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## CHALLENGES OF INFORMATION TECHNOLOGY FACING BY ACCOUNTING PROFESSION

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### Abstract

*Information Technology (IT) is pervasive in the world of business. Competence with this technology is imperative for the professional accountant. The accounting organization needs to take care of the virtual transactions and digital processes. In information age, the speed of producing information from various data is important. With the help of information technology created today, accounting profession is doing less of manual works, such as recording the transactions or processing the reports. In coping with the knowledge of advance information technology, accounting professionals are always facing some challenges because they often lack IT technical competence. They need to equip themselves with the information technology skills, knowledge, and know the practices of information technology in order to make them more competitive compared with others. This paper focuses on the impact of information technology in the accounting profession, current and future challenges that will be faced by the accounting profession and the things that accounting profession should do to overcome these challenges.*

**Key words:** Information Technology, Accounting Profession, Challenges, Implications, Impact.

### 1.1: Introduction

The accounting model today is developed during the industrial age. The revolution from industrial age to information age has changed some of the approaches in accounting model. The current accounting model is challenged by more flexible and fluid organizational arrangements, increased investments in intangible assets, more extensive use of financial instruments to manage various risks, and changes in information technology. Today, we are talking about globalization, e-market place, and e-commerce, which sound intangible to some people out there. The use of Internet has created a new economy whereby transactions are invisible. The accounting professions need to deal with this virtual transaction. Plus, they also need to combine the virtual and real transaction in order to produce the year-end or periodical reports to the management team. The information technology revolution, bring in the newest technology in handling transactions and generating reports

using specific hardware and software. Another challenge faced by the accounting professions will be the selection of the right accounting software. Usually, accounting professions will meet with difficulties in dealing with the technology because they do not have the technical background. Information technology has not only affected the daily accountant's work, but the education of accounting profession has shifted from the paper environment to paperless environment. Accounting professions are having a great challenge due to information technology; where they need to have some critical thinking in order to, give the right suggestions towards the data generated from the system.

### 1.2: Research Problem

With the above scenario and invention of various accounting software or technology tools, the accounting profession's nature of work has changed. New roles have been added to them in order to cope up with this changing world. However there are many major problems in achieving this objective such as:

- How are the accounting professions meeting their new roles?
- What should they do in order to fit themselves in the stream of information technology revolution?
- What knowledge needed by them to make them more competitive compared to others?

### 1.3: Objectives of Research

The objectives of this research are:

- To find out the implication of information technology towards accounting world.
- To identify the challenges faced by accounting profession in the information age.
- To equip accounting professions with skills that help them handle the difficulties faced by them in dealing with information technology.
- To help accounting professions prepare themselves in facing the challenges of information technology and help them to be more competitive.

### 1.4: Survey of Literature

Laptop computers provide accounting professionals with the means to increase their productivity, improve their accuracy, and enhance their client relations, according to Arkin (1990). With the invention of laptop computers, accounting professions are able to bring it to work at anywhere and at anytime. Arkin also found out that the efficiency of staff becomes better with a laptop. Less interruptions helps them to be more concentrate in their job. Computers can perform much of the tedious work required of the accountant, faster and more accurately. The use of laptop computers in accounting is natural because most of the accounting applications require information from client. Arkin has done a complete research based on the implication of laptop computers in accounting. From the usefulness of laptops to the impact of it in accounting field, Arkin has covered all in his research. The weakness of this research

is he didn't mention the difference between laptop computers and PCs. Beside this, he also didn't mention the constraints of too dependent on laptop computers.

Technology is dramatically changing the role of financial professional from that of information recorder to business strategist – making the financial manager much more critical to the success of an enterprise, Boggs (1999). Scott also mentioned that financial professional is expected to provide accurate and timely financial information that can be accessed and analyzed quickly. Boggs bring up an example of a well known company in USA, which five years ago, it took two weeks to close the books, but now it takes four days. The intranet system makes it easier to distribute the right information to the right person, which will create a paperless environment