among men. For example, the trust in science and technology hypothesis postulates that women are more likely than men to lack faith in science and technology, and are therefore more concerned about environmental problems and less likely to support a 'technological fix' (Davidson and Freudenburg, 1996). Some eco-feminist writings also suggest that women are potentially more environmentalist than men because a biospheric orientation (Merchant, 1979). Thus, it is hypothesized that:

H2: Women are more likely to express higher environmental concern compared with men.

PRO ENVIRONMENTAL ATTITUDES

According to Kotchen and Reiling, (2000) the social psychology literature on behavioural research has established attitudes as important predictors of behaviour, behavioural intention and explanatory factors of variants in individual behaviour. There have been lot of studies which have centrally focused on the association between environmental attitudes and environmentally related behaviours. Mohai, (1990), (1992), investigated about environmental attitudes and political participation. Luzar et al. (1995) revealed choice of recreational activities () and Walsh and McGuire, (1992) studied

willingness to modify behaviour In the past studies the attitudes of the consumers have been utilized for the prediction of energy conservation and important variable ecologically conscious purchase and use of products. While determining behavior of the consumer towards different products its attitude towards air pollution was the most important variable Kassarian (1971). The findings were based on study of consumer's reaction towards a gasoline that reduced air pollution and found that attitude towards air pollution was the most important variable in determining consumers' behavior towards the product. A positive attitude towards ecologically conscious living resulted in ecologically responsible buying and using of products, including the use of automobiles was discovered by Balderjahn (1988) in Germany. According to Lynne and Rola, 1988 there exists a strong association between environmental attitude and ecological behavior. However, Axelrod and Lehman, 1993; Smith et al., 1994) found a moderate relationship between environmental attitude and ecological behavior and Berger and Corbin, (1992) revealed a weak relationship. There are many studies which highlight gender differences in environmental attitudes. Statistically significant differences were observed by Brown and Harris (1992) between men and women in environmental attitude and their opinion about forest policy preferences. Tikka et al. (2000) found significant differences in environmental attitude index scores between the two genders with men having more negative attitudes towards the environment compared with women. Thus, it is hypothesized that:

H3: Women are more likely to express positive attitudes towards green products compared with men.

RESEARCH METHODOLOGY

In this study the research methodology has been divided into three sub sections:

- Research Purpose
- Research Approach
- Research Strategy

Research Purpose: Since our research problem is concerned with studying impact of environmental awareness on consumer behavior therefore Causal Research will be used to explore impact of various factors influencing environment conscious purchasing. These generalizations will lead to development of theory in long run.

Research Approach: Since the subject under investigation is to find out variables that influence green buying behavior therefore Quantitative Research Approach is used to provide deeper understanding of human behavior. Quantitative market research is numerically oriented, requires significant attention to the measurement of market phenomena and often involves statistical analysis. It will help to describe, explain and predict consumer behavior, knowledge and attitude. Using this approach will provide quantitative information that can be analyzed statistically. Every respondent will be asked the same series of questions. The approach will be very structured and will use questionnaire.

Research Strategy: Several research strategies can be used in quantitative research. Since in this problem a richer insight is needed to comprehend deeper meaning of environmental conscious behavior, therefore Survey was conducted. It will help to have a holistic view of the entire process. This strategy will also help me to identify different aspects related to the research problem and will assist me in finding their inter relationship in the total environment. Further, there is no control over the events and events are contemporary so survey strategy will benefit to reach the purpose of my research.

Population and Sample

A convenience sample was used in order to ensure an acceptable number of responses. The questionnaires were mailed to the respondents. All of the contacts were university professors or administrators and students. The questionnaires were administered to groups of students who completed them in the classroom. Students responded voluntarily and were not compensated for their participation. A total of 400 questionnaires were distributed. Confidentiality of responses was emphasized in the cover letter with the title 'Confidential survey' and in the text. To reduce social desirability artefacts, the cover letter

indicated that the survey seeks 'attitudes towards green purchase' and nothing else. In total 300 responses were received by end date, but 56 questionnaires were discarded because the respondents failed to complete the research instrument appropriately. The effective sample size, thus, was 245. Around half of the participants were female (55.8%). Almost 64% of the respondents were students between the age group of 20-30, 26% were working professionals between the age group of 30-40, and 10% respondents were in the age group of 40-50. Average age in the sample was 25.7 years. Greenberg, (1987); Gordon et al. , (1987) argued that the extent to which student subjects represent the general population can be debated, however, using university students as subjects has been a research method practiced worldwide for many years, mainly for their easy reach to the researcher and homogeneity as a group (Calder et al. , 1981). Also, (Synodinos, 1991) claimed in his research that marketing students' responses to questions relating to environmental consciousness to be similar to those recorded by the general public as a whole.

Tools and Techniques

The tools and techniques of data gathering that were used are categorized as under:

For Primary Data

Structured Questionnaire consisting of closed ended question which were mailed to the respondents.

For Secondary Data

- Books
- Published Research Reports
- Articles
- Online Survey Conducted By Various Agencies
- Trade Publications
- Journals

Almost all constructs used in this study were measured by various items on five-point Likert-type scales (1 =strongly disagree to 5 =strongly agree). Some constructs were also measured on 3 point Likert- type Scale (1=disagree 3= agree). Gill et al.,

(1986) widely believed that best way of measuring attitudes is by way of multiple measures and the general trend in measuring environmental issues is via several items instead of single-item questions. Positive and negative formulations of the items were presented for guaranteeing the content balance of the study. Various scales used in the questionnaires have been previously validated. Environmental knowledge was measured using the factual knowledge of environmental issues scale. The scale was found to be valid and reliable with reported value of 0.881. Weaver (2002) developed a three-item environmental knowledge scale. These items include knowledge about the greenhouse effect, the relationship between pesticides and chemicals used in food and human health, and the environmental consequences of car pollution. Initially, these three items were grouped together as an index, but the index did not meet reliability standards with Cronbach's alpha well below 0.5. Like previous research (e.g. Chan, 2001), we measure knowledge of environmental issues using factual environmental knowledge. However, it has been researched that consumers possess low level of knowledge consumers have about environmental issues and the meaning of environmental terms .For example Hastak et al. (1994) claimed that majority of consumers know the term recyclable but many do not have a detailed understanding of the term and its implications for purchasing decisions.

There have been numerous environmental concern scales that have been developed each with various advantages and disadvantages; however, owing to its sound psychometric properties and relatively small number of items, the new NEP scale was chosen for use in the present study. The new revised NEP scale (Dunlap et al. , 2000) is an updated and expanded 15-item version of its predecessor, which has been used for over two decades (Dunlap and Van Liere, 1978). While several of the items remain, the new NEP differs in the way items are selected to illicit five facets of environmental concern: reality of limits to growth; antianthropocentrism; the fragility of nature's balance; rejection of the idea that humans are exempt from the constraints of nature; and the possibility of an eco-crisis or ecological catastrophe.

The analysis of new NEP results has revealed predictive and construct validity in addition to a marginal increase of internal consistency from the original scale (Dunlap et al., 2000).

In the environmental psychology literature, NEP 'is commonly taken to measure general environmental concern' (Poortinga et al. , 2004, p. 72). The scale has been used to examine environmental concern in the US (e.g. Caron, 1989; Nooney et al. , 2003), Canada (Edgell and Nowell, 1989), Sweden (Widegren, 1998), the Baltic States (Gooch, 1995), Turkey (Furman, 1998) and Japan (Pierce et al. , 1999).

Green purchase attitude was measured using a three-item scale that found to be valid and reliable (Taylor and Todd, 1995). The three statements coded by five-point semantic-differential scales were used in previous research to operationalize the global measure of attitudes towards green purchase (Chan, 2001). As the scales that were used to measure the general environmental attitudes and knowledge domains had not previously been cross-culturally validated in an Indian non-Western context, the calculation of item-total correlations for the pooled data was first used as a basis for detecting poor items. Items with item-total correlation of 0.30 or less were eliminated from the analysis.

Following recommendations by Anderson and Gerbing (1988), the retained items were subjected to an exploratory principal component analysis, separately for each scale, to further investigate the unidimensionality of the scales. We chose the oblique rotation because the attitude and behavioural dimensions are expected to be correlated among themselves. Advocates of the oblique rotation assert

that in the real world important factors are likely to be correlated; thus searching for unrelated factors is unrealistic (Dixon, 1993). Finally, the retained items were combined into sum scales and reliabilities and means were calculated. Three items were eliminated from the NEP scale to produce an acceptable reliability. This is consistent with previous research reporting the use of the NEP scale cross-culturally. For example, Bechtel et al. (1999) eliminated two items from the NEP scale when it was administered in Brazil. The reliabilities, measured with Cronbach's alpha, were 0.881, 0.704 and 0.832 for the environmental knowledge scale, environmental concern scale and green purchase attitude scale respectively. Nunnally (1978) suggested that an alpha value of 0.7 is acceptable. The alpha values found for the scales indicated therefore that they are sufficiently reliable measures of environmental knowledge, concern and attitudes towards green purchase.

FINDINGS

For the statistical analysis of the questionnaires, SPSS 19.0 was selected because of its ability to extensively analyse quantitative data. A one-way multivariate analysis of variance (MANOVA) was performed to investigate gender differences in green purchase behaviour. Three dependent variables were used: environmental knowledge, environmental concern and environmental attitudes towards green purchase. The fixed variable was gender. There was a statistically significant difference between men and women on the combined dependent variables: [F (18, 225) = 5.398, $P < 0.05$; Wilks' Lambda = 0.698.]

TABLE 1: The Multivariate Tests Conducted On The Combined Dependent Variables

Multivariate Tests						
Effect		Value	F	Hypothesis df	Error df	Sig.
GENDER	Pillai's Trace	.302	5.398a	18.000	225.000	.000
	Wilks' Lambda	.698	5.398a	18.000	225.000	.000
	Hotelling's Trace	.432	5.398a	18.000	225.000	.000
	Roy's Largest Root	.432	5.398a	18.000	225.000	.000

TABLE 2: Tests of Between-Subjects Effects

Tests of Between-Subjects Effects						
Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Model	EC*	3145.277a	2	1572.639	1693.548	.000
	EA**	3811.012b	2	1905.506	2.714E4	.000
	EK***	198.368c	2	99.184	1109.601	.000
GENDER	EC	3145.277	2	1572.639	1693.548	.000
	EA	3811.012	2	1905.506	2.714E4	.000
	EK	198.368	2	99.184	1109.601	.000
Error	EC	224.723	242	.929		
	EA	16.988	242	.070		
	EK	21.632	242	.089		
Total	EC	3370.000	244			
	EA	3828.000	244			
	EK	220.000	244			

a. R Squared = .933 (Adjusted R Squared = .933)

b. R Squared = .996 (Adjusted R Squared = .996)

c. R Squared = .902 (Adjusted R Squared = .901)

*EC=Environmental Concern

**EA=Environmental attitude

***EK = Environmental Knowledge

TABLE 3: Mean Scores

Descriptive Statistics				
	GENDER	Mean	Std. Deviation	N
EC	Male	3.64	.776	88
	Female	1.56	1.055	156
	Total	2.59	.962	244
EA	Male	4.82	.388	88
	Female	3.03	.159	156
	Total	3.95	.283	244
EK	Male	.91	.289	88
	Female	.60	.304	156
	Total	.85	.298	244

An inspection of the estimated marginal means shown in Table 3 indicated that men reported higher levels of environmental knowledge, concern and attitudes towards green purchase than women. Bray and Maxwell (1982) suggest that if a significant MANOVA effect is detected, the follow-up test is to perform univariate ANOVAs for each dependent variable. To test whether the difference between the mean score of

environmental knowledge in men (.91) and women (.60) is statistically significant, one-way ANOVA was used. The results (d.f. 1, 225 = 536.8, $P < 0.05$) suggest that there is a significant difference between men and men in overall environmental knowledge. This result implies that men are generally more knowledgeable in environmental issues than women. This result provides strong support for the first hypothesis. The result also corroborates the results of previous research conducted in the West. For example, Arcury and Johnson (1987) found that the degree of environmental knowledge was dependent on gender: men gave correct answers to the knowledge questions more often than women. The authors found that gender had an even greater impact on knowledge than the educational establishment. Table 3 shows also that men reported higher levels of environmental concern. To test whether the difference between the mean score of concern in men (3.64) and women (1.56) is statistically significant, one-way ANOVA was used. The results (d.f. 1, 225 = 276.229, $P < 0.05$) suggest that there is a significant difference between men and women in overall environmental concern.

This result implies that men are generally more concerned about environmental issues than women. This result fails to support the second hypothesis. This result also contradicts previous research conducted in the West (e.g. Davidson and Freudenburg, 1996). However, it should be noted that whether women are, in reality, more concerned about the environment than men has not been determined conclusively by empirical studies (Momsen, 2000). It appears that more analyses and explanations are needed in this area. Finally, Table 3 indicates that men reported more positive attitudes towards green purchase. To test whether the difference between the mean score of green purchase attitudes in men (4.82) and women (3.03) is statistically significant, oneway ANOVA was used. The results (d.f. 1, 225 = 359.388, $P < 0.05$) suggest that there is a significant difference between men and women in overall green purchase attitudes. This result implies that men have generally more positive attitudes towards green purchase than women. This result fails to support the third hypothesis. It is also at odds with previous research conducted in the West (e.g. Tikka et al., 2000). However, in a Canadian study Eagles and Muffitt (1990) found no environmental attitude differences between the genders. It seems that this area warrants more future research.

IMPLICATIONS

FOR RESEARCHERS

While most of the major consumer behavior models have been developed and tested in the West, relatively little attention has been devoted to investigating the validity of these models under other cultural settings (Lee and Green, 1991). However, Chan and Lau, 1998) claimed that this cross-cultural testing is essential as most behavioral theories are rooted in psychology, which, in turn, is heavily bound by cultural values. The focus of this research paper is to test the influence of three cognitive and attitudinal factors on gender differences in green purchase behavior in Indian context. The high environmental concern among Indian consumer found in this study contradicts previous research conducted in the West. Some of the authors like Inglehart, (1990); and Buttel, (1992) have claimed that environmental concern is related to the concept of post-materialism. It basically refers to a set of attitudes that develop among wealthy people once the more basic needs of

food and safety have been met. This line of reasoning leads to the prediction that developing nations like India should be less concerned about environmental issues as compared to the US or European countries. Our results show that the traditional wisdom that environmental concern is a luxury afforded by only the wealthy is unfounded cross-culturally.

IMPLICATIONS FOR MARKETERS

The knowledge of the green consumer is important for the whole supply chain and especially for the retailers, because the environmental issues influence the purchase and nutritional decisions of six out of 10 consumers in the US and the UK (Ottman, 1992). Knowledge about the profile of green consumers in India will help the marketers to develop strategies that will help to target this particular segment. In order to build up the beliefs related to green products the marketers can take help of green promotional materials and green advertisements. Building up beliefs about green products could, perhaps, be accomplished through green promotional materials and green advertisements that can be instrumental in drawing the attention of the consumers. Although green appeals are not significantly more influential than non-green appeals for environmentally involved consumers, they are much more persuasive than non-green appeals for environmentally uninvolved consumers, as noted by Schuhwerk and Lefkoff-Hagius (1995). By connecting themselves to environmental causes, marketers not only educate consumers, but also may improve their environmental image.

IMPLICATIONS FOR POLICY MAKERS

Chungwama, 1995 noted that India has grave environmental problems such as air and water pollution. Those problems cause increasing support for the local environment. Understanding factors affecting environmental attitudes is necessary before the country can move towards more effective environmental policies and institutional actions designed to increase environmentally friendly behaviour.

LIMITATIONS AND FUTURE IMPLICATIONS

According to (Ajzen and Fishbein, 1980) self reports usually present fairly good approximations of actual behaviour but they clearly have limitations. So, to

begin with the measures used in the study are based on self-reports of past behaviours or predictions about future action will tend to have limitations.

In particular, there is over reporting of socially desirable past behaviour and under reporting of less desirable past behaviours. Future research should examine the potential impact of social desirability bias on consumers' responses to questions about green purchase behaviour. Second, the study is a cross-sectional study and not a longitudinal study. It can thus be easily implied that much emphasis is placed on examining consumers' behaviours than on observing changes in behaviour. There would seem to be hence a need for much more longitudinal research to focus on observing changes in consumers' behaviour over time. Third, for the purpose of this research, a MANOVA approach was adopted to identify gender differences in behavioural intention regarding green products. According to Chisnall, (1997) the use of quantitative methods alone is valuable in establishing relationships between variables, but is not considered strong when attempting to ascertain the reasons for those relationships. Using qualitative research along quantitative methods in future studies may enable us to further explore relationships among variables. Finally, this study was conducted in Pune region using college students as main subjects so some caution should be observed in generalizing its results.

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Goods and Services Tax Administration in India

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ABSTRACT

Budget 2012 has proposed certain conceptual changes in the way service tax in India is administered and this article seeks to summarize the role of key agencies and also highlights the challenges arising during the process of convergence of the new regime of the proposed Goods & Services Tax (GST).

It seems that classification matters will continue to be relevant as long as exemptions and concessions (though justified) continue. Further, the proposals in the Union Budget 2012 underscore the increasing relevance for businesses to try to bring a degree of certainty on the tax treatment of revenues and limit surprises, especially when tax framework is in the state of evolution.

Keywords: Institutional Structure, Efficiency, Harmonization, Multiple Agencies

INTRODUCTION

The introducing of a comprehensive Goods and Services Tax (GST) at the national level has thrown up many multifaceted challenges before the country. The question of the nature and structure of the agency for administering and collecting the GST is one of the most crucial ones. It appears that the existing institutional and organizational structure with multiple departments (one at the union and one in each of the states) would be maintained for collection of what is essentially a single tax (though with two components), thereby severely eroding most of the expected benefits of a national GST as well as putting a heavy burden on taxpayers. The influence of the bureaucratic complex and power politics of the organized civil services as well as a lack of political will are the major reasons for such a possible outcome. The need is to move towards a harmonized, modern and professionally managed national revenue agency for GST with a proper safeguard mechanism for preserving the fiscal federal nature of India and its states.

Since almost a decade, India has been working effectively to introduce a comprehensive Goods and

Services Tax (GST). However, one thing that appears logically certain at this point of time is its inevitability despite so many roadblocks. GST as a tax policy and economic reform package is in itself a huge area and is not the focus of this study. Instead, this article is more about tax administration and (re) organization of revenue agencies for effective and efficient operationalisation of the proposed GST as it is widely recognized that “tax administration is tax policy”, especially for developing countries. This applies even more so in the case of diverse, federal and competitive democracies like India. Fiscal federalism in India is tilted towards the union with important tax powers lying with the union government and with a constitutional mechanism for mandated rule-based devolution of tax revenue to states, which share major expenditure responsibilities. The institutional framework of revenue administration consists of two large union revenue agencies as well as a large number of state- and local-level revenue agencies which coexist, more or less oblivious of each other's existence. Against this backdrop, an integrated, modernized and harmonized revenue administrative architecture is a sine qua non for

successful execution of an ambitious tax reforms agenda, especially GST. However, the emerging administrative architecture for GST appears to be a severe compromise due to the overarching landscape of the bureaucratic complex and power politics of the Indian civil service as well as a lack of political will. If not tackled, it could lead us to a situation where most of the envisaged benefits of the proposed GST would be severely eroded.

GOODS AND SERVICES TAX IN INDIA

Around the world there are many differences in the way VAT (or GST, as we now tend to call such taxes) are understood and implemented. Nevertheless, there are certain common characteristics of such taxes which can help us in understanding and analyzing various related issues. VAT is a tax on consumption, paid ultimately by the final consumer. The tax is generally levied on a broad base (as opposed to, for example, excise duties that sometimes cover specific products). The system is generally based on tax collection in a staged process, with successive taxpayers entitled to deduct input tax on purchases and account for output tax on sales. In general, many countries with VAT impose the tax at all stages and normally allow immediate deduction of taxes on purchases by all but the final consumer (OECD 2006: 6). The main feature of VAT/GST is their neutrality, irrespective of the nature of product and services, the structure of the distribution chain and the technical means used for its delivery.

Now, it is extensively felt that for operation of a common market, India needs a unified GST levied nationally. Further, administratively a centrally administered VAT/GST is highly suitable for federal nation states. Within the constitutional assignment of tax powers in India and the current political environment, however, a purely federal VAT is not considered feasible even though it may be considered desirable (Rao 2008: 3-4). The power to levy sales tax/VAT constitutes the most important tax powers of Indian states. Further, the power to levy this tax is a “power” in itself and not just revenue power and taking this away will grievously reduce

states’ fiscal autonomy. It is widely agreed that GST is a major improvement over the present system due to many reasons. The excise at manufacturing level gives rise to definitional (“what is manufacturing?”) and valuations issues (cost of production or the value at which the tax to be levied) and makes its effective burden dependent on the supply chain. As per the constitutional arrangement, the state government cannot levy taxes on services. This makes it difficult to tax goods supplied in a composite form bundling both goods and services. Further, with high buoyancy in service taxes, there has been demand from states that they should also have express power to tax services, which today forms almost 50% of India’s GDP. Another problem in the present system of indirect taxation is tax cascading.

The intact structure has become quite complex, with high compliance cost, inefficiency and administrative lacunae. Due to all these difficulties, the basic objective of GST reform has been to establish a tax system that is economically efficient and neutral in its application, distributionally attractive and simple to administer. The task force on GST of the Thirteenth Finance Commission noted that a conventional GST cannot be implemented without the states losing their fiscal autonomy. However, this does not appear to be politically feasible since revenues from state VAT account for substantial proportion of the states’ revenues. Therefore, a solution has been found within the existing federal framework where both levels of governments would have concurrent powers to tax domestic trade in goods and services. Thus, it has been agreed that India will have a dual GST – a concurrent levy to be imposed by the centre/union (to be called the Central GST – CGST) and state governments (to be called the State GST – SGST) separately on the same base and implemented by multiple statutes. However, the basic features of law such as chargeability, definition of taxable event and taxable person, measure of levy including valuation provisions, basis of classification, etc, would be uniform across these statutes as far as practicable. GST would be paid to the accounts of the union and state government separately, which will also require

utilization of input tax credit paid for union or states separately (ibid: 14). Within this broad framework, further progress on the actual design of process, structure, rules and regulations as well as institutional and organizational mechanism has been proving quite difficult.

INSTITUTIONAL STRUCTURE OF REVENUE AGENCIES IN INDIA

The Indian federal structure has distinctively shaped the way revenue organisations have taken root in India. At the foremost, the division of tax powers between the union and the states has made it very important to have three layers of organization, first at the union level, second at the state level, and third at the local level, though the last is the least developed. Further, states in India being large independent politico-administrative units as well as socio cultural entities with democratic form of provincial governments, each state has its own institutional structure, administrative machinery and large bureaucracy.

Thus, we have union government tax departments which function under overall control of the Union Ministry of Finance as well as tax departments under each state government which function under the ministry/department of taxation of respective state governments with their own structures, processes and bureaucracy. In addition, there are local-level revenue agencies (mainly urban municipalities) which have been entrusted with the responsibility for collection of some specific local taxes mainly house property, entertainment, etc, by the state governments. Thus, the overall macro-institutional structure is somewhat akin to “type of tax” model, where different levels of government are responsible for different types of taxes and have established separate agencies for this purpose.

The broad notion of taxation economics and the suitability of different types of tax instruments for different levels of government can be found broadly applied in India. The upshot is a multiplicity of revenue agencies in India, where taxpayers often have to deal with different revenue agencies for

different types of taxes. It has often the effect of unnecessary fragmentation of tax management systems, duplication of functions and inconsistent treatment of legal as well as accounting issues, increased compliance cost, difficulties and even increased harassment of taxpayers. The need for modern and taxpayer-friendly revenue agencies for GST assumes all the more importance against this backdrop. From a taxpayer’s point of view, it is always desirable to have single revenue agency taking care of all tax liabilities. In not for all taxes, one agency for GST would be the minimum which most of us would agree to in principle. A consideration of the present system and institutional structure are important because it broadly delineates, in some sense, a landscape in which any redesign idea can be constructed administratively and politically within the larger sociopolitical, institutional and organizational environment.

At the union level, there are two large government organisations, each separately responsible for administration and collection of “direct taxes” (being taxes mainly on income and wealth) and another responsible for management and collection of “indirect taxes” (being taxes mainly on consumption and production). These two departments function under the overall control of two boards called the Central Board of Direct Taxes (CBDT) and Central Board of Excise and Customs (CBEC). These boards are responsible not only for overall supervision and control of the field departments, but are also entrusted with all policymaking and decisions in the areas of union taxation.

These agencies function through their line organisations, field offices, and innumerable specialized bodies often called directorates. The line departments are organized in matrix form along (territorial × functional × taxpayer) axes in differing fashion and at different levels. The CBDT and CBEC together are one of the largest organisations of the union government employing as many as 1,30,000 people with a presence in more than 1,000 locations having more than 1,200 offices across the length and breadth of India.⁴ These organisations are an integral part of the Government of India and are staffed by

permanent government employees. The highest levels of these organisations are manned by professional permanent bureaucrats of the Indian Revenue Service (IRS).

At the state level there are generally a single tax department entrusted with management and collection of states' taxes. For all state governments, as sales tax/VAT forms the single largest source of tax revenue, the departments are generally called sales tax or VAT or commercial tax department and are responsible not only for sales tax/VAT but other taxes like the entertainment tax, entry tax, luxuries tax, and professional tax, etc, as and when levied. However, some specific activity taxes like excise on alcoholic liquor, taxes on vehicles, stamp duties, land revenue, etc, are assigned to the respective line departments which are otherwise in charge of such functions.

In many states, some of the taxes belonging to the state list like taxes on land and property have been assigned to local level/municipalities and are thus administered by them. State-level tax departments are an integral part of the state government machinery and are staffed with permanent government employees of the respective states. The middle levels of these organisations are filled with state civil servants and the higher level are managed by both state civil servants as well as professional bureaucrats of the Indian Administrative Service (IAS). The state-level tax departments are comparatively smaller with an obviously limited jurisdiction within the physical boundaries of the respective states. As the states vary in size, the state agencies do as well considerably, employing anywhere from 1,000 to 13,000 employees. The organizational structure of state-level departments is simpler, with basically a (territorial × functional) structure. Generally, the department is headed by a commissioner or secretary/principal secretary who has a secretariat with middle and lower management level support officers and staff. Then, there are field offices, quite similar to that of union government offices. Often the designation and hierarchies are also similar like commissioners, additional/joint commissioners, deputy and assistant commissioners, tax officers, inspectors, assistants,

etc, but the span of control and reporting relationships may vary. Further, these do also vary across different states.

EFFICIENCY AND HARMONIZATION AMONG MULTIPLE REVENUE AGENCIES

An apposite strategy for tax reform would first involve studying the tax structure and setting appropriate policy goals, and then modifying them in the short term by taking cognizance of the associated administrative problems. If the ordering is reversed, and administrative consideration became the binding constraint in tax reform, which by its very nature is a longer term process, the tax system is likely to play only a very limited role in achieving economic policy objectives. As often happens in India, it is the administrative bottlenecks which start playing the dominant role in directing tax policy. Organizational structure and operational requirement as well as reorganization of the two union government agencies have always been on the agenda of the various tax reform initiatives.

Although it has mostly been tackled as part of larger tax reform initiatives, started by the union government in the early 1990s, in themselves the agencies have seen major changes in structure, process and organization of not only human and infrastructure resources, but in almost all the areas of tax administration. As a result, there have been some significant changes in tax administration machinery, with some far-reaching consequences. The historical change in relative share of direct and indirect taxes is a case in point. If we look at the relative figures for tax collected per employee for these two agencies, we find the direct tax agency to be more efficient, as shown in Table 1 but again, this has happened only recently and may not reflect the whole story. There has been a wide-ranging technical up-gradation programme, increasing use of information technology for improving the service to taxpayers and for taxpayer management and automation of routine processes, etc, in both the agencies. As a result, these two agencies are better managed, more efficient and effective than most of the state-level tax agencies, with few exceptions, where reform efforts have not been very effective due to various reasons.

There are wide-ranging differences among revenue agencies of different states not only in terms of their potential for revenue collection but also in terms of size and operational efficiencies which can roughly be measured in terms of tax collected per employee, though there are other measures also, like cost of collection, which we will examine briefly. Although data in this respect is not readily available, the calculation has been made for seven medium/large

states for which some information could be accessed as given in Table 2. We can see wide variations in the tax collected per employee from as little as Rs 1.8 crore to as much as Rs 4.8 crore. It must be noted that the highest figures are lower than the figures for the all-India average of the Income Tax Department (ITD). It is indicative that most of the state-level tax agencies are less efficient than union agencies.

Table 1: Staffing and Revenue Collection of Union Government Revenue Agencies

Organisation	Staffing/Number of Employees				Tax	Tax
	Total Staffing	Senior Officers	Junior Officers	Support Staff	Collection (Rs billion) (2008-09)	Collected Per Employee (Rs million)
CBDT/Income tax department	61,300	3,000	6,000	52,300	3,382	55.17
CBEC/central excise and customs	67,400	2,500	10,000	54,900	2,695	39.98
Total	1,28,700	6,500	16,000	1,07,200	6,077	47.22

The number of employees has been rounded off to nearest hundreds. The numbers are those of "sanctioned posts" as against the "working strength" being the number of employees actually working/employed at a particular point in time. Over past few years, there has been severe shortage of staff in CBDT going to the extent of as much as around 20% for some of the cadres. The situation of CBEC has also not been much different. Source: Compiled from Government of India, Ministry of Finance: *Economic Survey 2009-10*, *Annual Report of Ministry of Finance 2009-10* and *Comptroller and Auditor General of India Audit Report of Income Tax and Central Excise and Customs* of various years, and personal knowledge of author.

Table 2: Staffing and Revenue Collection of Few State Government Tax Departments

States	Staffing/Number of Employees				Tax	Tax
	Total Manpower	Senior Officers/Managers	Junior Officers	Support Staff	Collection (2008-09) (Rs Crore)	Collected Per Employee (Rs Crore)
Andhra Pradesh	9,500	130	2,090	7,280	35,700	3.76
Bihar	3,020	80	440	2,500	6,300	2.08
Gujarat	5,000	180	490	4,330	24,200	4.84
Tamil Nadu	10,400	150	2340	7,910	34,500	3.32
Uttar Pradesh	13,000				29,100	2.24
Madhya Pradesh	4,700	130	650	3,920	8,500	1.81

The number of employees has been rounded off to nearest 100. The numbers are those of "sanctioned posts" as against the "working strength" being the number of employees actually working/employed at a particular point in time. Source: Compiled from websites of state governments' commercial tax or sales tax departments, tax collection figures from Reserve Bank of India (2010): *State Finances: A Study of Budgets of 2009-10*, statements 18, 19.

Table 3: Cost of Collection for Union Government Revenue Agencies and Some State Tax Departments

Organisation	Cost of Collection (as % of Tax Collection) in the Year		
	1999-2000	2005-06	2009-10
CBDT/income tax department	1.83	0.86	0.71
CBEC/central excise and customs	1.71	1.37	1.21
Tamil Nadu commercial tax department	<1	0.71	0.83
Madhya Pradesh commercial tax department		0.85	1.00

Sources: (1) Compiled from Government of India, Ministry of Finance, *Annual Report of Ministry of Finance 2009-10* and *2010-11*, *Administrative Handbook of Income Tax Department-2011*, and *Comptroller and Auditor General of India: Audit Report of Income Tax and Central Excise and Customs* of various years.

(2) Compiled from Government of Tamil Nadu, Commercial Tax Department, Demand No 10, Policy Note 2011-12 and of 2006-07, as well as Government of Rajasthan, Commercial Tax Department, *Annual Administrative Report, 2010-11*.

However, some states like Gujarat, and Tamil Nadu can be considered as better managed. The short comparison also points in the direction that the economically more developed states are able to generate more taxes per employee, which may not always be linked to the efficiency of their tax departments. To have some more analytics, we can look at another important and popular measure of administrative efficiency and operational effectiveness – the “cost of collection”. It is roughly defined as expenditure incurred on collection of taxes as percentage of tax collection. Table 3 gives these figures for central departments and two state agencies. For the income tax department, the cost of collection has been decreasing continuously and significantly for the past decade. But all this may not be due only to an improvement in administrative and operational structure.

On the CBEC side, which is much more relevant here for the GST question, there has been an improvement in the cost of collection but its precise reason needs to be further researched. A lot of reduction in the cost of collection may be due to policy improvement in tax design and the resulting growth in tax collection as well as buoyant economy. The data for states are difficult to find, and only two states could be compared. The fact that Tamil Nadu is a better managed state is again reflected here with its cost of collection always below 1%.

However, it has almost been stagnant over the past decade. Madhya Pradesh could be a typical state with an archaic institutional and operational structure. Its cost of collection has, in fact, increased during the past five years. Further, the cost of collection may also be misleading in one sense. The low cost of collection may point towards a low level of administrative and infrastructural capacity of the agencies which has the effect of increasing the cost of compliance for the taxpayers as has been pointed out in many studies. Nevertheless, the cost of collection figures as well as collection per employee definitely point towards a larger administrative malaise as well as procedural and operational issues which the nation faces in moving towards a harmonized GST administration: How to coordinate and design a well integrated operational and administrative structure

with so many diverse institutions across the nation having widely varying capabilities, structure, organizational cultures and histories?

As of now, there is minimal coordination and cooperation between union and state-level revenue agencies as well as among various state-level agencies, all functioning independently in virtually their own silos. Here, a pertinent question would also be as to whether there is actually a need for multiple agencies to administer and collect a comprehensive nationwide GST? As the excise/service tax wing of CBEC and state level revenue agencies (VAT/commercial tax departments) would have a similar tax base and would require similar processes and even organizational structure, it would not make much sense to have two agencies for the same function, leading to duplication on many fronts.

GST ADMINISTRATION

Despite these strong indicators pointing towards the desirability of a single GST administrative agency at the national level, the actual movement has been in the opposite direction. It is well understood that the important question of role and responsibility of union and state governments on policy issues related to the GST base, tax rate, etc, are significant for a truly federal structure, its relation with an effective and efficient collection mechanism and collection agency is quite weak.

Therefore, it is quite possible to have a single, professionally managed GST agency/department at the national level responsible for only administration and collection of GST (theoretically, both state and union components, which in practice is merely a numeric division). However, the final proposal is for maintaining two sets of agencies responsible for collection of union and state GST and administration of related activities separately.

The reasons clearly have to do much with political imperatives rather than issues of technical soundness and efficiency. The GST policy is being discussed and debated at the highest political level and obviously the question of fiscal autonomy of states and their ability to raise revenue

independently has played a decisive role. Therefore, though it may technically have been more attractive to have a unified GST, the consensus has emerged for a dual-GST to be “levied” both by union and state governments separately. However, on the administrative architecture issue, question of how separable are the power to “levy” GST and its operationalisation for “collecting” this tax has not got due attention. It has happened largely due to the presence of a strong state-level bureaucracy and its rivalry with the union bureaucracy. As we have noted earlier, state-level tax agencies are dominated by IAS officers at the highest level and state-level civil servants at the junior level.

On the other hand, union excise and custom duty administration is dominated by IRS of officers at the senior level and junior officers (of the union government) at the lower level. Therefore, without basically examining what could have been the most efficient and effective way of “collecting” a dual GST, the question has been approached on the presumption that both these wings of the government would continue to exist (in the background, the existential threat to entrenched bureaucracies, the threat of their erosion of power and privileges, etc, has played its part), thus making impossible any meaningful examination of this crucial issue. However, implementation of GST through two departments in charge of simultaneously administering it over the same base may substantially nullify any envisaged benefits of this ambitious tax policy reform.

This basically means that although there are considerable gains to be made by having a single agency to collect/administer a dual GST, it may not be politically feasible. Despite efforts to the contrary, this may ultimately lead to a situation where there would be significant administrative inefficiencies, higher compliance cost and where taxpayers would be forced to deal with two departments for compliance of even a single tax.

Consider, the worst situation where a GST payer would be paying GST twice, once to the union agency and then to the state agency, maintaining two sets of records, filing two GST returns and dealing with two

agencies at each and every stage of compliance – a truly disappointing scenario! Therefore, the issue of having two separate agencies for collecting what is essentially a single tax has to be faced squarely.

Highly harmonized dual-layer separate revenue agencies at the union and state level often offered as the way out though certainly an improvement over the status quo is only a second best solution. Even to achieve this, the level of commitment and efforts required are considerable. The extent of harmonization required to achieve a satisfactory level of operational results is truly significant. This has to be in terms of resource sharing and common processes and procedures – not only shared infrastructure and information technology platform (obviously there should be a single tax return form and a tax payment system, and preferably a joint audit and scrutiny mechanism), sharing of information and tax base through common architecture, cooperation and coordination at different levels, but also sharing and utilization of human resources across the agencies especially at the higher level so that professional expertise in tax administration in compliance and enforcement operations, etc, can be effectively utilized. However, this is easier said than done. Obviously, it would face resistance from bureaucracies, more from the IAS cadre. Being generalists, their claim to be able to manage state revenue agencies as expert tax professionals is not easy to digest. Despite of this, as they are powerful not only in state but also in union governments, it would not be easy to get the tax professionals to manage all tax agencies of India.

An important step towards a modern, effective and efficient tax administration is the management of revenue agencies by professional civil servants, who have specialized knowledge, experience and expertise in handling revenue functions. Therefore, it makes perfect sense to have a cadre of professional civil servants which will be responsible for running revenue agencies not only at the national level but also at the state as well as local/municipal levels.

In revenue agencies, like in many other organisations, at the higher management and strategic levels, the role and responsibilities of

revenue administrators start getting complex, wider and involve more of supervision, mentoring, communication across levels and agencies as well as across boundaries of agencies, departments and ministries. On the other hand, the core operational level involves more of specialized (and some routine) functions where such a broad approach and exposure may not be so crucial. Accordingly, the personnel structure of the revenue administration should be designed in a manner so that the top managerial level can move across agencies, tax types, functions, and most importantly across types of governments (the union, state and local/municipal) whereas the operational core remains more focused on its core-competency.

The present structure at the union level is somewhat like this: IRS officers are able to move across. Functions and regions (though limited across tax-types) and junior and lower level employees specialize in one or few functions and are assigned to a single region/state. The practice in states at present is different for higher level officers, who move from, for example, the public health department to the tax department, two totally unrelated functions which often require different levels of expertise, exposure and outlook. This system does not make much sense and has been prevalent only due to political reasons and the historically dominant positions of the IAS in government. The often cited claim that the highest level functionary should be a “generalist” rather than a “specialist” does not carry much weight in the modern world, where government have come to perform highly complex functions. The world over, it is the “specialist” manager who is in charge of overall supervision and direction.

The need for functional specialization of different “branches” of services has been recognized and recommended by the Second Administrative Reform Commission which has come out in favour of “domain” specialization by different branches of civil service.

CONCLUSIONS

GST being a single tax to be shared between the union and the states, its best operationalisation could be achieved through a single national

agency/department in charge of collecting GST and implementing policies of the state and union governments. The GST so collected can conveniently be apportioned and distributed among the respective governments. The tax policy and other coordination mechanism can be taken care of by establishment of the GST council and other institutional structures. Any harmonization with multiple agencies would not mean much unless it is of a very high level, which will effectively make multiple agencies redundant. However, looking at the complexity of issues involved, a start could be made with the second best option of harmonization and coordination in some crucial areas. And this is not an end in itself but only the first stage in a gradual move towards a single revenue agency through one higher benchmark to another which should be clear from the outset. In this endeavour, some of the union territories could be the starting point for having a unified agency for collection and administration of GST. The design of appropriate institutional and organizational structures is crucial for the success of GST reforms. In such a vision, the lynchpin of success would be a highly professional and motivated human resource, nationwide information technology architecture, processes and procedures, work flows and systems compatible with the GST structure and a high level of harmonization with other revenue agencies especially ITD. Another important issue would be to integrate, align and reform the revenue administration and civil services structure with more efficient forms of organizing government bureaucracies on professional lines. Only then the seemingly conflicting objectives of all revenue administration – efficient, convenient and citizen-friendly taxpayer service delivery, on the one hand and effective compliance, enforcement and deterrence mechanism, on the other – can be achieved.

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"Training & Development Practices in Small & Medium Enterprises (SME) in Nagpur region"

Dr. Rajiv B. Khaire

ABSTRACT

Human Resources are the most important assets of the organization. No organization can accomplish its objectives without the presence of competent personnel. Human Resource Management is the body of science that co relates the existence of able human resources & the success of the organization.

Developed & developing nations alike have depended largely on Small & Medium Enterprises. Traditionally, SMEs have played a major role in the GDP of any economy. They have lion's share in the context of Indian Exports also.

The current paper tries to understand the awareness of HR practices in SME's in Nagpur (India) region. It also tries to identify current Training & Development Practices being implemented in the organization.

The data was collected with the help of a Questionnaire which comprised of Close ended statements. The researcher has personally visited 100 companies in order to collect the data.

It was found that not only the majority of the organisation had any provision for Training & Development but they lack a suitable Training policy at the outset also. It seems evident from the analysis of the data that the SMEs are not aware or simply ignore training and development as internal constraints, in order to meet the competition coming from the external environment. The current employees in majority of the organisation were seldom sent to any skills development program.

Key Words: Human Resource, Small & Medium Enterprises, Training & Development

INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

Businesses and organizations rely on three major resources: physical resources, such as materials and equipment; financial resources, including cash, credit, and debt; and human resources or workers. In its broadest sense, Human Resource Management (HRM) refers to the management of all decisions within an organization that are related to people.

According to Boselie (2002), 'HRM involves management decisions related to policies & practices which together shape the employment relationship & are aimed at achieving individual, organisational & societal goals'. The definition provides us the clear cut areas of operation with reference to the field of HRM. A more pragmatic definition given by Schermerhorn (2001) is that 'HRM is the process of

attracting, developing & maintaining a talented & energetic workforce to support organisational mission, objectives & strategies'. The definition provides the functions of the HRM profession.

Organisations have realised the importance of Human Capital. This is a recent phenomenon & the functions have gradually changed its role over a period of time. Human Resource Management concerns itself with anything & everything regarding Human factor in the organisation. It is generally said that HRM has four basic functions & its activities revolves round these functions viz. Acquisition, Development, Motivation & Maintenance. This paper is an effort to unleash the practices regarding the Developmental function of HRM & its practice in Small & Medium Enterprises in Nagpur region.

TRAINING & DEVELOPMENT

Every organization needs to have well-trained and experienced people to perform the activities in order to achieve the individual & organizational objectives. If current or potential job occupants can meet this requirement, training is not important. When this is not the case, it is necessary to raise the skill levels and increase the versatility and adaptability of employees. As jobs have become more complex, the importance of employee training has increased. When jobs were simple, easy to learn and influenced to only a small degree by technological changes, there was little need for employees to upgrade or alter skills. But the rapid changes taking place during the last quarter-century in our highly sophisticated and complex society have created increased pressures for organization to readapt the products and services produced, the manner in which products and services are produced and offered. Today the organisation cannot take risk by not paying attention to Developmental needs of the Institution. If they do, they are doing at the cost of their own peril.

Training in its narrower sense helps individual to learn new skills or sharpen their existing skills which will help them in improving their present contribution to the organisation. Development on the other hand helps an individual to change & improve his conceptual skills that will help him in taking leadership positions & decisions. Although different authors have distinguished Training from Development & Education, for this paper the author has considered them as overlapping. We can typically say training & development can involve the changing of skills, knowledge, attitudes, or social behavior. It may mean changing what employees know, how they work, their attitudes toward their work or their interactions with their co-workers or their supervisor.

Typically Development function is a systematic process comprising of following steps:

- Identification of Training Needs
- Implementation of Training Methods
- Evaluation of Training & Development Methods

IDENTIFYING TRAINING NEEDS

Identifying training needs is a process that involves establishing areas where individuals (employees) lack skill, knowledge, and ability in effectively performing the job and also identifying organisational constraints that are creating roadblocks in the performance.

IMPLEMENTATION THROUGH DESIGN OF TRAINING PROGRAMS

The step involves actual running of different Training programs. The Training Programs are designed keeping in mind the Gaps that are identified in the previous step of Training Need Identification. It is an important step wherein the objectives, course content, facilitator & participants are identified. One major decision taken in this step is to identify the delivery of course contents. The different methods can be divided broadly as On the Job & Off the Job Training methods. The decision to implement either of the training method is based on different parameters viz. Objectives, Contents, Participants & potential use of Training program.

EVALUATION OF TRAINING PROGRAMS

Learning must be transferable to the job. It doesn't make much sense to perfect a skill in the classroom and then find that you can't successfully transfer it to the job. Therefore training should be designed to foster transferability. Evaluation literally means the assessment of value or worth. This process helps the organisation in judging the utility of Training Programs in terms of improvement in skills level, morale, productivity etc. There are different indicators based on which the benefits of Training programs can be gauged. These indicators are to be carefully chosen by the organisation keeping in mind the validity & reliability context. The above discussion has provided basic fundamental things related to Training & Development. Let us now turn our attention to Small & Medium Enterprises.

Introduction to Small & Medium Enterprises:

Small & Medium Enterprises (SME) has always been the engine of growth for every country, in developed as well as in transition economies. Their role in

building a solid industrial base can be gauged from the fact that they represent over 80 percent of industrial enterprises of most developing countries. They, along with micro enterprises, have been identified as high potential sector for employment generation and source of livelihood to millions of people in Asian, African and Latin American countries. The same is more or less true about other developed economies.

SME constitutes the bulk of the industrial base and also contributes significantly to the exports as well as to the Gross Domestic Product (GDP) or Gross National Product (GNP). In the United States, as per statistics published by the Small Business Administration, Small & Medium Enterprises represent 99 per cent of all employers and 52 per cent of the private work force. They provide virtually all the net new jobs and provide 51 per cent of private sector output and 96 per cent of all export of goods. These figures are similar in many other industrialized and developing countries around the world. Many developed economies owe their industrialization to Small and Medium Enterprises. Around 99 percent of seven million units in Japan, one of the most industrially advanced nations of the world, are Small and Medium Enterprises. They account for about 80 percent of total employment of around 55 million persons. Around 52 percent of the Japanese total exports emerge from this sector. Similarly, Small and Medium Enterprises constitute around 99 percent of all businesses, employ over half of the workforce and generate 54 percent of the sales revenues in USA. There is ample evidence to suggest that the sector plays an important role in the industrial development of the country through a sustained process of technological up gradation &

quality improvement in future.

MSME & India

Small scale sector has remained high on the agenda of all political parties, intelligentsia and policy makers since Independence, as a legacy of Gandhian philosophy. The special thrust to this sector has been with the multiple objectives of employment generation, regional dispersal of industries and as a seedbed for Entrepreneurship. The contribution of Small & Medium Enterprises (SME) has been remarkable in the industrial development of the country.

Micro, Small and Medium enterprise (MSMEs) have an important role in socio economic development of India. The importance of Micro, Small and Medium enterprises (MSMEs) for its contribution in the Indian economy growth is a matter of record and needs no further elaboration.

The term MSME is new phenomenon. Traditionally a term Small Scale Industries was widely used. The definitions of 'small' and 'medium' sized enterprises differ from one country to another. SMEs have been defined against various criteria

such as the number of workers employed, volume of output or sales, value of assets employed, and the use of energy. In Indian context, distinction that is made between Micro, Small & Medium enterprises is made by a new legislation, THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 which again took some cues from THE SMALL AND MEDIUM ENTERPRISES DEVELOPMENT BILL, 2005. The definition of MSME has been done for both manufacturing as well as Services sector. Following table provides the

Table 1 Classification of MSME depending on Investment

Investment Ceiling for Plant & Machinery or Equipment*		
Classification	Manufacturing Enterprises	Service Enterprises
Micro	25 Lacs ¹⁰	Lacs
Small	Between 25 Lacs to 5 Crore	Between 10 Lacs to 2 Crore
Medium	Between 5 Crore to 10 Crore	Between 2 Crore to 5 Crore

*Doesn't include cost of land & building Source: Ministry of MSME

Over the years, the SME sector in India has continued to remain an important sector of the economy with its noteworthy contribution to the gross domestic product, industrial production, employment generation and exports. As per the Third All India Census of SSIs (2001-02), there were 10.52 million SSI units in the country, of which 1.37 were registered and 9.15 unregistered units. For the year ended March 2004, the said number increased to 11.52 million, providing employment to 27.40 million persons and contributing an output of over Rs.3, 480 billion in FY2004. Production of SSI has seen a sharp rise over the years. The number of SSI has also increased during the same time period. This rise is seen in both Registered & unregistered SSI. It is also evident that Number of Registered SSI is far less as compared to Unregistered SSI. Employment which is the biggest advantage of SSI has also risen. The number of people employed in SSI has shown increase despite the technological innovations. SSI which accounts for close to 50 % of Indian exports has also seen continuous improvements. The same is true with reference to Fixed Investment of SSI. After going through the above facts, one can easily conclude that SME's play a pivotal role in nation building. Next paragraphs will focus on the Research Methodology that was followed for conducting the current research.

RESEARCH METHODOLOGY

SME have been cynosure for all policy makers. Even social scientists are interested in SME. This phenomenon is prevalent across the globe. As far as India is concerned, SME is seen as an important driver for economic development. SME sector has been catching the fancy of Indian policy maker for quite some time & hence there were quite a few committees which were formed by Government of India for understanding the problems faced by Small Scale Industries.

LITERATURE REVIEW

There are number of Committees that were formed viz. S.S.Kohli, S.L.Kapoor, S.P.Gupta, Nayak, & Abid Hussain Committee. The focus of the reports

submitted by these Committees was more on Finance paradigm of SME. Efforts were taken by other scientist in order to understand other facets of SME. But there is little attempt to understand the Human factor in SME in general & Training & Development practices followed by SME in particular.

There have been various studies conducted across the Globe trying to understand the necessity & effect of Training & development. The Organisation for Economic Co-operation and Development (OECD) has played a pivotal role in

unleashing the truths about Training & Development practices in SMEs, among other things.

OECD - Local Employment and Economical Development (LEED) Program is very effective in coming out with White papers on the subject matter of the Research paper. Under this Project Surveys have been conducted in various member countries. Under the aegis of OECD-LEED initiative there are Workshops; Conferences are being organised world over. The initiative also comes out with Report which is focused on geographical location viz. South East Asian Countries, European Nations.

Cristina Martinez-Fernandez and Marcus Powell in their Report concluded that there is generally a mismatch between skills acquisition and business needs in the ASEAN region. Skills development of the labour force requires an enabling environment so that the provision of skills is balanced with the provision of opportunities to use these skills. Therefore, skills development should be integrated with employment promotion - for both the formal and informal private sector. The said report was published under the banner of ESSA: The initiative on Employment and Skills Strategies in Southeast Asia (ESSSA) which facilitates the exchange of experiences on employment and skills development.

Vladimir Kvetan during the panel discussion at European Centre for the Development of Vocational Training (Cedefop) which was held in Paris on 20th June 2011 observed that there is a necessity to improve training policies and labour market activity in European nations looking at the demography of

the employees who are living in Europe.

Paul Dalziel, Professor of Economics-AERU, Lincoln University, New Zealand in his paper titled "Leveraging Training and Skills Development in SMEs: A Regional Skills Ecosystem Case Study" has compared the Training & Development initiatives of High & Low innovative firms in New Zealand. The paper concludes that small and medium-sized enterprises undertake skills development using a variety of formal and informal training sources. It records that skills developed through these diverse sources are viewed by firm managers as being an important contributor to productivity and competitiveness, at least for individual enterprises.

There are no empirical studies which were conducted in India pertaining to HR practices in SMEs, except for a mention in Third All India Census that was conducted in 2001-02. It is categorically mentioned that of all the problems faced by Small & Medium Enterprises in India, Management & Labour problems is identified as one reason for sickness of SMEs. Lack of research in the area was the main reason for taking up the study.

OBJECTIVES OF THE STUDY

This research is a serious attempt to understand the know how in Small & Medium Enterprises in Nagpur Region with reference to Human Resource Management in general & their practices with respect to Training & Development in particular. The overall objective of this research is to investigate to what extent SME entrepreneurs are aware about the HRM practices in Nagpur region. SME which are into manufacturing of goods are chosen as the research context.

The major objectives of this Research are mentioned below:

- To briefly understand the concept of Training & Development & its process.
- To understand the contribution & the progress achieved by SME.
- To investigate the understanding of SME entrepreneurs regarding HRM activities.
- To investigate the Training & Development practices followed in SME

HYPOTHESIS OF THE STUDY

A hypothesis is a statement temporarily accepted as true in the light of what is true, at the time known about a phenomenon, and it is employed as basis for action in the research for new truth. It is a tentative supposition or provisional guess, which seems to explain the situation under observation.

For the ease in analysis the investigator has formulated some hypothesis, which will either be accepted or rejected after the complete analysis of the data after surveying. The hypothesis for the analysis of data collected by survey is:

Null Hypothesis: SME organisations implement best Training & Development practices in the organisation.

Alternate Hypothesis: SME organisations do not implement best Training & Development practices in the organisation.

SCOPE OF THE STUDY

The study covers the whole of the geographical area of Nagpur region & the SME lying in that region. Furthermore, the industrial region of Nagpur is divided into four areas viz. Hingna, Butibori, Kalmeshwar & Uppalwadi.

UNIVERSE OF THE STUDY

The universe conceptually is the aggregate of all units possessing certain specified characteristics on which the sample seeks to draw inferences. The universe of this research consisted of industries that were registered with District Industries Center (DIC) of Nagpur. As per the records with DIC in 2006 Nagpur region, there are 6500 & 499 Small & Medium Enterprises respectively. Out of which 100 companies are actually targeted for the purpose of the study.

SAMPLING FRAME

It is the list that covers all the sampling units. Database of Small & Medium Enterprises that were registered with District Industries Center Nagpur was used as the Sampling Frame. The information was collected from File No. 31 to File No. 38. The information that was collected by the researcher is done with his discretion that is discussed below:

The information is collected only of those organisations which were undertaking manufacturing activities.

SAMPLING UNITS

With the discretion of researcher, he is able to collect the information pertaining to Industries that were situated in Four Industrial belts of Nagpur i.e. Hingna, Butibori, Kalmeshwar & Uppalwadi. The researcher could collect the information of 586 Industries regarding SME in the four areas listed above.

SAMPLING TECHNIQUE

The researcher has used Non probability sampling method in order to select 100 industries which represent the four areas disproportionately. Convenience sampling was used to take the decision of the final 100 Companies.

SOURCES OF DATA

Primary Source of data was collected through the questionnaire that was designed keeping in mind the objectives of the research. Various Journals, magazines & websites were used as Secondary sources of data.

RESEARCH TOOL (QUESTIONNAIRE)

The researcher has used questionnaire for the purpose of collecting the information. The tool consisted of 13 statements pertaining to the factors that were specifically identified for the purpose of

the study. The respondents were asked to give the replies to indicate his agreement or disagreement with each statement in the instrument. Each response is given a numerical score indicating its Agreement or Disagreement. The response is recorded on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree), 3 being doubtful, 4 Agreement & 2 Disagreement. The numerical score was reversed for negative statements used in the questionnaire.

The first 9 statements were pertaining to the factors viz. Training & Development, Organisation Design, Human Resource Planning, Selection & Staffing, Compensation Benefits, Employee Assistance, Labour Relations, Communication, and Employee Involvement to check the awareness of HR practices. The last 4 statements were pertaining to Training & Development to check the policies that are being implemented; of which two were positive & two were negative.

ADMINISTRATION OF QUESTIONNAIRE

The researcher has used Structured Scheduled Interview technique for getting the information relevant to the study. The selection of samples has already been discussed. The researcher has met personally all the 100 respondents at the designated place. The purpose of the visit was made clear in the initial few minutes of the meetings & then actual responses pertaining to the statements was recorded by the researcher.

DEMOGRAPHY OF THE RESPONDENTS

Table 2

Factors			Factors		
	Public Limited	7	Number of Employees	0 - 10	35
Type of Organisation	Private Limited	44		11 - 60	50
	Proprietorship	31		61 - 300	13
	Partnership	18		301 & above	2
	TOTAL	100		TOTAL	100
ISO Certification	Yes	22	Year of Establishment	1960 - 70	3
	No	78		1971 - 80	4
	TOTAL	100		1981 - 90	8
				1991 - 2000	55
				2001 & onwards	30
				TOTAL	100

The above table provides information regarding the SME establishments that were contacted for the purpose of this study. 44% of the SME establishments were Private Limited companies closely followed by Proprietorship concern with a share of 31 %. Very small percentage i.e. 7 % of the respondents was Public Limited Companies. More than three fourths of the total 100 Companies were not ISO Certified. Close to 35 % of the firms had number of employees in the range of 0 -10. Majority of the firms were set up in the last two decade. In the sample, 85% of the firms have come into existence in the last two decades. The increase in the numbers can be attributed to the LPG regime of the then Finance Minister Dr. Manmohan Singh. A small 3 % of the firms are existing since 1960. It was interesting to know their understanding of HR practices.

DATA ANALYSIS & INTERPRETATION

The data that was collected was treated in different ways. The analysis can be divided in two parts. First part will deal with awareness of HR practices by SME & second part will focus on Training & Development practices in SME. In order to analyse the data the researched has used SYSTAT, Statistical Software package.

1) Awareness of HR practices

The first table provides one way cross tabulation of all the parameters. The second table provides a good understanding of the different statistics viz. Mean, Standard Deviation which will help us in taking some decisions regarding the data that is collected. The tables & a brief description are provided below.

Parameter/ Responses	TND		OD		HRP		SNS		CB		EA		LR		C		EI	
	F	CF	F	CF	F	CF	F	CF	F	CF	F	CF	F	CF	F	CF	F	CF
1	0	0	0	0	1	1	0	0	4	4	1	1	4	4	1	1	3	3
2	1	1	6	6	4	5	0	0	14	18	1	2	2	6	1	2	14	17
3	0	1	3	9	2	7	3	3	11	29	4	6	5	11	0	2	10	27
4	54	55	63	72	72	79	64	67	54	83	69	75	68	79	76	78	63	90
5	45	100	28	100	21	100	33	100	17	100	25	100	21	100	22	100	10	100

F-Frequency, CF-Cumulative Frequency, TND-Training & Development,

OD-Organisation Design, HRP-Human Resource Planning, SNS-Selection & Staffing,

CB-Compensation Benefits, EA-Employee Assistance, LR-Labour Relations,

C-Communication, EI-Employee Involvement

As can be seen from above the frequency for the responses 1 & 2 are very less of all the parameters. The responses for 1 & 2 are 17 % or less for all the parameters. This signifies that 83 % of the responses are spread over 3, 4, & 5. The responses for 5 ranges from total of 17 to 45 % of all the respondents for all the parameters. The trend of responses is that the respondents tend to agree with the statements mentioned in the Questionnaire.

Parameter/Statistics	TND	OD	HRP	SNS	CB	EA	LR	C	EI
N of Cases	100	100	100	100	100	100	100	100	100
Minimum	2.000	2.000	1.000	3.000	1.000	1.000	1.000	1.000	1.000
Maximum	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000
Arithmetic Mean	4.430	4.130	4.080	4.300	3.660	4.160	4.000	4.170	3.630
Standard Deviation	0.555	0.734	0.692	0.522	1.047	0.631	0.841	0.570	0.950

TND-Training & Development, OD-Organisation Design, HRP-Human Resource Planning, SNS-Selection & Staffing, CB-Compensation Benefits, EA-Employee Assistance, LR-Labour Relations, C-Communication,

EI-Employee Involvement

A close look at the table provides an insight into the responses for the nine parameters with reference to Arithmetic Mean & their variability. Majority of the parameters show very good scores on the HR

practices which is evident from the score of Arithmetic Mean & also looking at the value of Standard Deviation. Of all the parameters Compensation Benefits & Employee Involvement are the lowest scores. Incidentally the Standard Deviation of these two parameters is also on a high side. Except the two said parameters, rest all have score of 4 or more, as far as Arithmetic mean is concerned & the Standard Deviation range from as low as 0.522 to 0.841

TABLE 5

Statistics		
Training & Development		
N	Valid	100
	Missing	0
	Mean	2.7100
	Median	2.7500
	Mode	2.25
	Std. Deviation	.71749
	Variance	.515
	Minimum	1.25
	Maximum	4.50

From the above, it is clear that the mean score is 2.75 & mode is 2.25. It is also clear that the maximum frequency of the responses i.e. mode 2.25 is 26. After closer scrutiny it is also seen that around 77 % are less than or equal to response 3. Hence at the outset one can say that Training & Development function is not given proper attention in SME. It remains to be seen whether Test of Hypothesis justify the opinion.

Test of Hypothesis is a scientific process in order to ascertain something. It is being conducted with Level

2) Practices with reference to Training & Development

The Table5 provides test statistic w.r.t the parameter Training & Development. Table6 provides the frequency distribution of the scores of 100 companies. It provides an insight into average scores each of the 100 companies have got for the factor. The average scores have been computed based on the responses they have given to the statements pertaining to Training & Development.

TABLE 5

Training & Development					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.25	3	3.0	3.0	3.0
	1.5	2	2.0	2.0	5.0
	1.75	5	5.0	5.0	10.0
	2	4	4.0	4.0	14.0
	2.25	26	26.0	26.0	40.0
	2.5	9	9.0	9.0	49.0
	2.75	16	16.0	16.0	65.0
	3	12	12.0	12.0	77.0
	3.25	3	3.0	3.0	80.0
	3.5	6	6.0	6.0	86.0
	3.75	6	6.0	6.0	92.0
	4	4	4.0	4.0	96.0
	4.25	3	3.0	3.0	99.0
	4.5	1	1.0	1.0	100.0
	Total	100	100.0	100.0	

Of Significance, identified as 0.05 which means that Researcher is 95 % confidence in coming out a decision with regards to Null Hypothesis.

Further a Two Tailed Test is used which will be based on Sample mean & it will be compared with Hypothesised mean. For the research purpose, we consider the test statistic that Sample mean is not equal to Hypothesised mean (3.250).

One-sample z-Test of Training & Development with 100 Cases

Ho: Mean = 3.250 vs. Alternative = 'not equal'

Table 7

Mean	2.710
95.00% Confidence Interval	
Assumed Standard Deviation	0.717
Z	-7.526

The Z value after computation is -7.526. It is lying in the rejection Area. Hence we can reject the Null Hypothesis & accept the Alternate Hypothesis i.e. SME organisations do not implement the best Training & Development practices.

CONCLUSIONS

The research would like to conclude the following based on the data that was collected & the interaction that he had with the entrepreneurs during data collection. After looking at the tables above, it can be concluded that SME establishments are aware about the different current facets of HR. This is in contrast to the general perception that they are unaware about this function. For the factor Training & Development, the researcher after survey found that the Training & Development in the organisations lacked serious approach. It was found that not only the majority of the organisation had any budget provision for Training & Development, but they lack a suitable Training policy at the outset. There should be systematic process while sending the employees for any training program. For the few organisations that were sending employees for training, did not have any scientific justification of why they are sending & who have been sent. It was done in haphazard fashion. The training and development given to the employees can not be considered sufficient. Information about the skills that the organisation needs now and in the future must be identified, and brought to the notice of employees. Even the evaluation of performance after the training was not done. The current employees in majority of the organisation were seldom sent to any skills development program.

Induction Program is very essential for new employees. For new employee a written Orientation program should be designed & implemented. Majority of the organisations did not have Induction Program also. The new employees were directly put on the job without making them familiarize with the work situation. Although almost all the entrepreneurs were keen for the multi skill training of the employees, but they have actually no programs in making their employees expert in different skills. It was left to the employees to learn the new skills on their own without any special assistance from the organisation. It seems evident from the analysis of the data that the SMEs are not aware or simply ignore training and development as internal constraints, in order to meet the competition coming from the external environment. This surely will result in organizational and individual personnel ineffectiveness in the medium and long-term.

There is no formal process to collect training needs and do gap analysis of skills & competencies. There was no importance given to Training function in the organisations that were studied.

FUTURE DIRECTION OF THE STUDY

The scope of the present study is limited & hence there are ample opportunities for the researchers to execute a similar study in different geographical location of India. This may also validate the research findings of the current study. The research was conducted in urban region i.e. Nagpur. The research is primarily composed of 100 firms. Hence a study that will come out with the Training & Development practices being implemented in the rural SME will be worth putting efforts. Following are few questions that may act as a basis for future research.

What is the relationship between firm effectiveness and performance of an individual?

What differences exist, if any, between rural SMEs and urban SMEs in HRM practices?

The results of such research questions regardless of outcomes may clarify relationships for the benefit of both academicians and practitioners.

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The Impact of inflation on Capital Budgeting: A Case Study

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ABSTRACT

A major impact on both financial theory and the practice of financial decision making has been the economic instability, especially in prices, since the mid 1960's. Inflation in the past few years has not been a major macro economic problem, but its specter, as demonstrated by the Fed's recent increases in interest rates, is never for the agendas of financial decision makers. Macro economic instability has necessitated that expectations about the future rate of inflation be taken into consideration in making decision(s) about which capital projects will be undertaken by a firm. Nominal cash flows determine its degree of profitability. However, in making the capital budgeting decision both real and nominal concepts must be considered. This paper examines the role of inflation in capital budgeting, and to focus on the individual components of the process to draw specific conclusions with respect to the interaction between the cost of capital, inflation, and the cash flow variables within a Discounted Cash Flow (DCF) and Internal Rate of Return (IRR) framework.

Key words: Capital budgeting, inflation, DCF, and IRR

INTRODUCTION

Much research has been published examining the impact of inflation on the capital budgeting decision making process, and, although inflation is not currently a serious problem, bitter lessons from the 2003-2011 period of rapid price increases, coupled with the potential of future inflation, argue for continued research in this field. It merely argues that the presence of general price level changes impacts on the evaluation of investment proposals. Since the argument that nominal rates of interest, and hence the nominal cost of capital, contain inflation premium dates back to the Fisher Effect and is generally accepted. As Van Horne has shown, nominal cash flows must be treated with nominal costs of capital or else a bias is introduced into the procedure. Since the

discount rate is a major determinant of the investment decision, its relationship to inflation is of more than just passing interest in determining the overall impact of inflation on capital spending.

The specific relationship between inflation and the cost of capital is still in the process of being firmly established, and in the absence of a full model to explain this relationship, this section will focus on the interconnections between changes in inflation and subsequent changes in interest rates. Specifically, we will deal with the distinction between nominal and real interest rates, the relationship between inflation and movements of interest rates and the relationship between the rate of interest and the cost of capital.

REVIEW OF LITERATURE

Rappaport and Taggart examined various methods for incorporating the effect of inflation into capital budgeting. They provided an analysis which showed the differential impact of using a gross profit per unit approach, a nominal cash flow approach (where individual forecasts are incorporated into each component of cash flow) and a real cash flow approach in which a general price deflator is used to deflate nominal cash flows.

Van Horne showed that to be consistent, inflation in forecasting cash flows must also be reflected in a discount rate containing inflation; that is, a bias was introduced if nominal cash flows were discounted at the real and not nominal cost of capital.

Cooley, Roenfeldt and Chew revealed the mechanics by which inflation adjustments can be incorporated into the capital budgeting process. At the same time, Nelson demonstrated the theoretical impact of inflation on capital budgeting and showed how inflation would shift the entire NPV schedule of a capital budget downward for a set of projects.

Bailey and Jensen have analyzed how price level adjustments affect the process in detail and specifically how various price level adjustments might change the ranking of projects.

Rappaport and Taggart attempt to combine the simplicity of a gross profit per unit methodology of adjusting for inflation with the more realistic nominal case flow and real cash flow approaches. A gross profit per unit focus on Revenues - Cost of Sales divided by units, and can treat inflation by simply inflating this gross profit per unit as opposed to measuring inflation for both revenues and cost of sales. This is done by making the simplifying assumption that gross margin as a percent of sales is constant over time, which they point out is the same as assuming that EBIT is a constant percentage of sales over time, or that revenues and costs increase at the same rate.

In this paper the Author examines a number of issues raised by Rappaport and Taggart in the area of inflation and capital Budgeting. such as:

1. What is the relationship between the cost of capital and inflation?

2. What is the relationship between inflation in the aggregate and the price a firm places on its specific product that results from a capital budgeting decision? Assuming costs rise at the aggregate or average rate of inflation, what can we say about expectations of the price of output of the firm?

3. What role do depreciable and non-depreciable assets play in the interaction of the variables? How does the presence of plant and equipment as a depreciable asset and the presence of net working capital as a nondepreciable asset impact on the role of inflation in the capital budgeting process?

THE COST OF CAPITAL AND INFLATION

In a non-inflationary world, funds loaned at a rate of interest return at a rate equal to the stated or nominal rate of interest. If inflation is introduced into the system, the return as nominally stated will be different from the real return, as the future cash flows have a lower purchasing power. It is debatable whether or not the interest rate will rise exactly in an amount necessary to offset inflation, and arguments on each side have been summarized by Bernstein, but what is clear that introducing inflation places upward pressure on interest rates. The reasons for this are that borrowers will increase their demand for funds during the inflation to provide for higher transaction costs and to move from financial assets to non-financial assets as a hedge against inflation, and regulatory authorities will move to reduce the rate of growth of the supply of funds as an inflation fighting policy tool. The difference between the nominal rate and the real rate has been dubbed an "inflation premium" and while many texts present the premium as an addition to the real rate of interest, for example, such as:

$$I = k + p \dots \dots \dots \text{Equation 1}$$

where:

i = the current stated, or nominal rate of interest

k = the real rate of interest

p = the rate of inflation

The actual relationship is multiplicative and not additive. This can be shown if we take a given cash flow and inflate it to some period 't' in the future:

$$C^* = C (1 + p)^t \dots\dots\dots \text{Equation 2}$$

Where:

C^* = the nominal or inflated cash flow

t = the time period relative to the base year

and then compute the present value of C^* using the nominal rate of interest from equation

(1), we have the following:

$$PV = C^* / (1 + i)^t \dots\dots\dots \text{Equation 3}$$

We could accomplish the same effect by deflating C^* using the price index, and then discounting using the real rate of interest: This would give:

$$PV = (C^* / (1 + p)^t) / (1 + k)^t \dots\dots\dots \text{Equation 4}$$

Since equations (3) and (4) both furnish the same results, they can be set equal to one another thus:

$$\frac{C^* / (1 + p)^t}{(1 + k)^t} = \frac{C^*}{(1 + i)^t} \dots\dots\dots \text{Equation 5}$$

which requires that?

$$(1 + p)^t (1 + k)^t = (1 + i)^t \dots\dots\dots \text{Equation 6}$$

and thus the multiplicative relationship. The additive formulation is a reasonable first approximation, but should not be used in actual capital budgeting cases as it would introduce upward bias.

The relationship between the rate of interest and inflation in the real world is much more difficult to explain than the theoretical relationship described above. Experience shows that deflating any series of interest rates over time by any popular price index does not yield relatively constant real rates of interest. However, this should not be interpreted as telling us that the current rate of interest is properly adjusted for the actual rate of inflation, but only that it will contain some expected rate of inflation. Furthermore, the ability of accurately forecast the rate of inflation is very rare.

Table 1 shows the nominal and real rates of interest on long term corporate AAA securities.

TABLE 1
The Real Rate of Interest As Deflated By the CPI

Year	AAA Rate	CPI Change	Real Rate	Year	AAA Rate	CPI Change	Real Rate
2003	8.42	3.7	4.72	1985	11.37	3.8	7.57
2004	8.02	6.9	1.12	1986	9.02	1.1	7.92
2005	8.73	9.0	-.27	1987	9.38	4.4	4.98
2006	9.63	13.3	-3.67	1988	9.71	4.4	5.31
2007	11.94	12.5	-.56	1989	9.26	4.6	4.66
2008	14.71	8.9	5.81	1990	9.32	6.1	3.22
2009	13.79	3.8	9.99	1991	8.77	3.1	5.67
2010	12.04	3.8	8.24	1992	8.14	2.9	5.24
2011	12.71	3.9	8.81	1993	7.22	2.7	4.52

Source: "Economic Indicators" Joint Economic Committee, January, 2012, pp. 13, 24;

As can be seen from Table 1, one cannot expect to compute the real rates of interest on an ex post basis by deflating the nominal rate of interest by a price index. However, this does not mean that one cannot

use the current rate of interest as an ex ante measure of the real rate plus expected rate of inflation. The ex post analysis will fail because current inflation rates are not necessarily the expected future rate and because monetary policy may well distort interest rates for a short period of time.

Generally accepted economic theory supports the conclusion that the rate of interest should move in the same direction as the expected rate of inflation. A pure quantity theory of money approach would argue for almost exact movement. Under the loanable funds theory, the demand for money should increase because of increased transactions demand and increased precautionary demand while the supply of loanable funds would decrease as surplus spending units reduced their excess balances. Both these actions would force up the cost of money. Under the liquidity preference theory, the demand for funds would increase for the above reason, and for the reason that investors would expect a fall in bond prices as a result of the inflation and would thus tend to want to hold money balances. Theory would then predict rising interest rates as the expectation of higher inflation occurred. On any type of expectations theory approach, the rate of interest should increase with an increase in the expected rate of inflation. The empirical evidence with respect to whether or not interest rates would perfectly reflect expected inflation is strong but also controversial. Fama demonstrates that short term rates accurately reflect the expectations of future rates of inflation, but his methodology and conclusions have been disputed by several rebuttals. Cagan and Goldolfi have achieved similar results for long term rates, although they argue the results might not be applicable to short term rates.

Finally, the question arises as to the movement of the cost of capital when inflation occurs. We have shown that it is reasonable to expect that the rate of interest will increase when there are expectations of higher inflation, but there appears to be little evidence on the measurement of the cost of capital under inflationary expectations. This is understandable, given the difficulty in just measuring the cost of capital in a static sense. Our assumption in the following analysis that the cost of capital on an ex ante basis increases with the same proportion as the expected rate of inflation; that is, the same mechanism which causes interest rates to rise during inflation will also cause the cost of capital to rise. Furthermore, those who provide equity capital are likely to behave in the same manner as those who provide debt capital.

Short term phenomena may prevent the cost of capital from behaving precisely in this fashion. One action may be for business to alter capital structure, moving towards greater amounts of debt and thus lowering the after tax cost of capital. However, these corrections are not long term and in the case of rising debt costs should have little impact on the overall movement of the cost of capital from rising proportionately with expected inflation, but this too should not prevent a long term assumption that cost of capital does increase when the expected rate of inflation increases.

INFLATION AND PRODUCT PRICING IN CAPITAL BUDGETING

At this stage we introduce the problem of inflation into the capital budgeting process to determine specifically its impact on a number of financial variables.

$$R_i = PQ \dots \dots \dots \text{Equation 7}$$

where:

R_i = Revenue in Period i

P = average price per product over the period

q = annual quantity sold of the product

Assume that quantity is constant over time, and that P is the constant price in the absence of any inflation. Our costs are designated as C_i and are cash costs only, so that total costs are $C_i + D_i$, where D_i is the depreciation charge during period i .

In traditional capital budgeting theory, the equilibrium position will be such that the firm will continue to invest up to the point where marginal costs equal marginal revenues, or where:

$$I_0 + WCo = \frac{(R_i - C_i)(1-t)}{(1+r)^i} + \frac{D_i t}{(1+r)^i} + \frac{WCo}{(1+r)^n} \dots \dots \dots \text{Equation 8}$$

Where:

I_0 = the original investment in depreciable plant and equipment

WCo = the net working capital required for the project

t = the marginal tax rate

r = the firm's real cost of capital

The term WC0 is not defined in the traditional sense of net working capital being current assets minus current liabilities. Current liabilities in the accounting sense contain short term debt. For capital budgeting decisions net working capital must be defined as current assets minus nondebt current liabilities, for only in that definition does it represent the amount of financing that must come from traditional sources of debt and equity. This type of investment in net working capital is important in understanding the dynamics of capital budgeting because it represents a non-depreciable asset. The cost to the firm is the time value of money, and it is salvaged at the end of the period as represented by the last term in equation (8). It is, as we shall see, a vitally important concept when inflation is introduced into the process.

If we introduce inflation here, and assume that the cost of capital perfectly reflects the inflation assumption, as do revenues and costs, equation (8) becomes as follows:

$$\text{Equation 9} \quad I_0 + WC_0 = \frac{[R_t - C_t](1+f)^{t-1}(1-i)}{(1+r)^t(1+f)^{t-1}} + \frac{D_0 t}{(1+r)^t(1+f)^{t-1}} - \frac{WC_t}{(1+r)^t(1+f)^{t-1}} = \frac{WC_0 + WC_t}{(1+r)^n(1+f)^{n-1}}$$

The appearance of the new term in equation (9), WC_t, represents the increase in net working capital each year as a result of the inflation. If current assets of a company are Rs.10 billion, and current liabilities excluding debt are Rs. 5 billion, then a 10% increase in these prices will increase both current assets and current liabilities by 10%. Current assets would rise by Rs.1 billion, but current liabilities would rise by only Rs. Half billion, leaving, in this case, Rs. Half billion financed. This additional financing requirement must be included in the capital budgeting decision making process, or else the net cash flow and net present value are overstated. The additions to net working capital and the initial net working capital are recovered at the end of the projects, as shown in the last term. An important

result of comparing equation (9) with equation (8) is that with respect to the right hand side of equation (9), which represents the present value of the cash inflows after inflation, those values are less than the right side of equation (8). This is to say, inflation reduces the present value of the cash inflows from any given project. There are two reasons why this reduction in value takes place. The first is that the cash flow from depreciation is reduced on a present value basis, since the nominal cash flow from depreciation is unchanged while the discount rate rises due to the inflation. The second reason for the decline in the present value of the cash flows is the appearance of net working capital and its increased requirements during the life of the project. Although these outflows are recovered, the time value of money reduces the present value of the entire stream. In effect, the introduction of inflation into equation (8) negates the analysis of Rappaport and Taggart in their conclusion in which they state that: "a rule of thumb that may help to combine the administrative simplicity of the gross profit approach with the theoretical advantages of the nominal cash flow approach is to make the simplifying assumption, when appropriate, of a constant ratio of $R_t - C_t$ to R_t over time, the impact of inflation as shown in equation (9) says that this is not likely to happen. Managers could only accept equal increases if they were willing to lower the amount of profit acceptable from a capital project. And at the margin, the introduction of inflation would cause the project to be rejected. Rappaport and Taggart do state that there is no requirement that this rate be the economy wide inflation rate, but for most firms one would expect that the rate to be reasonable approximation of the case for the cost side of the equation. Thus inflation of revenues must tend to be larger than inflation of costs if the NPV is to remain the same. At this point consider the following example. In Table 2, data is given for two nearly identical projects, A and B, whose only difference is in the type of investment required. A requires \$200,000 and B requires \$200,000 but A's investment is in net working capital while B's is in depreciable plant and equipment.

TABLE 2
Summary of Project Data

	Project A	Project B
Years	5	5
Tax Rate	.45	.45
Quantity	1000 units	1000 units
Cost Per Unit	Rs. 250	Rs. 250
Discount Rate	3%	3%
Inflation Rate	0	0
Investment in Net Working Capital	Rs.200, 000	0
Investment in Plant & Equipment	0	Rs.200, 000

If equation (8) is used to solve for the missing variable, the price of the project necessary to justify the undertaking of the investment that is the price at which the NPV is zero, then for case A and B the price is as follows:

Case A: Rs.2.6

Case B: Rs.2.9

The higher price in Case B is the result of the fact that only 45% of investment costs are recovered through the tax shield from depreciation, whereas 100% of the net working capital is recovered. It is true that the depreciation is recovered faster, but at a low discount rate this faster recovery is not sufficient to overcome the loss of 55% of the initial investment on a cash basis.

The results above are for a world with zero inflation. If we introduce inflationary expectation of a steady rate, say 12% into the system, the results would be to increase both costs and the discount rate. If we assume that the relationship between inflation and the discount rate is as previously described, 12% inflation would produce a 15.36% discount rate. If we increase the product price by the amount of the expected rate of inflation, and test for NPV, we find lower NPV for Case A which reflects the problems caused by the presence of net working capital during periods of inflation. In this case the inflation causes an addition to the net working capital each year, and the additions are cash outflows which are not recovered until the end of the project. The cash opportunity cost is high, because the discount rate is high which is

elevated due to high inflation. In case 2, the only effect was to reduce the tax flow from the depreciation shield. Thus if prices only kept pace with inflation, both projects are unacceptable, but the project with the higher net working capital is more unacceptable.

The degree to which prices must increase to bring the investment back to an acceptable level can be computed. For each case the results are as follows:

	CaseA	Case B
Price Increase Necessary		
To Product "0" Under	22.3%	15.9%
12% Inflation		

Case A, with its net working capital, requires almost a doubling of the rate of cost inflation in order to keep the company's project profitability unchanged, while Case B requires only a slightly higher than inflation price increase.

IMPLICATION FOR CORPORATE PRICING AND INVESTMENT BEHAVIOR

The above analysis has significant implications for corporations, and these implications go beyond the capital budgeting decision. Certainly the capital budgeting decision itself is significantly affected by the existence of inflation and higher inflationary expectations, and of critical importance is that the capital budgeting decision is not neutral even if prices

of output are expected to rise at the same rate as costs and the cost of capital. Specifically, the implications of an increase in the expected rate of inflation on the capital budgeting process and decision making are as follows:

1. Assuming the firm could not raise output prices above the general rate of inflation, the firm would have to accept lower NPV and hence lower profitability as measured by NPV. At the margin, the firm would have to forego investment projects unless output prices could be raised at a rate greater than the general expected rate of inflation. The exact amount which prices would have to be raised is dependent upon the degree of net working capital required relative to the overall level of investment.

2. A firm does have a number of ways in which it can respond to the problems created by inflation. There are three major areas that could be addressed in an attempt to offset the negative impact of rising price levels. One action would be to raise output prices above the level of inflation, but the ability of the firm to do so will be limited to the extent that the market will withstand the higher prices. Market structure will play an important role here, with the more oligopolistic firms enjoying greater success than the more competitive firms. However, in the long run, this will lead to high inflation and thus may be self-defeating. Unless other adjustments are made, the investment sector of the economy could under allocate resources to new investment projects.

3. Two internal adjustments that can be made are with respect to net working capital and the capital structure. As the previous analysis has shown, during inflation firms will be under pressure to reduce the amount of net working capital employed by decreasing inventory and receivables and extending payables. This reduces the exposure of capital requirements increasing during the inflation.

With respect to the discount rate, the major adjustment that a company can make is in its capital structure. The inflationary increase in the discount rate can be offset to some degree by increasing debt in the capital structure and lowering the weighted cost of capital. This action, however, is not available to all firms, only to those who begin the inflationary period

with a relatively low amount of debt in the capital structure.

Due to the above, one would expect that the degree of leverage employed by firms increases during inflationary periods. Moreover, to the extent that this is “unplanned” debt, it is more likely a firm would finance this debt from short term rather than long term borrowings. As the inflation eased, the firm would find it much easier to return to a more normal capital structure by replacing short term debt with retained earnings. This would suggest that the demand for short term funds would rise rapidly during the periods of inflation, and this has certainly been the case in the most recent inflationary periods of 2003-04 and 2010-11

SUMMARY AND CONCLUSIONS

This paper has explored the question of the impact of inflation on the capital budgeting process. It has shown that it is reasonable to expect that the cost of capital will increase at the same rate as the rate of inflation on an ex ante basis, and that this increase will be a multiplicative relationship.

In addition, the paper has shown that the capital budgeting process is not neutral with respect to inflation, even if output prices rise at the same rate as costs. Of critical importance is the degree of net working capital as a proportion of the overall financing required, the higher the net working capital the greater being the impact of inflation on capital spending.

Finally, it would appear that corporate financial behavior is influenced by inflation. Inflation will cause the firm to reduce its capital budget, to attempt to reduce net working capital, and to alter the debt/asset ratio using short term debt, thus driving up short term rates relative to long term rates.

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Impact of Blended Learning on Higher Education: An Empirical Study

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ABSTRACT

Over the past few decades, the educational system has been undergoing a dramatic shift. Information Technology has predominantly changed the way we communicate and interact with one another. It has brought dramatic changes to education as well. Now educational institutions incorporate constant technological change in their system. The education area is becoming now the place where many technologies meet, converge and tested. The network-based technologies have complimented traditional class-room learning to a new way of learning called Blended-Learning. Blended-Learning refers to mixing of e-learning with traditional class-room learning.

This paper analyses Impact of Blended Learning on Higher Education. For this purpose, a survey study is carried out at College of Management and Computer Applications (CMCA) of Teerthanker Mahaveer University, Moradabad (U.P.), India. According to findings of the survey study, there is significant difference in impact of blended learning methodology and traditional learning methodology on students and teachers. In case of blended learning, there is no impact of course-level of students i.e. under-graduate and post-graduate levels but course-stream has significant impact i.e. computer science stream students are more effective than management stream students. Results of the study are very encouraging and show the impact of Blended-Learning on Higher Education.

Key Words: Traditional Learning, E-Learning, VSAT-Technology, Blended Learning.

INTRODUCTION

Over the past two decades, the educational system has been undergoing a dramatic shift. Teaching has been moving from a largely teacher-centered, product-based activity, to a more student-centered, process-based activity. Rather than being passive learners, students are now encouraged to be active learners. In such student centered teaching style, there is a need to tailor the teaching techniques to the needs of the students. Education like any other process has inputs and outputs. The input to the education process is teaching, while the output is learning. Therefore, the main objective of any instructor is satisfying the learner's expectations. Considering the fact, instructors use different teaching techniques to achieve the desired objectives.

Information Technology has predominantly changed the way we communicate and interact with one another. It has brought dramatic changes to education as well. In this Information Age, knowledge and skills become the key factor of competition. Educational sector is now responding according to global challenges. Internet and global information infrastructure development in the world changes the main paradigm in education. Now educational institutions incorporate constant technological change in their system. The education area is becoming now the place where many technologies meet, converge and are tested. Education becomes a conductor and promoter of new technologies and area where new approaches and new social

imperatives are forming. New approaches in education should increase the assistance-to-contributive effect, i.e., educational institutions should become the knowledge based organizations implementing technological advancements. Educational institutions should utilize learning process for creating information and knowledge base for teaching next generation of students.

In modern networked information environment the main paradigm of education is sufficiently changed the roles of teacher and students while the old methodology was based on concept of classroom as the ultimate place of knowledge receiving. The opportunity for education is that competition provides increased pace of technologies' development and changes. Therefore, in current conditions the main paradigm of education is changed to cooperative and contributive learning in which teacher plays role of information producer and curriculum adviser but students act as information accumulators and knowledge acquirers. The growth of distance learning is phenomenal during the last decade, due to evolution of different technologies. With increasing use of the Information Technology, new learning methods are becoming popular. Online education has found worldwide acceptance due to its flexibility, it seems to be a blessing of the new-generation technology which makes teaching possible anytime and anywhere. New and innovative learning environments have not only been welcomed in formal educational institutes but are also adopted by the administration as a method of imparting education. There are strong evidences that network-based technologies have complimented traditional in-class learning by a new way of learning called e-learning.

e-learning is defined as the process of extending learning or delivering instructional materials to remote sites via the Internet, intranet/extranet, audio, video, satellite broadcast, interactive TV, etc. It is a term that covers a wide range of instructional material that can be delivered on a CD-ROM or DVD, over a local area network (LAN), or on the Internet. It includes Computer-Based Training (CBT), Web-Based Training (WBT), and Electronic Performance Support Systems (EPSS), distance or online learning

and online tutorials. E-learning is one of the most powerful responses to the growing need for education. Until recently, e-learning initiatives mainly relied on asynchronous means for teaching and learning. However, recent improvements in technology and increasing bandwidth capabilities have led to the growing popularity of synchronous e-learning.

In Asynchronous e-learning the students and teachers access the web at their convenience and respond to each other's communications and work through e-mail messages, discussion forums, posting of assignments, and web-based reading materials. Asynchronous e-learning makes it possible for learners to log on to an e-learning environment at any time and download documents or send messages to instructors or peers. It increases a person's ability to process information as the receiver has more time to comprehend a message because an immediate answer is not expected. But on comparing the smaller to the larger class, it seems difficult to get asynchronous discussions going with few participants. Synchronous e-learning is commonly supported by media such as videoconferencing and chat, and it has the potential to support e-learners in the development of learning communities. In synchronous access, the student and teacher are both online at the same time, and students have an opportunity to watch presentations, ask questions, respond to instructor questions, or give live presentations themselves. Synchronous sessions help e-learners feel like participants rather than isolates. It supports other types of communication more often than does asynchronous e-learning. Synchronous communication increases psychological arousal and motivation. It enables monitoring the receiver's reaction to a message, which makes the receiver more committed and motivated to read and answer the message. Thus it is fast and efficient. It provides the student or learner with information that can be accessed in a setting free from time and place constraints.

In the traditional method of learning i.e. classroom teaching, there is direct or face-to-face interaction between the instructor and learners/students in the classroom environment. Classroom learning stands

for formal learning for it has stated objectives and gives fixed results. Here the contents can be tailored specifically for the participants and the learners share best-practices and build team understanding. Classroom teaching provides more engaging environment in comparison to e-learning. In case of e-learning, only motivated students who are matured enough to take the responsibility of their studies on their own can do well. Unmotivated students either end up not doing anything or not finishing their course which means nothing but a waste of time. Other than this adequate computer knowledge in students and proper interaction between the learner and the instructor is mandatory.

Generally it is found that most educational institutes still rely on conventional class-room teaching. But classroom teaching is more expensive than e-learning, considering the total cost incurred. In a classroom environment it is difficult to take advantage of several different styles of teaching, but in case of e-learning it is possible. The fact that people have different learning styles is a strong argument in favor of Blended Learning. Blended Learning refers to mixing of different learning environments. It gives learners and teachers a potential environment to learn and teach more effectively. Blended learning is a process where classroom learning is supported and developed by the use of structured learning through the internet and other media.

Blended learning is a pedagogical approach that combines effectiveness and socialization opportunities of the classroom with the technologically enhanced active learning possibilities of the online environment. It can be approached as a fundamental redesign of the instructional model. Blended learning is the comprehensive instructional approach for providing socialized, constructivist and sustainable learning experiences through the meaningful integration of face-to-face interactions and e-learning techniques. This approach makes learning process more efficient, easy, socialized, well-organized and professional. It provides opportunities for operational changes which lead to enhancing effectiveness of educational delivery mechanism. Thus it helps educational institutions to support students learning in a better

way and also to create their better image in this highly competitive environment. It can lead to innovative ways of imparting education. It has the potential to increase student learning outcomes while lowering attrition rates. It can help teachers to improve their technological skills, pedagogical approach and success strategies. In this way blended learning can lead to effective dissemination of teacher's knowledge among students.

LITERATURE REVIEW

Patil and Shinde (2010), in their survey, concluded that the traditional Indian higher education needs a smooth but sustainable transformation. This transformation must occur taking our society, culture and economy into consideration. Blended learning approach can be the pathway of success towards that direction. Blended learning is the sleeping giant that will transform higher education pedagogically, culturally and institutionally. This approach will be able to make learning process more efficient, easy, socialized, well-organized and professional. Through this approach, the dream of time relevant, quality assured and student centered higher education for the new Millennium can be achieved in reality. Scryn (2010) in his paper concluded that blended learning is consistent with the values of traditional higher education institutions and has the proven potential to enhance both the effectiveness and efficiency of meaningful learning experiences.

Verma and Sujlana (2010) explored the need for adopting the blended learning in today's competitive and belligerent environment from the student's perspective. According to the study, the learning environment has undergone tremendous change in comparison with last few decades. They scrutinized the change in environment through the channel of Information and Communication technology and showed the popularity of blended learning programs. They concluded that blended learning gives learners and teachers a potential environment to learn and teach more effectively. Alireza and Sheela (2010) concluded blended learning as a pedagogical approach that nowadays is a challenge in education. Computer and telecommunications technologies became effective

tools for quality education. As per the study, blended learning entails a relatively innocuous set of techniques and leads to innovative instructional design. They outlined the design of a cross-border, instructional design and teaching and learning system called the Blended Learning which provides an opportunity for more effective teaching and learning through the use of innovative approaches that integrate communications technology to achieve effectiveness gains without increasing costs.

According to Hawkey and Knox (2009), the blended learning English course held at an Italian university (University of Ferrara) has shown it has had a beneficial effect on both teachers and learners. The majority of students said that the course had helped them improve their English, with more than 77% saying they had improved 'a lot' or 'quite a lot', and 85% agreeing that the course helped them self-assess their progress. Teachers found that their experience of the course would make them more enthusiastic about blended learning in the future. The teachers said it had been an enjoyable experience for both themselves and their students, but emphasized that the face-to-face element of the course was essential as "otherwise the students would feel abandoned".

According to Aggarwal (2009), electronic learning is a type of Technology Supported Learning (TSL) where the medium of instruction is computer technology. As per the study, e-learning technologies have great potential to spread learning however, the benefits of these technologies have to reach the rural masses of India; otherwise they will be one of the causes of the Digital Divide. The study concentrated on the Indian education scenario, e-Learning content preparation and presentation tools, application of e-Learning to spread education to the remote areas, pros and cons of e-Learning and future of e-Learning in India. A few suggestions have been made to use e-learning for informal and vocational training, which is highly effective for a developing country like India where a majority of population is living in rural/ remote areas and has received almost negligible formal education.

According to Karoulis and Pombortsis (2008), many universities offer today the opportunity of e-learning courses in order to support graduate students'

special learning needs and demands. An innovative approach to cope with the problems of such online courses is the capability to attend blended learning ones. The study dealt with designing and incorporating e-learning activities with a traditional graduate course and recorded the students' reactions, which helped to study the possibility of implementing a blended learning model into graduate program. The research indicated that there are benefits and drawbacks to this approach, but the main parameters which strengthen the effective educational design are the organization of the learning activities that have conceivable educational goal and the implementation of the students' suggestions into the design of the blended model.

Exploratory survey by Steffens and Reiss (2008) investigated the integration of blended learning in higher education. The results of the survey showed that the majority of participating academic teachers use blended learning in single courses, but not as a program of study and thus do not exploit the core performance potential of blended learning. According to the study, the main driver of blended learning performance is its embeddedness in higher education. Integrated blended programs of study deliver the best results. In blended learning, learning infrastructure (in terms of software, culture, skills, funding, content providing, etc.) does not play the role of a performance driver but serves as an enabler for blended learning.

Sloman (2007) in his paper suggested that blended learning should be used beyond technology. It must be about varying learning methodology as it is about training delivery. 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". Garrison and Kanuka (2004) concluded that these technologies will be the defining transformative innovation for higher education in the 21st century. Also the blended learning has the potential to improve effectiveness of the learning experience. But the blended learning has to be distinguished from both enhanced classroom and fully online learning experiences.

Vaughn (2007) emphasized the view that effective

blended learning is not simply the “bolting” of technology onto an existing course, but blended learning should be seen as an opportunity to redesign the way that courses are developed, scheduled, and delivered. It has the potential to encourage more active, self-directed learning opportunities with greater flexibility. He identified the benefits and problems associated with blended learning from both a teacher and student perspective. For students, the benefits included: time flexibility, control of the pace of learning and the development of project and time management skills. Challenges for students were: an expectation that on-line components meant less work, difficulties with time management issues, problems in taking responsibility for one’s own learning and technology-related problems, software access issues and download limits. For teachers, the reported benefits were: enhanced interaction with students, increased student engagement with learning, increased flexibility in the learning environment and better opportunities for continuous improvement. The drawbacks for teachers included: increased time commitment, lack of support for course re-design, difficulty in acquiring new teaching and technology skills and risk factors such as fear of losing control over the course, lower student evaluations and an uneasiness with this type of learning model.

According to Naidu (2006), in many education programs e-learning components are added to supplement student learning. According to a study conducted by Alonso et al. (2005), for better teaching and learning benefits, traditional and online methods of education delivery can be combined. Blended learning is considered as flexible, low cost, and effective method of learning. Gill (2005), found that Distance Learning Institutions (DLI) with high student enrollments especially benefit from blended learning, because it facilitates the sharing of limited resources such as available classrooms, Internet, laboratories, libraries, and teachers. According to Vlachopoulou, Manos and Chrysopoulou (2005), blended learning is the combination of traditional and distance learning. It mainly resolves the problem of speed, classification and effectiveness and uses electronic education, where and when it is most

appropriate. The study presented a periodic review of efficiency, effectiveness, influence, viability and relevance of blended learning’s contribution to the broader context of predetermined aims. They identified the specific characteristics, the advantages and technologies to support blended learning, and reported a framework for the use of appropriate criteria, procedures and methodological approaches for the evaluation of blended learning programmes.

According to Mungania (2003), learners face situational, organizational, and technical barriers to e-learning. The most comprehensive guidelines on the success of e-learning are given by Pittinsky and Chase’s (2000) in seven areas: institutional support, course development, teaching/learning, course structure, student support, faculty support, and evaluation and assessment.

ABOUT THE BLENDED LEARNING PROGRAM

In today’s competitive world, survival and growth is dependent on a blend of theoretical and practical skills. It is not only subject knowledge, but also communication and behavioral skills that play a major role in creating talent. To meet the demands of the competitive world College of Management and Computer Applications (CMCA) of Teerthanker Mahaveer University (TMU)-Moradabad (U.P.) is conducting a blended-learning program especially for developing skills of the students. For this, e-learning (using VSAT Technology) is being used along with class-room teaching. The program aims at bridging gap between course curriculum and Industry requirements. It uses sophisticated VSAT (Very Small Aperture Terminal) technology for delivering interactive live lectures to the students. It represents synchronous e-learning. Besides teaching content, the program is aided by visual aids and various other modern techniques. Expert instructors deliver the lectures using state of the art tools, such as digital whiteboard, two-way audio & video, and chat. The lecture delivery is further supported by Role-plays, PowerPoint presentations, video clips, etc.

The program thus successfully combines the traditional method of teaching with latest VSAT

technology representing blended learning. As blended learning requires mixing of different learning environments, so there can be number of factors which are responsible for the effectiveness. Thus there is need to discover the hidden potential of blended learning and its systematic design and implementation. For this purpose, a survey study is carried out at CMCA-TMU.

OBJECTIVES OF THE STUDY

Objectives of the Study are shown as below:

1. To analyze the impact of traditional-teaching methodology on learners/students and teachers/instructors.
2. To analyze the impact of blended-learning methodology on learners/students and teachers/instructors.
3. To study the impact of course-stream (management and computer applications) of students on blended learning.
4. To study the impact of course-level (under-graduate and post-graduate) of students on blended learning.

RESEARCH METHODOLOGY

The study: It is an exploratory research. The present study explored blended learning and its different aspects like impact study through learners/students and teachers/instructors, effect of course-stream and course-level.

The sample: The sampling technique used was Simple Random Sampling. Sampling unit consists of learners/students and teachers/instructors from CMCA. The research is based on a survey of 100 learners/students and teachers/instructors. The sample consisted of 75 undergraduate and postgraduate students, from management and computer applications, and 25 teachers.

The tools for data collection and analysis: For data collection, a self-designed 5-point Likert Scale Questionnaire (Appendix 1) was administered and was used to determine the impact of traditional-teaching methodology on learners/students, the

impact of traditional-teaching methodology on teachers/instructors, the impact of blended-learning methodology on learners/students, and the impact of blended-learning methodology on teachers/instructors. For data analysis, statistical tools t-test and z-test were applied.

RESULTS

For the present study, based on the four objectives, following four null hypotheses were formulated:

H01: There is no significant difference in impact of traditional teaching methodology on students/learners and teachers/instructors.

H02: There is no significant difference in impact of blended learning methodology on students/learners and teachers/instructors.

H03: There is no significant difference in the impact of blended learning due to the course undertaken (UG/PG).

H04: There is no significant difference in the impact of blended learning due to the course stream.

The first two hypotheses were subjected to t-test and the last two hypotheses were subjected to z-test. Results are shown below in Table 1 and Table 2:-

Table 1: Showing Means, Standard Deviations and t-values

<div>Students →</div> <div>Teachers ↙</div>	Traditional Learning	Blended Learning
	Mean=6.84 SD=2.36	Mean=14.48 SD=5.80
Traditional Learning Mean=5.68 SD=1.77	t = 1.97	
Blended Learning Mean=9.76 SD=2.47		t = 3.75

Table 2: Showing Means, Standard Deviations and Z-values (For Blended Learning)

Students →	Course Stream (Computer Applications)	Course Level (PG)
Students ↓	Mean=11.53 SD=2.94	Mean=13.47 SD=5.36
Course Stream (Management)	Z = 2.83	
Mean=14.79 SD=6.07		
Course Level (UG)		Z = -0.54
Mean=13.44 SD=5.60		

DISCUSSION AND CONCLUSION

There are certain similar researches, which are carried out for blended learning. The blended learning English course held at an Italian university (University of Ferrara) has shown it has had a beneficial effect on both teachers and learners (Hawkey and Knox, 2009). A study dealt with designing and incorporating e-learning activities with a traditional graduate course and recorded the students' reactions, which helped to study the possibility of implementing a blended learning model into graduate program (Karoulis and Pombortsis, 2008). An exploratory investigated the integration of blended learning in higher education (Steffens and Reiss, 2008). Vaughn (2007) identified the benefits and problems associated with blended learning from both a teacher and student perspective. For students, the benefits were: time flexibility and control of the pace of learning; challenges were: problems in taking responsibility for one's own learning and technology-related problems, software access issues and download limits. For teachers, the benefits were: increased student engagement with learning, increased flexibility in the learning environment and better opportunities for continuous improvement; the drawbacks were: increased time commitment and difficulty in acquiring new teaching and technology skills.

The present study dealt with impact of traditional learning and specially blended learning on students and teachers of professional courses. It covered

effects of course-stream and course-level with respect to higher education. According to the results, the first and second hypotheses were rejected which show that both traditional learning and specially blended learning have positive impact and blended learning helps teachers to disseminate knowledge to students in a better way. In case of third objective (Null hypothesis accepted), undergraduate and postgraduate students showed similar response for blended learning. Considering the fourth objective (Null hypothesis rejected), blended learning is found to be more effective to computer science students than management students because of more technology awareness. Results of the study are very encouraging and show the impact of Blended-Learning on Higher Education. It is recommended that higher educational institutes must focus on blended learning for efficient and effective learning experiences.

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Appendix 1: Questionnaire

Please respond to all questions, with reference to Blended Learning, by encircling your choice:

Course Undertaken: ☐ Post-graduate

☐ Under-graduate

Course Stream: ☐ Management

☐ Computer-science

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	2	3	4	5

1	Traditional-teaching methodology provides interactive classroom environment and immediate solution of doubts.	1 2 3 4 5
2	Traditional-teaching methodology is productive due to engaging environment and individual attention.	1 2 3 4 5
3	Institutes must focus on blended learning.	1 2 3 4 5
4	Blended-learning imparts more productivity as it possesses all the desirable characteristics of traditional class room environment with enhanced technology (e-learning).	1 2 3 4 5
5	Blended learning increases the learning capabilities as it helps to follow courses easily and repeat any topic on web environment.	1 2 3 4 5
6	Blended-learning enhances learning outcomes as it contributes to better understanding of the subject/topic.	1 2 3 4 5
7	Traditional teaching has limitations like size of the class, use of technology tools, etc.	1 2 3 4 5
8	Blended learning helps in enhancing the knowledge domain and technology awareness in teachers/instructors.	1 2 3 4 5
9	Blended learning helps teachers/instructors for better dissemination of knowledge due to technology support.	1 2 3 4 5
10	Blended learning helps to increase level of motivation and responsibility.	1 2 3 4 5

Restaurant Industry: A Strategic Approach towards Sustainability

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ABSTRACT

Restaurants have a cumulative impact on the environment, economy, and society. Sustainable development is the means by which an organization progresses towards achieving an identified set of Sustainability goals and harnesses competitive advantage. The purpose of this study is to explore the strategic approach that will help the restaurant industry in developing a clear concept about sustainability and a paradigm shift towards a sustainable society; it is a conceptual paper, exploring into the possible strategic model practices in restaurant industry that will help restaurant industry as well as society to move towards sustainability. Design of the study is exploratory, and source of data is available secondary data.

Key words: Sustainable Development, Sustainable Development Practices, Strategic Approach, Restaurant Industry, Environmental Sustainability.

INTRODUCTION

Sustainable Development

The term “Sustainable Development” is fast becoming a popular phase. From environmentalists to politicians, people are realizing that sustainable development is a concept that has to be incorporated into concrete actions if we want a life for our children that is as good as, or even better than the one we are living in now. In order to achieve the goals of sustainable development, every fabric that makes up our society needs to be examined. Sustainable development is one of the most fundamental challenges confronting humanity. While everybody agrees about the need for sustainable development, operationalizing this consensus goal in public policy is extremely difficult because there is as yet no commonly accepted definition of the term. Of the numerous definitions to be found in literature, the most commonly accepted definition, states that sustainable development is “meeting the needs of the present without compromising the ability of future generations to develop”(Our Common Future, published by the UN World Commission on

Environment and Development, 1987). The concept of sustainable development encompasses three dimensions of welfare – Economic, Environmental and Social- and involves complex synergies and trade-offs among them.

Restaurant Industry in India

The diverse culinary habits, wide range of cuisines and the diverse cooking techniques are some of the main factors behind the growth of restaurants in India. With the market liberalization policies undertaken by the government, India has also become a consumer market with a huge customer base. This has provided a fillip to the restaurant industry in the country. With the high standard of living and the change in the lifestyle of the people, more and more consumers are also flocking various restaurants. Recent surveys have shown that there has been a growing trend among the Indians to taste various types of gastronomical delights. This has also led to the growth of restaurants which serve regional and international delicacies. According to recent surveys, the rate of growth of the restaurant industry in India is expected to be around 4.5% on an average. A significant number of the

workforce in the country is also engaged in the restaurant industry. According to recent surveys, by the end of 2012, the overall restaurant industry in the world will employ around 13.3 million people, of which India will have a significant share (restaurants.mapsofindia.com).

Restaurant Industry and Sustainability

The restaurant industry is the number-one electricity consumer in the retail sector (Green Restaurant Association, 2005). Electricity use is responsible for roughly three-quarters of the GHGs (Energy Star, 2010). Increasing restaurants' energy and water efficiency can save restaurant owners an estimated 10 to 20 percent on utility bills and reduce GHG emissions (Energy Star, 2010). Energy costs represent 30 percent of a typical commercial building's annual budget, and increase at an average rate of 6-8 percent per year. Restaurants use five times more energy per square foot than other commercial buildings and five times more energy in the kitchen than in the rest of the building (Johnson, 2010). Increased efficiency in natural resource use, and decreased production of waste and pollution are measurable markers of progress towards sustainability. These markers can be used by large and small businesses alike, including restaurants. Restaurants use an average of 5,800 gallons per day of water (Tampa, 2010). Since, restaurants have significant economic, environmental, and social impacts, restaurants need to be studied from the perspective of sustainability. Addressing the inputs and outputs of the industry, its social influence, and its consumption and use practices will provide us a more comprehensive consideration of sustainability.

PURPOSE OF THE STUDY

- To explore the strategies that will help the restaurant industry in developing a clear concept about sustainability and to make a shift towards a sustainable society.
- To explore Environmental aspect of model sustainable development practices in restaurant industry that will need to be followed in order to move restaurant industry as well as society towards strategic sustainability.

RESEARCH PLAN AND DESIGN

Realizing the importance of sustainable development, the work has been undertaken to explore the strategic approach to sustainability in restaurant industry that can help it in moving towards a sustainable society and also to explore environmental sustainable practices in restaurant industry which should be followed to achieve sustainability in industry and society. The study is exploratory in nature. It explores information largely through secondary data source.

APPROACH FOR THE STUDY

In- depth literature review as well as available secondary data from various sources has been used to develop this paper.

1. Strategic Approach

Reviewing a lot of literature and through our knowledge of strategic sustainable development, we have developed this strategic approach to sustainability for being used in the restaurant industry to help in moving towards a sustainable society.

i. Systemic thinking / Brainstorming

To solve any complex problem it is necessary to think systemically and vigorously. By understanding the patterns and the relations of problems it is easier to find successful solution. To resolve the problem of depletion of natural resources it is important to think about sustainable development simultaneously with the growth of business.

ii. Back casting approach

The concept of "Back casting" is central to a strategic approach for sustainable development. It is a way of planning in which a successful outcome is imagined in the future, followed by the question: "what do we need to do today to reach that successful outcome." (forum.wordreference.com/showthread.php?t=807288) Backcasting can be a successful and strategic approach to planning whereas forecasting runs the risk of repeating present day issues.

iii. Awareness

Restaurants should understand the impact of their business on society and the environment. This awareness will pull the attention of restaurants to the areas which have large impacts and need to be focused with priority.

iv. Education

By educating the restaurant industry about sustainability we can enhance awareness and commitment by the industry to follow Sustainable Development Practices.

v. Involvement of Internal and External stakeholders

To achieve sustainability in society and business, it is important that shareholders, employees, consumers etc. involve in whole process. External stakeholders such as government, NGOs, media etc, all play important roles in the restaurant industry. These external forces can assist in the changing process in order to make this shift more efficient and successful.

vi. Feedback

Feedbacks from experts, expert agencies, customers, media etc is very helpful in self assessment and achievement of sustainability objectives. With the help of these feedbacks the restaurant will see these changes as easy to implement and the benefits of these solutions.

vii Holistic Approach

When thinking about strategic approach, it is very important to look at each aspect of daily operations to ensure all areas of business are considered. For example: materials, energy, water uses, wastes, emissions and effluents, transportation, building design, supply chain, stake holders etc.

Viii Proactive Approach

By developing a proactive rather than reactive approach to this process, we can decrease the likelihood of problems occurring in the future instead of acting when they become a problem.

ix Fair Approach

Transparency is a very important aspect between consumers and businesses for consumers to base

their purchasing decisions on. An approach of transparency will add confidence and trust for consumers in the industry.

2. Exploring Environmental aspects of Sustainable Development Practices in Restaurant Industry

Environmental aspect of sustainable development focuses on an organisation's impacts on living and non-living natural systems, including ecosystems, land, air and water. The restaurant shall establish and maintain a procedure to identify the environmental aspects of its activities, products or services that it can control and over which it can expect to have an influence, in order to determine those which have or can have significant impacts on the environment. The restaurant shall ensure that the aspects related to these significant impacts are considered in setting its environmental objectives. The restaurant shall keep this information up-to-date. Following are the model practices that need to be followed:

1. Materials

- Measurement of total materials used other than water, by type.
- Measurement of waste materials (processed and unprocessed)

2. Energy

- Electrical or gas equipments (Refrigerators, Freezers, Ovens, Stoves, Microwaves, Dishwashers, Boilers, Fryers etc) should be certified energy efficient.

3. Water

Wash rooms

- Water-efficient pre-rinse spray valves and aerators should be used.
- Low flow toilets should be installed in the restrooms.
- Waterless urinals should be installed in the men's restroom.

Drinking water

- Tap/Filtered water should be used instead of bottled water.
- Water should be served to customers only on demand.
- Automatic turnoff taps should be used.

Cleaning water

- Limited water should be used
- Grey water should be recycled and used.

4. Biodiversity

- Location and size of land owned, leased or managed in biodiversity rich habitats should be known to restaurant authority.
- Description of the major impacts on biodiversity associated with activities and/or products and services should be very clear.

5. Emissions, Effluents and wastes

- The approach 'reduce, reuse, and recycle' should be used; staff and suppliers should be trained accordingly.
- Sorting and collecting systems for waste with separate bins should exist.
- Paper products should contain recycled content.
- Plastic, aluminum, and polystyrene should not be used.
- Organic waste should be reused or composted.
- Grease and oil waste should be collected and properly disposed or reused

6. Suppliers

- Suppliers should be local and aware about performance of sustainability.
- Purchase of food products should be done directly at the local farm/supplier with attention being paid to fair prices.

7. Products and Services

Food

- Organically certified food products should be purchased and used for food preparation.

- Locally sourced food products should be purchased and used for food preparation.
- Menu should be adjusted to use seasonal food products.
- A percentage of sustainably sourced sea food should be purchased.
- Fair trade certified products should be used.
- Food products should be purchased directly at the local farm with attention being paid to pay fair prices.
- Kitchen staff should be trained on methods that enhance the dietary goals and guidelines of the country (low fat, reduced salt etc.)
- The menu should be labeled with choices such as "low fat", "vegetarian", "gluten-free", etc.

8. Compliance

- Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties and national, sub-national, regional and local regulations associated with environmental issues should be recorded and dealt properly.

9. Transport

- Amount of products that come from local organization should be measured.
- Amount of products that come from international imports should be measured.
- Distance of delivery area (large/small) should be known or measured.
- Pick up/take out as alternative should be encouraged.
- Mode of transportation used-(fuel used, bike?) should be monitored.
- There should be a Carbon offset plan in place.

10. Overall

- Total environmental expenditures should be measured by type.

CONCLUSION

The restaurant industry has an increasing impact on the development of society. However, it also

significantly contributes to environmental degradation, pollution, and global warming, etc. After reading articles and journals in this field, we found that they mainly focused on only one or two aspects of sustainability, usually not providing a complete definition of what a sustainable restaurant (industry) would look like. We feel that by developing a strategic approach we will bring the awareness of the basic principles for a sustainable society, it will not only assist in educating the industry as to what a truly sustainable industry would look like, but also will assist consumers in making more educated decisions on where to spend their money. By making these sustainability principles a part of our approach, it enabled us to have a more complete view of the industry and assisted in finding a way to lead it towards sustainability.

Our study applied sustainability themes to the restaurant industry. Sustainable business practices must not only meet certain performance criteria, but also be part of the restaurateur's value structure. Sustainability does not imply an end state, nor is there a clear demarcation between what is sustainable and what is unsustainable. Sustainable development involves qualitative assessment of the values that guide the decision-making process and are communicated to staff and the public. Our work focused on a framework to evaluate environmental sustainability in the restaurant industry. Simply meeting the practices for energy, water, waste, and food does not necessarily imply that sustainability has been accomplished. The integration of a value structure throughout the entire business is essential to true sustainability. Sustainability is not an end state, but a group of practices and values that need to be reviewed at least annually. The review of practices and progress constitutes the process-based aspect of sustainable development in businesses. Re-evaluation is an opportunity for owners and managers to consider their progress, integration of new practices, and provide a time to reflect on future goals. Restaurants are making progress towards sustainability, but the industry must look beyond indicator analysis and

incorporate qualitative measures to address the key components of sustainability.

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Preference of Men towards Branded Wears: A Study Of Select factors

Dr. Suman Ghalawat

ABSTRACT

Analyzing and considerate the consumer and his behavior is the keystone of success in marketing. It includes all the physical, mental and emotional processes and apprehensive behavior which are observable before, during and after each and every purchase of goods and services. This make us convincing to understand, observe, record and react to such behavior in case we want to have win-win strategy that matter for marketer and the customer both. This paper is an attempt to determine the factors responsible for Purchasing Branded Garments by men and to study the effect of promotional activities on their purchase. Factor analyses have been used for the said purpose. Seven factors have been extracted which tend to persuade purchase behavior of men. These factors are Store features, Constructive features, Advertisement themes, Reliability, Emotional appeal, buying motives. Data has been collected from 200 customers from Hisar. It is advance declared that the Indian customers have turn out to be more receptive to quality, customer service and status. Customer is prepared to pay, occasionally enormous sums, provided their needs are fulfilled. They are essentially looking for an incident which is more of cognitive than physical. Buying behavior of men on branded shirts is changing one.

Keywords: Apprehensive, Constructive features, Advertisement themes, Reliability, Emotional appeal, buying motives

INTRODUCTION:

Brand responsiveness is the familiarity of your company alongside with its products and services in the market. While this is subtle and not easily considered strategic and continuous marketing activities can build the status of the brand and increase its level of responsiveness inside the market. Brand awareness is vital to your product and/or company's achievement. It can lead to bigger sales and returns together with expanding profit and the bottom line. Building awareness within the market is an enormous task despite of the size of marketing budget and department but with the right mix of strategy and communication one can develop a continuous presence in the market. There are a number of approaches which will help develop brand awareness, but this paper will focus on certain

strategies and is by no means complete.

Garments are expected to form a vital part in the endorsement of societal encounters and it is also seen as a very imperative channel of non-verbal communication. Clothing is consequently used as a code, which allows communication to be created and understood selectively (Auty & Elliott, 1998:109). They state further that perceptions of brand users have been found to differ for matching brands within a product category. Inside the context of this study, perceptions regarding branded clothing were tested. The need for information about the representative nature of clothing is crucial to demonstrating how perceptions are formed and interpreted in society.

Showroom with a brand in intelligence because the quality and soothe of that brand are suitable for

them. Most of the youth are not giving much importance to any specific brand because they go for smart look and different style only. The growth of expedient men's' wear business in India was very slow till the early - 1980's. The main reason for this was that Indian men were used to buying cloth and getting their attire tailored - mainly through local tailoring shops from the unorganized segment. Consequently, there were no national level brands in this category for a long period. By the mid - 1980's however customer mindset seemed to have started changing gradually, along with increasing urbanization, and changes in the social and economic status and life styles. As in many other industries in the nation, the move towards 'branding' soon took momentum in the men's' wear market.

Why Branding?

- It is a tool for sales promotion in the market.
- It facilitates easy ad and publicity
- It creates amazing consumer taste over the product.

On the beginning of primary as well as secondary research the authors note that retailers frequently forget the schemes and gifts expected by the customers and tried to enforce their own offerings upon customers which ultimately cause the discontent. It is also observed that in the shifting retailing environment, understanding the psyche of a customer is vital for success in retailing. Comprehensive level picture may be misleading, as it averages the beats and the valleys. Hence, Individual understanding is advantageous.

REVIEW OF LITERATURE:

Narang (2006) concluded that mostly buyers visit the showrooms of branded garments with the purpose of shopping. The purchase of renowned garments is not spontaneous. However, compared to women, male buyers visit the showroom for passing the time; the number of people visiting the showroom with a brand in mind is same as the number of people visiting the showroom with no brand in mind; Advertising has highest impact in creating brand awareness.

Lalitha et al., (2008) focussed on the brand preference

regarding shirts and pants of select consumers living in twin cities of Hyderabad and Secunderabad. It was confined to the customers visited the select showrooms in Hyderabad and Secunderabad. The objectives of this study were to know the reason why customers prefer branded shirts and pants to unbranded ones, to find out the influence of advertisement for branded clothing for the purchase behaviour of the respondent and to know the factors influencing customers while choosing branded shirts or pants. It was concluded that educational qualifications, employment status, age group, convenience of shops, and advertisement were influencing factors for purchasing the branded shirts and pants by the respondents. 94percent of the respondents were highly educated and purchased branded ready wears. The study

reveals that the advertisements play a limited role to choose the brand among ready made dresses available in the market. 54percent of the customers are buying branded ready wear because of quality and status symbol. Dr. S.V. Pathak and Aditya P. Tripathi (2009) made a study entitled "Customer Shopping behavior among Modern Retail Formats: A Study of Delhi & NCR". The Study is an exploratory research conducted in Delhi & NCR. It exclusively focuses on customer shopping behavior in Indian situation amongst the contemporary retail formats.

Because of the universalization of universal production technologies and quality standards, differences in various products and services are getting blurred. At the same time, customers are quite demanding and would want their specific needs to be addressed. Thus, firms will have to configure what customers want, rather than being product - centric. This trend makes the customer segments smaller and smaller and poses a challenge to make each cluster a viable segment.

RESEARCH METHODOLOGY:

OBJECTIVES OF THE STUDY:

1. To determine the factors responsible for Purchasing Branded Garments by men.
2. To study the effect of promotional activities on their purchase.

The present study is mainly based on primary data collected from 200 young respondents. These respondents were interviewed through a pretested, well structured questionnaire which was administered personally. Convenient and judgmental sampling method has been used keeping in view the socio-economic characteristics. Five-point scale has been used for the said purpose ranging from strongly agree to strongly disagree. The youngsters (men) studying in different colleges and universities were selected for the survey. To find out the factors responsible for Purchasing Branded Garments by men. Factor analysis was used. Factor analysis is a set of techniques which, by analyzing correlations between variables, reduces their number into fewer factors which explains much of the original data, more economically (Nargundkar2010).The survey was conducted during the period of Feb 2012 to April 2012.

DATA COLLECTION

The Factor analytical model has been applied on these 20 statements. The names of the statements and their labels have been given in table1. Factor analysis is basically a data reduction technique and summarization technique applied in behavioral studies to discover variables which form coherent clusters independent of one another.

Results and Discussions:

Table 1: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.684
Bartlett's Test of Sphericity	Approx. Chi Square	1227.633
	df	190
	Sig.	.000

Explanatory Factor analysis is used to identify the underlying constructs and investigate relationship among the key survey-scaled questions regarding perception towards branded men's product among youngsters. Factor analysis is applied to 20 statements. The following steps have been conducted to analyze the data:

Pilot Survey: A pilot study of 50 respondents was conducted. The responses were carefully reviewed

and subsequent changes were made in the questionnaire.

Scale Reliability: the reliability of the scale was tested for questionnaire used in the present study with the help of cronbach's coefficient alpha was 0.7, which is greater than 0.6 and falls between permissible limit of 0.6 to 1.

Correlation Matrix: The Correlation Matrix is computed and examined. It reveals that there are enough correlations to go ahead with factor analysis.

Test of Sampling Adequacy: the sampling adequacy measure was also tested for questionnaire and the value found to be 0.78, which is greater than 0.5 and falls between permissible limit of 0.5 to 1, which is considered as highly significant.

Test of Sphericity: The overall significance of correlation matrices is tested with Bartlett test of Sphericity (Approx Chi Square = 1227.633 and significant at .000) provided as well as support for validity of the factor analysis of the data set.

Criteria for the Significance of Factor Loadings: In explaining factors, a decision must be made regarding which factor loadings are worth taking into account. A Factor loading represents the correlation between an original variable and its factor. The criteria given by Hair(1995), where factor loading based on sample size taken as the basis for decision about significant factor loading, was adopted. For our sample 200 respondents, a factor loading of .4 and above has been considered significant. In Table3, the 7 factors have been given appropriate names on the basis of variables represented in each case.

Seven factors were extracted which accounted for 66.074 percent of variance. The percentages of variance explained by factor 1 to 7 are 24.051, 10.346, 8.483, 6.681, 5.783, 5.664, and 5.065 percent respectively. The communalities have been shown at the right side of the Table 2, which explains the amount of variance in the variable that is accounted by the factors taken together. Large communalities indicate that a large amount of variance in a variable has been extracted by the factor solution. A Factor loading represents a correlation between an original variable and its factors. Factor loading is nothing but

coefficient of correlation. The names of the factor statements and factor loadings have been summarized in Table 4.

Seven factors were extracted which accounted for 66.074 percent of variance. The percentages of variance explained by factor 1 to 7 are 24.051, 10.346, 8.483, 6.681, 5.783, 5.664, and 5.065 percent respectively. The communalities have been shown in

the above table, which explains the amount of variance in the variable that is accounted by the factors taken together. Large communalities indicate that a large amount of variance in a variable has been extracted by the factor solution. This table also shows the Eigen values of the 7 factors the corresponding values are as follows: 4.810, 2.069, 1.697, 1.336, 1.157, 1.133, and 1.013.

Table 2: Rotated Component Matrix

	Component						
	1	2	3	4	5	6	7
a20 Variety and product range	.747	.071	.049	.045	.170	.085	.156
a8 layout of store makes it easy for you to move around and find out what you need	.628	-.214	-.013	.321	.167	.322	-.191
a3 Good quality products	.624	.188	.302	-.112	-.102	.230	-.011
a9 Store ambience	.513	.239	.003	.391	-.292	.171	.276
a13 Credit card facility available at retail outlet	.512	.469	-.001	.070	.409	-.108	-.134
a18 Emotional supportive advertisements are better	-.058	.698	.020	.188	.040	.345	.060
a14 Expert knowledge to improve advertisement quality	.344	.597	.263	-.057	-.142	-.049	.154
a17 Store located near to residence	.253	.550	.315	.310	-.050	-.204	-.287
a19 Brand associates with your image	-.020	.544	-.018	-.096	.221	.060	.095
a5 Physical facilities at store are visually appealing	.194	.487	-.391	.127	.138	.069	.449
a4 Trust worthiness of brand	.203	-.066	.798	-.004	-.044	.253	-.015
a15 Reputation of the company	.001	.269	.741	.034	.303	-.098	.134
a6 Image, language and music used in advertising affects the buying	-.125	.032	-.199	.821	.168	.112	-.039
a7 modern looking store	.355	.025	.279	.698	.002	.138	.074
a12 Celebrity endorsement in advertising	.010	.021	.018	.066	.813	.039	.142
a16 Reliable promises made by company in advertisement	.202	.371	.209	.061	.563	.349	.099
a11 Value for money	.249	.222	.114	.232	.419	-.377	.345
a2 Branding Support your buying behaviour	.228	.116	.022	.104	.113	.779	-.004
a1 brand makes easy to identify	.236	.139	.271	.336	-.042	.548	.068
a10 price range	.025	.068	.092	-.014	.155	.001	.841

Extraction Method. Principal Component Analysis.
Rotation Method. Varimax with Kaiser Normalization.

a Rotation converged in 8 iterations

Table 3: Total Variance Explained

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.810	24.051	24.051	4.810	24.051	24.051	2.485	12.424	12.424
2	2.069	10.346	34.398	2.069	10.346	34.398	2.347	11.733	24.157
3	1.697	8.483	42.880	1.697	8.483	42.880	1.858	9.288	33.445
4	1.336	6.681	49.562	1.336	6.681	49.562	1.784	8.920	42.365
5	1.157	5.783	55.344	1.157	5.783	55.344	1.725	8.627	50.992
6	1.133	5.664	61.009	1.133	5.664	61.009	1.654	8.270	59.262
7	1.013	5.065	66.074	1.013	5.065	66.074	1.362	6.812	66.074
8	.951	4.753	70.827						
9	.863	4.316	75.143						
10	.727	3.637	78.779						
11	.688	3.438	82.218						
12	.625	3.124	85.342						
13	.560	2.802	88.144						
14	.487	2.436	90.579						
15	.441	2.207	92.786						
16	.363	1.817	94.604						
17	.343	1.715	96.319						
18	.275	1.376	97.695						
19	.267	1.337	99.032						
20	.194	.968	100.000						

Extraction Method: Principal Component Analysis.

Table 4: Factors name and their labels

Factor name	Statements	Factor loading
1.Store features	a20 . Variety and product range	.747
	a8. layout of store makes it easy for you to move around and find out what you need	.628
	a3. Good quality products	.624
	a9. Store ambience	.513
	a13. Credit card facility available at retail outlet	.512
2.Constructive features	a18. Emotional supportive advertisements are better	.698
	a14 Expert knowledge to improve advertisement quality	.597
	a17 Store located near to residence	.550
	a19 Brand associates with your image	.549

	a5 Physical facilities at store are visually appearing	.487
3.Brand performance	a4 .Trust worthiness of brand	.798
	a15 Reputation of the company	.741
4.Advertisement themes	a6 Image, language and music used in advertising affects the buying	.821
	a7 modern looking store	.698
5. Reliability	a12 Celebrity endorsement in advertising	.813
	a16 Reliable promises made by company in advertisement	.563
	a11 Value for money	.419
6.Emotional appeal	a2 Branding Support your buying behavior	.779
	a1 brand makes easy to identify	.548
7.Buying motives	a10 price range	.841

The Factor names, variables loaded on the respective factors and their factor loadings and Eigen values of the factors may be seen in Table4. Derived seven factors are as follows:

Factor1: Store features

Factor2: Constructive features

Factor3: Brand performance

Factor4: Advertisement themes

Factor5: Reliability

Factor6: Emotional appeal

Factor7: Buying motives

Factor: 1 Store features:

This factor accounts for 24.051% of the variance. it includes layout of store makes it easy for you to move around & find out what we need(.628) and store ambience(.513).so these statements clearly show that store features are very important factors for men to purchase garments. We find out that the Eigen value of this factor is 4.810. In this factor we have evaluate

the store features for example credit card facility available at retail store, Store ambience, layout of store makes it easy for you to move around and find out what you need, Variety and product range with the help of these factors we find that it has a great emphasize on the customer mind.

Factor: 2 Constructive features:

This is another crucial factor which accounts for 10.346% of the variations. This includes expert knowledge to improve advertisement quality (.597), brand associates with your image(.549) and store located near to residence(.550) Hence additional facilities really account for the men's satisfaction for the particular brand. We find out that the Eigen value of this factor is 2.069. In this category we put. Emotional supportive advertisements are better, Expert knowledge to improve advertisement quality, Store located near to residence, and Brand associates with your image we find that all these constructive features are very important to attract customers to pull them towards the brand.

Factor: 3 Brand performances:

It is the most important factor as it explains 8.483 % of the variations. Statement like trust worthiness of brand (0.516), reputation of the company (.741). So all these statements account for brand performance. We find out that the Eigen value of this factor is 1.697. In this category to find out factors related to brand we put Trust worthiness of brand, Reputation of the company we find that all these factors are very crucial in for the customer in deciding about the product brand.

Factor: 4 Advertisement themes:

Three variables are loaded on this factor. Image, language and music used in advertisement effects the buying (.563) and Modern looking store (.533). This factor accounts for 6.681% of the variations. We find out that the Eigen value of this factor is 1.157. In this category we put the variables as Image, language and music used in advertising affects the buying, modern looking store we find that this factor is also very useful in determining about the product for the customer.

Factor: 5 Reliability

This factor accounts for 5.783 % of the variations. The variables included in this factor are reliable promises made by Company in advertisement (.739) and store located near to residence (.733). So, men only react to reliable promises made in the advertisement. We find out that the Eigen value of this factor is 1.133. In this category we put the variables as Celebrity endorsement in advertising, Reliable promises made by company in advertisement, Value for money we find out that every customer seeks value for money and company or brand is reliable towards the customer they will show positive attitude towards the brand.

Factor: 6 Emotional Appeals

5.664% of the total variance is because of this factor. This factor exhibit following variables branding supports your buying behavior (0.779) and brand makes easy to identify (0.548). So, men associate themselves with the brand. We find out that the Eigen value of this factor is 1.133. In this category we have taken some topics like Branding Support your

buying behavior and brand makes easy to identify and all these topics are much related to the survey and it helps in customer to pull them in retail store.

Factor: 7 Buying Motivators

This factor includes price range (0.755). This factor accounts for 5.065 % of the total variance. This clearly shows that accurate price and celebrity endorsement motivates men to buy the product. We find out that the Eigen value of this factor is 1.013. Price range is having been put in this category and it works as motivator in buying.

LIMITATIONS OF THE STUDY

The study is subject to the following limitations:

- The study covers respondents in Hisar city only. The consumer's attitude may not be same in other towns and cities because of difference in preference, life style and buying patterns.
- As the sample size being limited (i.e.) 200, the conclusion may not be wholly applicable to the total market.
- The information provided by respondents may not be fully accurate due to unavoidable biases.

SUGGESTIONS:

Apparel Market is very vibrant trendy Industry. Domestic brands have to change their policies and upgrade their stock to compete with foreign brands.

1. Brand Techniques: New branding techniques for you - DY Works, award winning branding.
2. Promote brand and product on popular Internet websites: Ad on the most popular websites and at important places on those websites reaches large records of Internet users and leads to superior brand responsiveness for a product.
3. Make Use of Referrals and Rumor Marketing: Your customers can advertise for you. As extensive as you provide excellent customer service and products with value, you can count on customers to propose your products to their friends and family. Setting up a referral program helps encourage this even more.
4. Create a Strong Internet existence: Create a

website, maintain a blog and learn the best techniques for using social media sites to their fullest potential. One way is to engage with your audience with surveys, quizzes, and brand-related contests. The point is to get consumers energized about associating with you. Interface with your consumers helps your brand stick with them.

5. Dispense Your Point through Advertising: Get the remark about your company through any means possible. Anything that distributes information about your company name and what you suggest will help you come to mind when the consumer needs what you sell.

There are innumerable ways to use both shared media and traditional media for building brand awareness. If you're targeting youth, opt for Face book, YouTube, Twitter, and mobile advertising. If the older generation is your target market, advertise in magazines, through paid ads on the Internet, on the radio and on television. In creating brand awareness, this step is particularly beneficial if you tell your company's story in an innovative way. Being original is essential as you strive to create brand awareness in 2012.

6. Correlate your brand with an Occurrence: Whether you make a routine purchase of a cup of tea an unforgettable and fun outing or you make a tedious stay wait at the airport light and enjoyable make your brand stand out among your customers as an unforgettable experience that is not to be missed. For instance, Starbucks made buying a cup of coffee into an experience and is one of the most successful brands to date.
7. Create a culture around your brand: Develop a custom around all extensions of your brand. Make sure that your customers get the same feel interacting with customer service or human resources or sales where ever your brand or company operates. E.g. your customer will be treated the same in your branch in The US as they would in those in the India.
8. Communicate a regular message with the suitable level of frequency: Establish what your

brand's personality is whether fun or inspirational etc and craft a message that suits this personality and share this with your customers. Test the frequency levels of your communications to find the correct amount of time to communicate with your audience. It is optimal as this will help build brand awareness. You don't want to communicate so often that your audience tunes out nor so infrequently that they forget about you.

9. Sell your products on eye-level shelves of trendy stores: Even if consumers don't buy your products, this virtually guarantees they will see your brand name and the product. This undoubtedly increases brand awareness for your product.
10. Rent billboard space along major highways: When people drive on highways, they are looking for something interesting to read along the way. This is the perfect opportunity for you to associate your brand with a specific product.

These approaches are all intentional to build an endless buzz around your company. You are setting the background for people to share your brand with their friends and associates and make your company a "go-to" within your industry and market. To strengthen the awareness that you are developing within your market, ensure that your advertising, direct mail, social media and all other forms of communication are insightful of the culture and experience of your brand. The last thing you want to do is promise something that you don't deliver. That is not the brand awareness you want to build. You want to develop a positive opinion of your company within the market. Building a strong identity and personality requires a lot of work and dedication but the results are worth the investment.

CONCLUSION:

BRAND enhances the traits of a person. In Hisar, people correlate brand with the worth of product, style and its design. In return, they anticipate the branded product to provide them recognition, contentment and value for the money invested. Survey depicts that there is an association between the consumer's income and the contentment derived

from a purchased product. People are price sensitive and the ultimate selection or denial of the good depends on price/budget of the buyer. Major brands accepted by survey respondents, in different apparel categories are as follows:

Jeans: Levis

T-shirts: Levis and Pepe Jeans

Formal shirts and pants: Peter England

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CONSUMER BEHAVIOUR AND LUXURY FASHION BRANDS: AN ANALYTICAL STUDY OF INDIAN CONSUMER

Gurmeet Singh

ABSTRACT

Consumer market for fashion apparel has become more varied by in surge of designer brands, store brands, personalisation, customs and advertisement in the global market place of today. A clear understanding of preferences of consumers will help the marketer to attract and maintain their target consumer group. The purpose of this study is to examine Indian consumers buying behaviour and deeply understand the key factors of branded clothing which influence consumers' involvement towards stylish branded clothing. To reap all the benefits from this exponentially growing market there is a need to study the behaviour of consumers, but Indian literature briefs are deficient in this regard. Retail offerings feed the changing lifestyles, fashion and ever changing consumer behaviour especially in the apparel industry. The culture is shifting towards buying from the malls because of shopping experience the consumers get. The main challenge of young generation (Millennials 18-25 years of age) has to be strategically handled by the marketers, as major population under the buyer segment belongs to this category. The most important source of information was found to be family and friends followed by internet and advertisement. It is observed in the study that Price, Fitting, Income Level of consumers are significant factors and some factors which are found to be insignificant are Status, Durability, and celebrity endorsement, hence can be ignored by the apparel retailers in their efforts to tap and capture the market. As a retailer of apparels, all these insights have to be embedded in the policy formulation to make the purchases a real time customer delight.

Keywords: Organised Retail Trade, Branded apparel, retailing, exponential growth, Durability

SECTION I:

INTRODUCTION

Brand is a powerful tool to attract more consumers to buy particular products. Some may even regard it as equity as it can add values to the products. This study examines the factors which contribute to brand equity in the clothing industry relating to Indian consumer. Clothing, as a matter of fact, is a kind of necessity that helps keep our bodies warm. Nowadays, in addition to the basic functions, clothes can also serve as fashion items, which can tell how significant an individual is, express the status an individual has and what their personal image is like (O'Cass, 2000). Thus, clothing can help represent our

personal identity and esteem. Owing to the proliferation of brands in the clothing sector, consumers need to take due consideration during the buying processes after a careful analysis of the situation.

As cited by Rayport and Jaworski (2003), the purchasing processes can be divided into three stages, namely pre-purchase, purchase and post-purchase. Each stage is of equal importance that can affect and alter the consumer buying decision. Once consumers make a purchasing decision, consumers may need to recognize their personal needs, read product information, decide which and where to

buy, determine whether to buy again from the same retailer, choose the buying modes, show satisfaction to the services or product quality and finally be loyal to the brand. The buying process of consumer is very complicated owing to the changing landscape of Indian retail sector and changing conditions in India because of proliferation of brands and growing desire of possessions of these brands. These conditions highlight the complication of buying processes and the potential impact a brand could impose in between them. These brands are becoming very famous under the influence of globalization and concerted efforts from media advertising not only in their country of origin, but also in other markets. Having a strong and remarkable brand image could help establish an identity in marketplace (Aaker, 1996), widen the profit margins, encourage greater intermediary co-operation as well as increase the chance for further brand extension. In accordance with DeLong et al. (2004), consumers appear to rely on the brand image as long as they have little knowledge about the brand. In this way, managing brand image is of utmost importance. In order to differentiate one brand from another, marketers would develop retail brands with unique image so as to continue to gain popularity and market share (Abend, 2000; Ailawadi, 2001; Corstjens and Lal, 2000). The importance of brand image has inspired many marketing scholars and practitioners to begin researching the concept of 'brand equity' (Aaker, 1996). Under this concept, brands are regarded as valuable assets which can help the companies generate lucrative revenues. Globalization is an inevitable process in the 21st Century, and so is the cross – culturalization. As a result of this the world is becoming more and more harmonized and uniform, and distinctions between national markets are not only fading but for some products its disappearing. This means that marketing is now becoming a world common discipline. Advances in information technology (IT) and the globalization of business are both realities and opportunities of the twenty-first century and has significantly influenced the buying behaviour of various segments (Sheth et al., 2000; Oliva, 1999; Kalakota et al., 1999). There are many critical issues which are faced by the marketer of today owing to these changes like major drifts in

consumer preferences, intentions to purchase, cultural attributes and significant shifts in having a desired possession of branded apparels. Although IT affects both business-to consumer marketing and business-to-business marketing, its effects on consumer buying and business buying behaviours are qualitatively and quantitatively different (Kotler, 2000; Kaplan and Sawhney, 2000). Many observers have noted that, quite aside from creating any cultural homogeneity, globalization is leading to a renaissance of interest in local customs and traditions and there is a remarkable change which is seen with diminishing homogeneity within the country and increasing homogeneity and communalities across the globe. This is one of the most often disregarded essentials in a company's international marketing strategy that can determine the success or failure of a product or service is culture. Awareness and grounding of culture of business partner will go a long way in serving and avoid embarrassing yourself and your company as well as possible isolating of potential customers. Continued cultural awareness, communication and competencies must be a priority for success of business. Most of the manufactures of designer firms of apparel are trying to bridge intercultural differences and building cultural consonance across consumer segments on a variety of contexts that stimulates interest in fashion apparel and are trying to embed every bit of market variations across culture in their business strategy.

Market stimulants like fashion shows, fashion advertisements, in-store displays, and fashion events in the urban shopping malls are considered very powerful and are successful in influencing the consumer's wants, desires and taste and preferences. These strategies have shown a marked level of convergence of modern (emanating from globalisation) and traditional values (local culture) developing a homogeneous global consumer. The study examines the determinants of consumer behaviour and their impact on purchase intentions towards fashion apparel and to analyse the buying behaviour and to highlight the factors which influence their buying behaviour so that the marketer can embed these observations into their marketing policies so that they can penetrate the market and increase their market share. Consumer

market for fashion apparel has become more diverse by designer brands, store brands, personalization, advertising, and ethnicity in the global marketplace. From unorganised mandis to organised structure of malls, Indian retailing has come a long way. The transformation of Indian retailing is to be noticed, especially with the Indian economy playing a crucial role globally. The purpose of the present study is to investigate the attributes of shopping designer apparel among consumers in India.

To conclude the objectives of the study, the paper is divided into following sections. Section 1 i.e. present section gives the insights of changing landscape of Indian retail sector, mall culture, rising levels of branded apparels and embedding of information technologies into the marketing policies changing desires, need, rising levels of disposable income of Indian consumers and its impact on demand and desires of branded apparels. Section II will give extensive review of literature, followed by Section III which exhibits data and methodology used to achieve the objectives of the study. Section IV gives summary and conclusion of the study. Section V will give the summary and conclusions and implications of the study, followed by references entailed in the last section.

Apparel Retail in India: Industry Profile

The Organized Retail share has been gaining potency owing to the robust economy that has given more disposable income in the hand of the consumer. This has led to increased demand of products/services and a better shopping environment. The organised retail segment in India is expected to be 9 per cent of total retail market by 2015 and 20 per cent by 2020. Also, India is witnessing growth of luxury brands in India which has led to introduction of new retailing stores called as Luxury stores and this is showing a great growth momentum. Without wasting any time to react on the Indian Government's decision of allowing 100 per cent foreign direct investment (FDI) in single-brand retail, luxury brand retailers have announced their expansion plans in Indian markets. A report by CII-AT Kearney revealed that Luxury brands market in

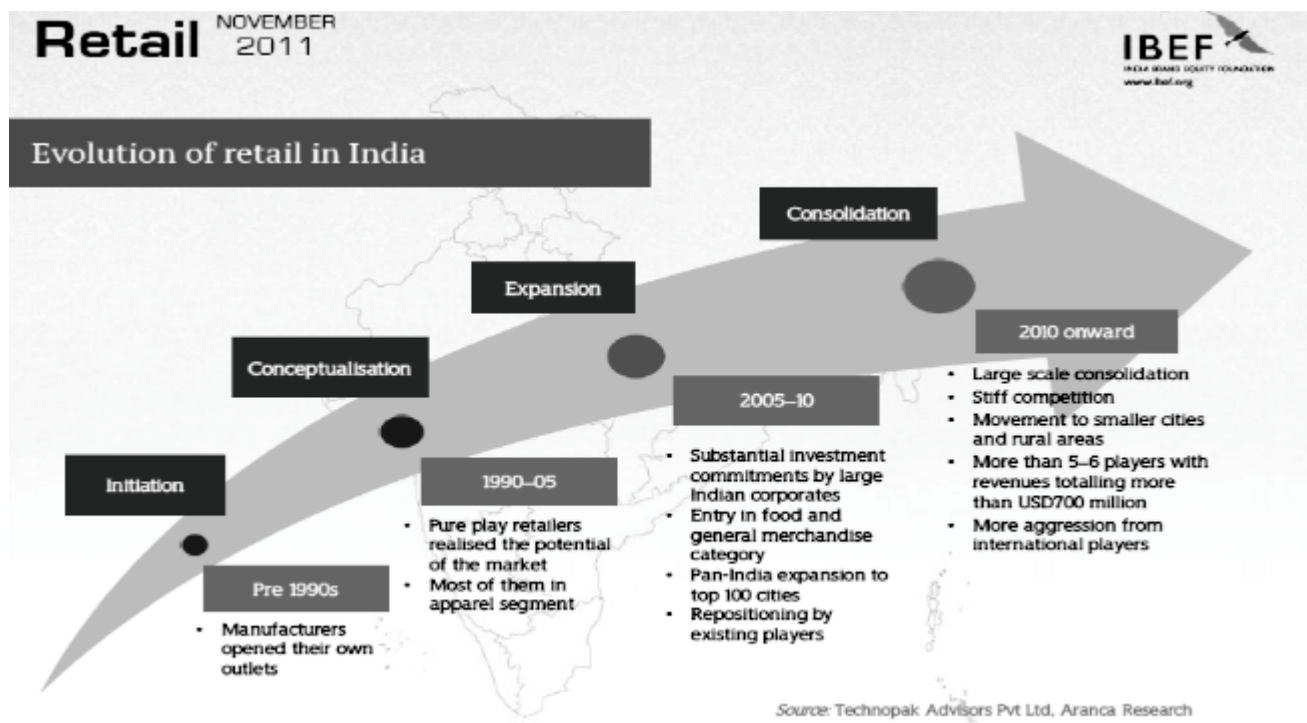
India grew at a healthy 20 per cent during 2010 reaching a size of US\$ 5.8 billion. It further stated that the Indian luxury market stood at a value of US\$ 4.76 billion in 2009 and is anticipated to be worth US\$ 14.7 billion by 2015. The Indian retail market, the fifth largest retail destination globally, has been ranked as the second most attractive emerging market for investment in the retail sector by AT Kearney's latest annual Global Retail Development Index (GRDI) in 2008. According to a study conducted by the Indian Council for Research on International Economic Relations (ICRIER), the retail sector is expected to contribute to 22 per cent of India's GDP by 2012. India has emerged as the fourth most attractive market destination for apparel retailers, according to a new study by global management consulting firm A.T. Kearney. India comes after Brazil, Uruguay and Chile in the A.T. Kearney Retail Apparel Index (2011). A.T. Kearney also pointed out that the time to enter the Indian market is now, for the country's retail market seems secure with strong growth fundamentals such as 9 percent real GDP growth in 2010 and forecasted annual growth of 8.7 percent through 2016.

Thus, organized sector growing at a blistering pace is overshadowing the unorganized sector and alongside, Indian cities are witnessing a paradigm shift of retailing to the vibrant organized sector. Clothing and fashion accessories stand to be the largest category followed by food and grocery, footwear, and consumer durables in organized retailing holding 38.1% market share presently, which is translated at Rs. 29,800 cr. Indian retailers and consumer durables companies are joining the web bandwagon with India's online shopping industry registering phenomenal growth of almost 100 per cent annually. India has more than 100 million internet users, out of which around half of them are up for online purchases and the statistics is growing every year, says Google. Furthermore, the Indian online retail industry would register annual growth rate of 35 per cent to increase from current size of Rs 2,000 crore (US\$ 385 million) to Rs 7,000 crore (US\$ 1.35 billion) by 2015, according to a leading industry body. The US\$ 10 billion Indian e-commerce market is expanding exponentially (it

grew 47 per cent in 2011 to reach the present size) as rising internet penetration is making customers buy more and more stuff online. Investors are also betting high in the industry; they poured around US\$ 200 million into Indian e-commerce start-ups in last couple of years. Retail brands are expected to bring a great transformation in online space. Women's apparel retail brand Biba and tyre brand Bridgestone have become available online recently. Internet and Mobile Association of India (IAMAI) expects online advertising to increase by 30-40 per cent in 2011-12 on back of increased internet usage by retailers. The BMI India Retail Report for the first quarter of 2012 released forecasts that the total retail sales will grow from US\$ 422.09 billion in 2011 to US\$ 825.46 billion by 2015. The report highlights strong underlying economic growth, population expansion, increasing disposable income and rapid emergence of organised retail infrastructure as major factors behind the forecast growth. In India organised retail share is increasing exponentially at unbelievable limits with no looking backward, making existence of many brands (local and global) a reality in the arena of organised retailing. In apparel retailing Spencer, Raymond's Park Avenue, Shoppers' Stop

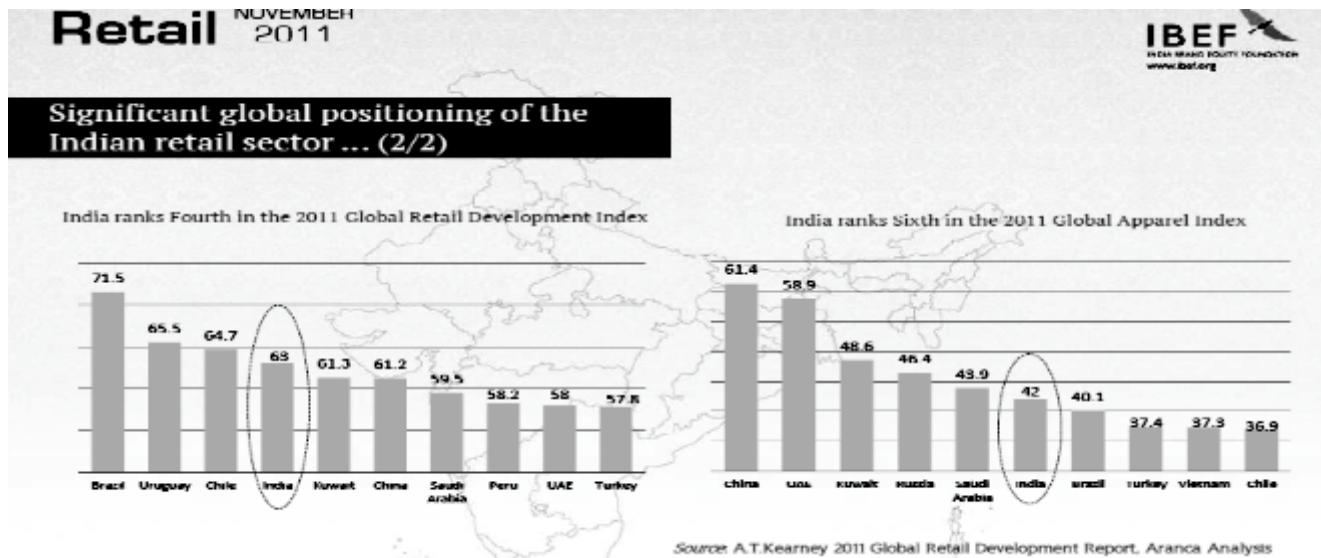
Pantaloons, Big Bazaar, Westside, Pyramid, Globus are few examples of leading brands which in apparel industry. There is a pleasant change in the private brand stores, the way they are keeping clothes, changing the grungy looks by flashy and willowy outlook with added features of customer friendly ambience, garnishing the way the clothes are kept, high degree of price differentiation, quality assurances, wide variety in colours, sizes (including the over/plus sizes) which makes shopping for customers a delightful experience.

As a result, retail brands are offsetting the brands which are made by manufacturer owned brands by providing certain added advantages to the customers which adds a delightful and comfort feeling to the consumer. The changing landscape of Indian retail sector is shown below showing evolution of retail trade in India. From initiation stage starting before 1990, to conceptualisation stage starting from 1990-2005, to expansion stage starting from 2005-2010 and finally to consolidation stage starting from 2010. The changing landscape of Indian retail sector has travelled a long way as is evident from the following figure:



As mentioned above there is revolutionary change in organised retail market in India. Because of the changes there is a significant change in the global position of the India in retail sector, as per (IBEF)

Indian position in global retail development index is Fourth (4th) and in the apparel market India ranks 6th (Sixth) in Global Apparel Index.



SECTION II

REVIEW OF LITERATURE:

Bearden (1982) have concluded that “luxury goods consumed in public were more likely to be conspicuous goods than privately consumed luxury goods and found that the higher the status an individual wants to be, the higher conspicuous consumption they expose. Some studies have focussed their study on the area that if retailers focus on consumer loyalty, this can deliver them real benefits. Greater customer loyalty. Reichheld (1996), Verdisco (1999) and Erika (1999) in their study have observed various factors affecting consumer behaviour. It becomes imperative for the retailers to avoid the complaints which always lead to customer dissatisfaction when there is a continuous rise in customers expectations. Berry (1996), Brookman (1998) and Jackson (1999) have recognized certain circumstances the result of which is consumer dissatisfaction towards different retail brands. Nia, A. and Zaichkowsky, J.L. (2000) conducted a research, about the ownership of luxury brands, and found that fashion brands gives them personal satisfaction and helps them to be admired, recognized and accepted by others. When luxury

brands and products have ability to attach prestigious values, social referencing and the construction of one's self, people's desire to own and pose their luxury fashion piece in public can frequently indicate a symbolic sign of group membership (Wiedmann, Hennigs, Siebels 2007).

Number of studies in Indian context is very few; mainly national reports are there which gives the statistics relating to market share, growth rate etc. There is no depth in the literature as regards consumer behaviour in garment industry. There is a study conducted by Gupta (2004), investigating the factors affecting the choice of private label in Hyderabad departmental store. Memon (2006) conducted a study focussing on impact of private labels on retail dealings in garments, centring on only two brands Westside and pantaloons and revealed that consumers very easily switch brands if they are offered same types of facilities. Demographic factors also influence consumer buying behaviour towards branded articles was conceptualised by Radha Krishna and Shylajan (2007). But there was a limitation of the study that the factors because of which consumers indulge in organised retail apparels was left unturned. There are many studies conducted which have examined

the factors affecting consumer behaviour .Different results were revealed by different authors giving relative importance to factors affecting buying behaviour of consumer. Wells, Farley, Armstrong (2007),found the factors affecting consumer behaviour are quality, price, trust, availability of alternative packaging, frequent advertising, sales promotions, imitations, availability, brand image, prestige, freshness and habits Packaging. Perceived risk, consciousness and price-quality association factor were considered as the main factor affecting consumer behaviour by (Batra & Sinha (2000); Bettman, (1973); Dunn et al., (1986); Richardson Jain, & Dick (1996); Shannon and Mandhachitra (2005), Advertising-pricing was considered important as per study by Karray and Martin-Herran (2008),Ashok Kumar and Gopal (2009) considered price , quality and Risk as prime factors affecting consumer behaviour. Ailawadi, Pauwels and Steenkamp (2008), gave importance to price and quality as important factors determining consumer behaviour. The television and celebrities have a significant impact on consumer behaviour in adolescent clothing choice irrespective of gender where as factors were different in case of teens buying behaviour which was mainly influenced by visual merchandising i.e mainly hands on experience (La Ferle et al., 2000; Seock and Bailey, 2009). In a study it was revealed that younger generation in the present context has high purchase frequency, fashion fanship, and impulse buying as compared to other groups in the society (Pentecost and Andrews, 2010). Mohanty & Panda (2008) opines about retailing as a sector of India occupies important place in the socio-economic growth strategy of the country. India is witnessing retailing boom being propelled by increasing urbanization, rising purchasing power parity (PPP) of ever growing India's middle class, changing demographic profiles heavily titled young population, technological revolution, intense globalization drive etc. Sahu (2010) describes that a rise in consumer confidence, improvement in profitability and aggressive expansion plans signal better tidings for listed players in the organized retail space. Moreover, analysts believe listed retailers could attract foreign investments by spinning off their subsidiaries into separate companies which can

provide a great opportunity and can change the landscape of this sector.

SECTION III:

DATA AND METHODOLOGY

The study is exploratory in nature, which helps in gathering the insights from general nature of the situation .The study has used secondary data gathered from various sources like magazine ,journals, reports, studies, market reports, magazines and newspapers ,research articles etc and primary data collected from a structured questionnaire. The sample selected is random and size is 150 people from diverse work group living in Delhi and NCR.

SECTION IV:

ANALYSIS AND INTERPRETATIONS OF RESULTS

In the last few years, consumer behaviour has changed dramatically. Consumers are now becoming increasingly more knowledgeable about what they want to buy. Their buying behaviour patterns show that many individuals are much targeted with their online activities and information-gathering and using this to make up their own minds based on the results. Therefore, you need to provide content that makes them smarter and more knowledgeable. The marketing approach has to be with such a mindset that will enable you to adapt the present approach so that you don't miss out on the considerable business opportunities as the consumer landscape changes.

An attempt has been made to gather the insights of the consumer behaviour in this changing landscape as there are increase in complexities, changing life style, rising levels of disposable income, increasing use of information technology. All these have added challenges to the marketer. A sample of 150 people from diverse group was taken residing in Delhi and NCR to collect vital information to the marketer to strategies his policies and offer the products which cater to major segment of the society.

FREQUENCIES AND DESCRIPTIVES

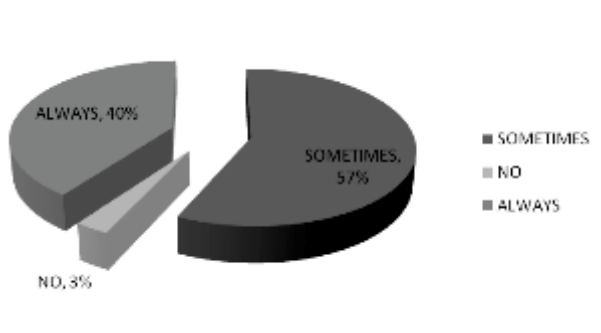
1. Do you purchase branded clothing?

The response of respondents regarding the purchase of branded apparel, it was revealed that 57% of the

respondents buy branded clothing occasionally which clearly indicates that main consumers are under the middle income group segment and it is very difficult for them to buy brands to increase their lifestyle.

The results clearly indicate growing awareness of brands, which is a very welcome outcome of the survey for marketer in which he has to put less number of efforts to deepen the awareness of foreign brands see Figure 1.

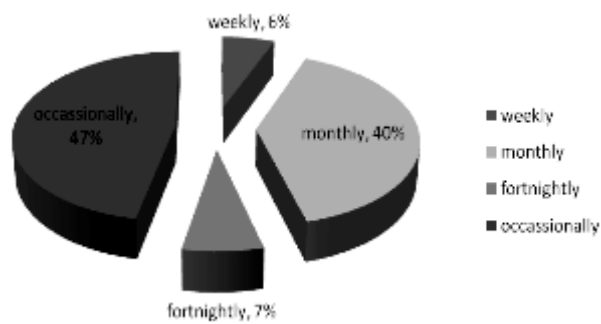
Figure 1: Awareness of brands



2. How frequently do you shop for Branded Apparel?

The responses of the respondents relating to purchase of branded apparels are quite interesting 47% of the respondents answered that they buy occasionally where as 40% said that they buy monthly. All major steps have to be taken by the marketer to increase the sales of branded apparels they should come out with good. Schemes and deals so that major segments are attracted towards buying the deals see Figure II

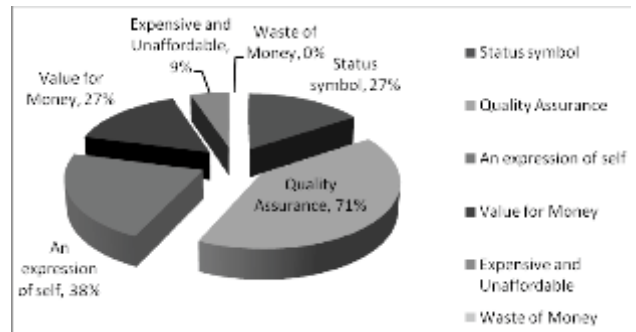
Figure II frequency of buying branded apparel.



3. What does Branded Apparel mean to you?

Indian consumers are very concerned by the quality assurance of the branded apparel with responses as high as 71%, followed by an expression of self with 38%, and value of money was rate as high as 27%. These statistics are very important for the marketer to understand and accordingly he will put efforts to tap all these qualities and apply in his strategies see Figure III.

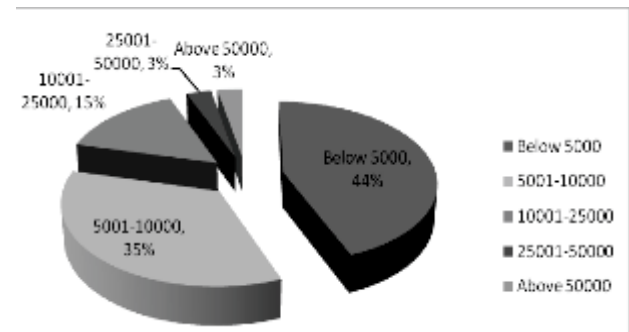
Figure III meaning of Branded Apparel



4. On an average, how much do you spend on branded apparels?

The results of the survey reveal that on an average the Indian consumer spends around 5000 and below on branded apparel, followed by a high income segment which spends around (10000-15000). Higher income group people are handful which have a higher capacity of spending are only 3% (>50000) and 3% (25000-50000) respectively. This clearly indicates that there is larger inequalities of income with the people and the marketer has to give this a due consideration to bring a low range which is affordable to keep pace with the basic traits of Indian consumer mainly with their income levels see Figure IV.

Figure IV : Spending on branded apparel

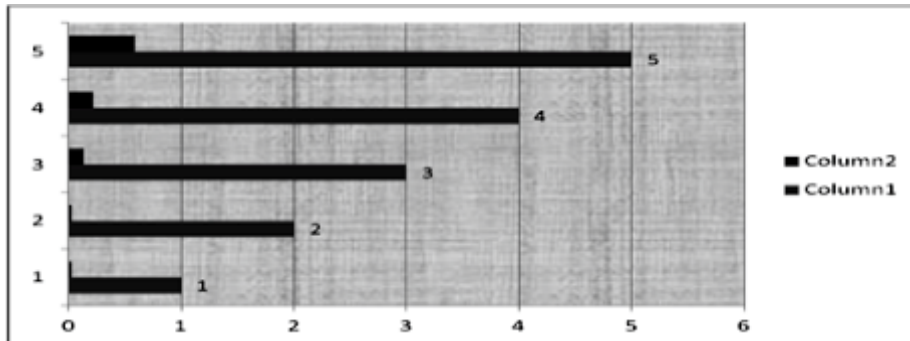


5. How important is it for your brand to have QUALITY attribute (rate from lower to higher)

The respondents were asked to rate the quality attribute of the product and interestingly about 60 % of the respondents rated quality attribute

as 5 (strongly agree) and there was disagreement of only about 3%(strongly disagree). There should be proper monitoring of quality of branded apparels as 60% rated quality attribute as highest see Figure V.

FIGURE V : Quality Attribute OfThe Product



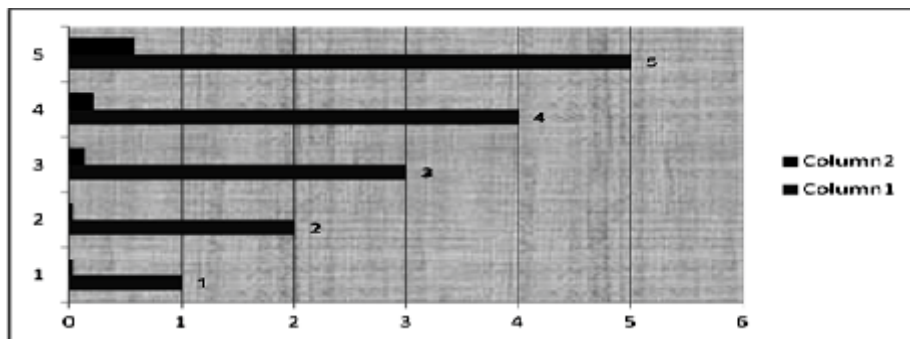
1	3%
2	3%
3	13%
4	21%
5	60%

6. How important is it for your brand to have FITTING attribute (rate from lower to higher)

Respondents rated fitting attribute of the product around 61% .Consumers strongly agree to the fact that they want the best fit and there is a general trend towards a smart fit among youngsters perhaps this is

the reason that they agreed to this fact .This result is very important for the marketer as Indian fit and sizes are little different as obesity is very common in India hence he has to add the plus aspect also to the fit for not so fat people, see Figure VI

Figure VI : Fitting attribute of the product

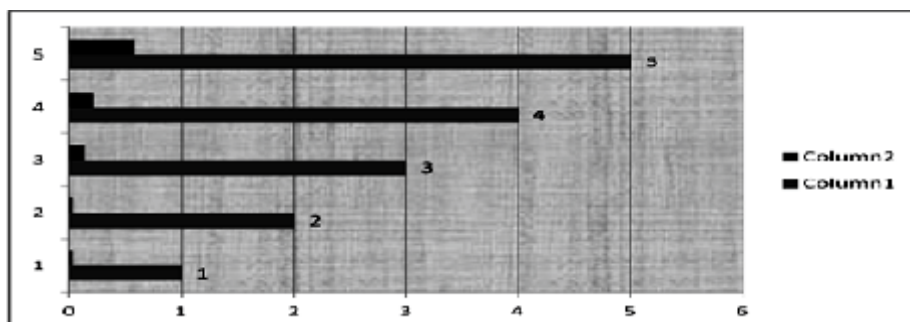


1	3%
2	3%
3	13%
4	21%
5	60%

Ques 7. How much is it for your brand to have variety attribute (rate from lower to higher)?

The respondents were asked to rate the variety attribute of the branded apparel from 1 to 5, 40% respondents rated the variety attribute to the highest,

which means variety is given due consideration and is considered as the major factor in the purchase decision of the consumer. If marketer wants to maintain his market share he has to give customers ample choice so that he cannot say no and his only action is buying.



1	1%
2	8%
3	18%
4	25%
5	40%

Ques 8. Do you share your brand preferences online and views on brand loyalty?

On asking this question about whether you share your brand preferences online 87% respondents said yes and have reflected a strong sense of brand awareness and loyalty. This research suggests a link between the immersive, symbiotic relationship Millennials (young generation) have with social networking channels and the likelihood to define their personal brand by aligning with the brands they favour. Eight-six percent of young generation is willing to share information about their brand preferences online, making it a top personal identifier. Brand loyalty among them is strong overall. Seventy percent feel that once they find a company or product they like, they keep coming back. And the more the brand fits into their lifestyle, the more inclined they are to gain personal identification with that brand.

Ques 10. Do you give another chance to any brand in case of dissatisfaction, respondents were asked to give their agreement or disagreement on the issue?

86% of the respondents showed their agreement on NO i.e. after a bad experience with a brand, it's extremely difficult to win them back. In fact, they were of that once a brand has lost their trust and respect, the brand can never regain it back rest 14% are ready to try the brands again and give the manufacturer another chance to win over them again and give them a good life style with the types of clothes, fit, colour and cost they want. For them clothes are not only clothes and brands are not only brands they are the important aspects of self expression which they are looking for. Today brand preferences are almost ranked as a factor relating to religion and are considered as a personal identifier.

Ques 11. When you trust a brand how loyal you feel about that brand?

Millennials (young generation) were asked a question about brand loyalty and expressing their support and brand trust especially when it's a personal statement 70% of respondents said that YES if we trust a brand we feel connected to that brand

and try to be loyal to be with that brand. For them authenticity, trust and quality matters a lot. This information is very vital for the marketers as they have to continuously work for the performance of the product otherwise they will lose these people who are perhaps the most important target group of the market. Trust and loyalty are the deepest factors which play a vital role in their personality for the brands. As a result, a company's reputation can matter as much as the performance of its products. The converse was also true: an equal number will not buy for the same reasons. When a Millennial loses trust or respect in a brand, the majority will tell their family and friends not to purchase the company's products.

Ques 12. Will you share important information about yourself to the manufacturers?

On asking this question 70 % of the respondents said yes they don't mind sharing their personal information to the company and brand outlets but only trusted brands so that they can be informed about the preview sales, discount coupons etc

Ques 13. Who do you trust most for brand and product recommendations?

Friends that have utilized particular products, bloggers that document their experience with products, and consumers who write reviews online about the products. We trust them because they have already had personal experience with the product or brand of interest.

HYPOTHESIS TESTING

1. Hypothesis: Association between monthly budget and shopping frequency of branded apparels by the consumers

H0: There is no association between shopping frequency of branded apparels by the consumers and monthly budget of consumers

H1: There is an association between shopping frequency of branded apparels by the consumers and monthly budget of consumers

Analysis of the result: After analysing the responses it was confirmed that there is a strong association between shopping frequency of branded apparels by

the consumers and monthly budget of consumers .This is very important for marketer to know this so that he can give special consideration of this aspect in strategy formulation ,the results can be seen from the table (1)below .

Table 1 : Association between shopping frequency of branded apparels by the consumers and monthly budget of consumers

CHI-SQUARE TEST

	value	Degrees of freedom	Asymp. sig (2 tailed value)
Pearson- Chi Square	26.3768	15	0.02

2. Hypothesis: Association between shopping frequency across gender

It is also very important aspect which needs special consideration as to how shopping frequency differs across gender to formulate gender based policies. The results exhibit that there is no difference between shopping frequency of males and females as p value is more than (0.05) at 5 % level of significance see Table 2

H0: There is no difference between shopping frequency of males and females.

H1: There is a significant difference between shopping frequency of males and females.

Table 2: Gender based differences in buying behaviour of females and males

	value	Degrees of freedom	Asymp. sig (2 tailed value)
Pearson- Chi Square	4.3.3768	9	.27

3. Hypothesis: Association between paying extra cost for well known brands in apparels and price range available in the market

H0: There is no association between paying extra cost for well known brands in apparels and price range available in the market.

H1: There is an association between paying extra cost for well known brands in apparels and price range available in the market.

Analysis of the result: After analysing the responses it was revealed that there is no association between paying extra cost for the well known brands and the price range which is available in the market as the value of the test accepts the null hypothesis as sig value is more than 0.05. This is a clear indication for the marketer that Indian consumers are price conscious and don't want to spend extra on even the well known brands. Indian retail market is characterised with uneven patterns across diverse consumers with different buying behaviour patterns. This is a very important insight for the marketer that consumers are price sensitive even for well known brands as seen in the table 3:

Table 3 Association between paying extra cost for well known brands in apparels and price range

CHI-SQUARE TEST

	value	Degrees of freedom	Asymp. sig (2 tailed value)
Pearson- Chi Square	15.298	16	0.823

3. Hypothesis: Association between age of the respondent and paying extra for a brand

H0: There is no association age of the respondent and paying extra for a brand

H1: There is an association between age of the respondent and paying extra for a brand.

Analysis of the result: After analysing the responses it was revealed that age and paying extra for a brand are significantly associated, taking the responses of young respondents as sig value is less than <0.05 i.e. 0.003 .With this input the marketers can make a

rational price strategy for the apparels especially for this class. For young generation price does not matter at all and they are ready to pay anything to have the possession of that or can ask their parents to swipe their credit cards.

Table 4: Association of age and buying branded apparels

CHI-SQUARE TEST

value		Degrees of freedom	Asymp. sig (2 tailed value)
Pearson- Chi Square	26.298	16	0.001

SECTION V:

SUMMARY AND CONCLUSIONS AND IMPLICATIONS FOR THE MARKETER:

Indian retail is viewing a paradigm shift with organized retail share increasing exponentially at implausible confines. The result of the study will be very important input for the marketer in devising marketing strategy to capture the market share and give consumers a delightful experience of a brand. This will be really helpful in brand building of the product, which is the essence of present concept of marketing. Indian consumers are extremely price sensitive this aspect has to be carefully devised so that a rational price policy can be devised without unnecessary pressures on the consumers. The major segment in India is of middle class who purchase branded apparels occasionally, so a reasonable range must be added to this, which will not only increase his revenue but brand building also. Indians have complete awareness of branded apparels but are price sensitive and give due consideration to variety, fitting and maximum importance to quality. These parameters cannot be ignored and the marketers must give priority to customer feedback and ensure deeper market penetration by offering maximum discounts, attractive deals and freebies to customers.

Indian retail apparel market is a real jigsaw of

different markets, full of challenges in which traditional strategies are no more successful in capturing the benefits of the market by increase in turnover and profits. They have to be dynamic and flexible in their approach for a better understanding of consumer behaviour which will ensure a reduction in failure rate. They must come up with good business models and have a whole new orientation to meet customer demands. Organized retail business requires high level of planning, careful analysis of consumer behaviour, selling strategies, ambience, entertainment etc, mere footfalls will not tantamount to sales. If all the factors are synchronised and implemented properly retail trade is going to stay. The biggest challenge which is faced by the marketer of today is the Millennials perception, view. This generation is subjected to a massive flow of information, and each piece has the potential to influence how they make their purchasing decisions. Many of them have become active contributors to the volume of information about brands through blogs, product reviews and online forums. Adopting new technology has become a way of life for many Millennials. These Millennials are of this view that new technology makes their lives easier; with more than half saying that it helps them be closer with their friends. The constant flow of data feeds Millennials' females thoughts and conversations. While social networks, sharing and collaboration all empower Millennials to make personal decisions, our research found that they often extend well beyond their peer network to glean information, opinions and knowledge. Results show that 75 percent have created a profile on a social networking site, with 55 percent visiting those sites at least once a day. More than 60 percent connect to the Internet wirelessly when they are away from work or home and 88 percent text each other.

Millennials have come of age alongside technology and have absorbed it into their lives. Their relationship with technology has completely changed their relationship with brands and services. Millennials are forcing marketers to reconsider everything. What used to be a one-way conversation (which isn't much of a conversation at all) is now a multifaceted, 24-hours-a-day, seven-days-a-week

dialogue between brands and their customers, between their customers and those customers' entire circles of friends and families. And that's dicey, too, given the different types of relationships research suggests people have with everyday in-person friends and, separately, online friends, who may number in the tens of thousands for an especially popular Twittered. Research shows that Millennials are open to new experiences and new brands. They are excited by interacting with brands and interested in building relationships with them. They have the confidence to stand up for what they believe but also the confidence, technology and network to voice their opinions when they feel they've been mistreated. A good envelop approach which is revealed by the study must be properly embedded into the policy to make a mark in the market and brand building

IMPLICATIONS FOR THE MARKETERS

For a marketer the main generation which is posing challenge is Millennials and studying their buying behaviour will really help the marketer to cope these challenges

With Millennials brands know where they stand (sometimes minute-to-minute). All of this means that this new world – one in which Millennials (women) play a central role – is rife with extraordinary opportunity.

Marketers and brands that understand who Millennials are, how they behave, what they want and how they communicate, will be able to thrive and flourish.

Open dialogue with Millennials about their beliefs, connections, and perceptions. This can make respondents Live includes a representative sample of major segments, ages, life stages, locations, and ethnicities. We can engage with this group through weekly online conversations and have already begun to compile further insights, many of which have appeared in this paper. In an era where communication channels are multiplying and attitudes are constantly evolving, research is more crucial than ever to shape marketing efforts.

- This Live representation of respondents can presents a powerful tool to capture the thoughts and insights necessary to formulate effective brand strategy. Young generation consider Brand as a kind of self expression like affiliation to a religion.
- Marketers should try to catch the needs of the consumers more effectively by understanding a deeper insight of their behaviour in terms of their preference towards parameters such as quality, fitting, variety, customer friendly ambience , all of which make shopping for customers a delightful experience.
- The marketer should include all the preferences of consumers like variety, quality, reasonable price and regular interaction with the young generation to make the strategy of marketing a success and give buyers a delightful experience.

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INFLATION AND SECURITY RETURNS

Dr. SHAIKH HAROON-AL-RASHID

In historical perspective, progress in academic disciplines has typically been marked by a series of seminal conceptual breakthroughs, followed by often long periods of consolidation, refinement, testing and implementation. The grand insights which have fundamentally restructured our understanding of major areas of concern have very often been a response to pressing new conditions or needs which overwhelmingly demonstrated the inadequacy of earlier analytical models. A notable case in point some forty years ago led to Keynes' development of a more general theory of the determinants of the levels of employment and capacity utilization of the economy which included the classical full employment models only as a special case. Other grand insights have found essential simplicity in previously perceived complexity, as in the displacement of Ptolemaic epicycles in the Copernican revolution in Astronomy, or alternatively have found essential order and structure in previously unorganized masses of detail. The general equilibrium system of Walras in Economics and the analogous work of Gibbs in Thermodynamics and the later work of L. J. Henderson on the homeostasis of blood are illustrations of the latter type. But most generally significant advances have come when the old structures and analysis prove to be grossly inadequate to handle old problems satisfactorily under new conditions, or when the accretion of tests and organized observation has established that the older models and theories are inadequate to handle (or give false predictions with respect to) more refined questions about the phenomena under study. Happily, our field of Finance has had its share of such seminal breakthroughs. The theory of present value calculations based on interest rates as measures of the time-value of money had of course gradually evolved work of many economists by the turn of the century, but it was Irving Fisher's distinctive concern

with Finance which led to his critical insistence that the value of financial assets at any point in time depended solely on the discounted sum of their future cash flows to the holder (cash dividends and later sales price in the case of common stocks, and dated sequences of interest payments and principal retirements in the case of debt instruments). At about the same time, he also clearly identified the nominal rate of interest as the sum of a real purchasing power adjusted rate augmented by the expected rate of inflation.¹ But if Irving Fisher is to be acclaimed as at once the Adam Smith and the Leon Walras of Finance, it must be for his classic model of the equilibrium of financial markets in which the optimal scale of real investment of each type at each point in time, and the optimal amount of borrowing or lending of each person in the market would be simultaneously determined under admittedly idealized conditions (no uncertainty, transactions costs or imperfections) by a set of interest rates (one for each time interval) which would reflect (and *ceteris paribus* vary with) the initial endowments, earned income streams, real investment opportunities and preference functions of each of the entire set of market participants.

The following years were marked by Macauley's classic studies of Bond Yields, Interest Rates and Stock Prices, which among other major insights first formulated the important concept of the "duration" or weighted average futurity of the stream of cash flows generated by investment instruments which is central to an understanding of many phenomena involving the market values of securities, as well as the basic asset preferences and investment strategies of institutional investors, including life insurance companies, universities and pension funds. At about the same time, Hicks and Lutz developed related but distinct theories of the term structure of interest rates based upon the set of expectations held by the market participants regarding the probable paths of

future short term rates extending out to the maturity of the bond.

From the 1930's, mention should surely also be made of John Burr William's classic Theory of Investment Value which developed the value implications of algebraic budgeting, perceptively sorted out some of the effects of unanticipated as distinct from expected inflation on the aggregate market value of a company's securities, and clearly formulated the Law (or Principle) of the Conservation of Investment Value on the remarkably modern ground that the option of shareholders to hold equal fractions of a company's stocks and bonds would effectively make the combined market value of its stocks and bonds invariant to the mixture of equity and debt it chose to have in its capitalization. Although this seminal insight was not rigorously developed, it was nonetheless a re-markable foreshadowing of the justly famous work of Modigliani and Miller two decades later (1958) which rigorously established that this invariance holds at least under restrictive conditions (equality of borrowing rates for corporations and investors, etc.), and that consequently the required rate of expected return on new investments would also, apart from tax effects, not depend upon whether debt or equity was used to finance the new investment. Like the earlier theories of Hicks and Lutz on the term structure of interest rates, this classic paper on the cost of capital has inspired a massive amount of subsequent work undertaking to test, implement, refine, generalize and/or appropriately modify the basic propositions set forth.

Most of the other important conceptual breakthroughs in Finance which are relevant to the announced subject matter of this address stem from the efforts of many scholars to introduce the unavoidable fact of uncertainty into our models of capital market values, rational investment behavior and standards of judging investment performance. Fisher's great work earlier in the century was a major landmark in our discipline precisely because for the first time he worked out the fundamental relations between prices, returns, borrowing and lending, and "real" investment decisions when many participants simultaneously pursued their own self interest in purely competitive markets which cleared. Without the simplifying assumption that all present and future data were known to all participants, essential features of the market interactions among the conditional decisions and actions of its members would have been obscured, if not missed entirely. Although Fisher clearly recognized the critical importance of risks and uncertainties for individual decisions and market outcomes, the tools and concepts needed to introduce them into a rigorous analysis had not yet been

developed. In contrast to the rigor of his basic model assuming known (future) data, Fisher could only introduce these further essential matters of risk and uncertainty into his analysis in an essentially qualitative manner. And it is worth noting that J. R. Hicks in his Value and Capital a decade later (1939) left these matters in essentially the same suggestively qualitative but unresolved state.

The stage for the next major advance in Finance was set in related disciplines by conceptual development of cardinal utility functions in risk situations and of operational procedures for their measurement, together with rigorous proofs of the optimality of choices maximizing the expectation of such functions using subjectively assessed probability distribution as weights. As early as 1952, in the Journal of Finance, Markowitz rigorously showed the power of diversification to reduce risks in portfolios of securities without sacrificing expected returns, and this insight was effectively merged with the evolving general theory of decision-making under uncertainty in his classic Portfolio Selection by 1959. At about the same time. Professor Tobin adapted and developed these insights to explain the Keynesian liquidity preference function and the level of interest rates in the market in terms of rational behavior of investors optimizing the proportions of a short-term riskless asset and risky long-term bonds in their portfolios. The same seminal paper established the now famous Separation Theorem, showing that under rather reasonable conditions including the availability of a riskless asset, optimal proportions within the portfolio of risky assets would be independent of the risk-averters' particular preference function, and that the latter would simply determine the scale of risk-investment in relation to investible funds (or wealth).

Within a few years, Sharpe, Mossin, and I built on these foundations in our own distinctive ways and published models of the equilibrium of capital markets in which risk and uncertainty were essential elements. Sharpe's work dealt directly with necessary relations between the expected rates of return on individual securities when markets are in equilibrium. Mossin and I worked directly from individual investor's assessments of the joint distributions of risks (variances and covariances) and of expected returns over the set of available securities, and combined the conditionally optimal portfolios with market clearing conditions to determine the set of equilibrium prices of the risk assets in the market.

In these models, the desirability of a little larger or smaller investment in any given risky asset depends essentially on its marginal contributions to the return

and risk associated with his overall portfolio (or ending wealth position). The expected returns on any given security or investment are adjusted in proportion to an investor's measurable degree of risk aversion on the basis of his assessments of its covariances with all the other securities in his portfolio as well as its own independently assessed riskiness. As the number of securities in the portfolio increases, the relative importance of common factors influencing the stochastic returns on the securities held increases, and the significance of the "own risk" on each separate security diminishes asymptotically. Clear distinctions between diversifiable and undiversifiable risks are developed. A uniquely preferable portfolio of risky securities is determined for each individual investor. When a riskless investment is available, the scale of each investor's investment in his preferred risk asset portfolio depends on his wealth or investible funds and risk preferences along with the level of the return on the riskless investment in relation to the expected return and risk assessed on his composite portfolio of risk assets. Although the original derivations of this model relied upon restrictive assumptions such as Gaussian probability distributions or quadratic utility functions, single period horizons, and the availability of borrowing at a fixed rate, subsequent work has shown that the essential structure of the model is remarkably robust to generalizations in each of these dimensions, as well as to the denomination of investor's objective functions in terms of preferences over streams of consumption rather than wealth or investment returns as such (so long as commodity prices are stable).

If perfect markets and homogeneous (common) assessments by different investors are assumed, along with the availability of a riskless investment, a remarkably simple characterization can be made of the equilibrium structure of risk asset prices. There is a well-defined "market price of risk" in the form of a harmonic average of the risk-aversion of each investor in the market. In the presence of any given (and common) set of probability assessments over the joint distributions of uncertain returns on risky assets, purchases and sales of individual securities will be made until the set of current prices on all risk assets is such that the expected rate of return on each reduced by the available riskless return is homogeneously and linearly related to the corresponding expected risk premium on the composite market portfolio, in proportion to each investment's undiversifiable risk (its "beta" coefficient). Since its initial development, this version of the "capital asset pricing model," based on a risk-free asset and homogeneous assessments, has of course generated a tremendous amount of empirical

research, and it seems fair to say that this model formulated a basic structure of the relationships between expected returns and risks on the large number of publicly traded securities which has been borne out by the data to a perhaps surprising degree. Theories and models are useful precisely to the extent to which they exclude (or approximate simply) all the multitudinous peripheral and less initial elements bearing on the matter of interest in order that the more vital aspects of the real situation can be analyzed in sharper focus. Orderly progress in any discipline requires that simpler, more basic and fundamental elements and interrelationships be rigorously developed to provide a firm base for further refinement and development. Building on Fisher's firm base of capital market interactions and pricing under uncertainty, the work briefly reviewed here has provided a rigorous model incorporating the more essential first-order effects of risk as well as expected future values on the structure of the current prices of risky capital assets. Some further refinements and elaborations have introduced significant but second-order modifications which have brought the model into closer conformance with observed market data and extended its range of phenomena encompassed in the analysis. Most of this subsequent work to date, however, has been concerned with nominal returns and prices. Later in this address, I will advance the position that the introduction of purchasing power considerations requires some more basic adjustments in the model.

The remaining landmark in Finance we need to consider in this address focusses on the concept and implications of "efficient" capital markets. At any given point in time, security prices will be produced by the purchase and sale transactions of large numbers of investors each acting on the basis of his/her judgments and assessments of the uncertain future based on the information available to him/her. Given normally distributed returns and purely competitive market conditions, the resulting set of market clearing prices will be Pareto-optimal vis-a-vis the subjective assessments of the investors in the market and have various other desirable properties, but they may nonetheless fail to be fully efficient in the sense used in the efficient market hypothesis.

Individual portfolios are efficient if they are optimal, given the assessments of the investor based on the information at his disposal. Similarly, markets by definition are efficient only to the extent that they "fully reflect" all the available information in the market at any given point in time. In addition to competitive markets for the trading of securities, sufficient conditions for complete capital market efficiency are (a) the absence of

transaction costs, (b) the prompt and costless dissemination of all relevant information to all investors, and (c) complete agreement by all participants on the implications of current information for both the current price and the distributions of future prices for each security. Under these idealized conditions, the work of Working, Cootner, Fama and especially Samuelson and Mandelbrot has shown that security prices—and more particularly the distribution of the deviations of the series of realized less expected returns on any security—will fluctuate randomly over time. If the information-implication conditions (b) and (c) are satisfied, Fama has observed that even large transactions costs inhibiting the flow of transactions will not imply that information will not be fully reflected in prices when transactions do take place.

But we also know that within the complex weighted averages of assessments which determine the price of a stock at any time, any one investor's judgments and assessments have more weight the greater his wealth, the lower his risk aversion, the greater his confidence in his judgment of how that stock will perform, and the greater his optimism regarding its expected return if held long (or his pessimism, if held short). New information is not in fact instantaneously, uniformly and costlessly available to all participants in the market. Nor are all equally perceptive in assessing the implications of the new information they do have. If it should be generally true at most times that better and newer information is only in the hands (or minds!) of restricted groups controlling only a modest fraction of the wealth in the market, or confined to those less incisive and less perceptive in assessing its true implications, and so on then security markets could be quite inefficient in the use of information even though at the same time fully Pareto-optimal vis-a-vis the set of investor preferences and subjective assessments in the market.

But the sufficient conditions are not necessary for efficiency. The posed by the efficient market hypothesis thus reduce to the essential empirical question of the degree to which the idealized predictions of theory approximate the results observed in the market place. And the theory has been borne out in tests on listed equities to a quite impressive degree. A large number of extensive and sophisticated tests has failed to detect any patterns of past histories of stock prices (or patterns of past price changes) which could be exploited for profit over any substantial period after paying commissions. The stock market's adjustment to new but obviously public information (such as earnings announcements, stock splits, dividends, mergers, etc.) has also been found to be quite prompt and efficient. On the evidence

to date, it appears that one can secure above normal profits from such developments only by (correctly) anticipating them before "the market" learns of them. With respect to the strongest form of the theory—that all available information, including information available to only limited groups such as "insiders" or preferred customers, is properly reflected in prices—the evidence is much more limited and more mixed, but to date at least seems less damaging to the predictive power of the theory than was perhaps expected. It should be observed, however, that virtually all tests of efficient markets hypotheses have been confined to listed stocks, and there are substantial reasons for doubting its comparable efficacy in the markets for bonds and other assets.

As we thus briefly review some of the more important new insights and conceptual frameworks which have helped shape our discipline as we know it today—and I should emphasize this listing is not intended to feel either definitive or exhaustive—we can collectively feel a certain degree of satisfaction in the improved understanding of financial markets aid of their interdependencies, and of some of the fundamental requirements of rational financial decision-making, which has been realized. The field of finance is not one in which theory for theory's sake or as an end in itself has any place. In all our scientific work, statistical and theoretical, we should always seek to be in a position where we need apologize to no one for the logical rigor and care of our analysis, but at the same time seek to do work which others must defer to for its relevance. Even where the inherent relevance of the analysis and concept for improved decision-making is inherently great, the time lag between conception and implementation has of course often been very long—but happily it appears to be shortening rapidly. For instance, within but a few years the central implications of the modern portfolio and capital market theories have been having a major impact upon investment practice and generally accepted standards of judging investment performance. While many investment managers still just try to select the stocks with the "best prospects" measured by expected returns on each stock less some downward adjustment to allow its own risks—as in the Fisher-Hicks treatment of risks decades earlier—a rapidly growing number are increasingly concerned with the marginal contributions of individual securities to the overall risks of entire portfolios of assets. They very generally monitor their composite portfolio risks relative to the market and increasingly select individual securities subject to maintenance of desired ranges of portfolio risks as well as diversification over industries and types of companies.

Similarly, until quite recently, investment performance was judged simply by whether the ex post returns over some period were greater or less than those shown by some general market index (or other mutual fund, pension manager or portfolio). Superior returns were taken to demonstrate superior competence regardless of the degree of risk which had been taken. The more relevant question whether the return was commensurate with the level of risk assumed was not raised, because no operational basis for an answer was available. Again, modern portfolio and capital market theory, implemented in the pioneering work of Treynor and Jensen, has provided such a base. Evaluations of ex post performance increasingly compare realized returns with the returns on portfolios of comparable risk available in the market. This capital market theory, together with accumulating evidence of the power of efficient market concepts, has also produced major reformulations of the function of security analysts in many investment organizations, and the implications of efficient competitive markets regarding the value of so-called "technical analysis" are becoming much widely appreciated.

The very substantial advances which our theoretical and statistical work has indeed made in our understanding of financial markets and the constructive impact of this work on financial management and decision-making must not, however, be taken to minimize the tremendous gaps still remaining between our substantive knowledge and that required to handle a great many of the more important issues and problems in our area in a really solid and reliable manner. My two immediate predecessors chose in their presidential address to emphasize these very real and genuinely distressing gaps in our present knowledge. The more affirmative emphasis of the historical perspective in my remarks today will hopefully serve to fill out a more balanced assessment—as well as set the stage for my consideration of the specific subject matter announced for this paper. And while it has been appropriate to emphasize here the evolution of our analytical frameworks and concepts, it is surely that the development of more relevant and accurate data and institutional information on the one hand, and more sophisticated and reliable statistical econometric procedures for analyzing the available data on the other have also made—and will continue to make—essential contribution to the advance of our knowledge and the solutions of the issues and problems facing our professions. It is eminently constructive to think of "production function" of our area as having at least three necessary its of which theoretical models are only

one. These inputs are of course complementary rather than competitive in their interactions, and relative marginal productivities of each type of research will vary time to time and from problem to problem.

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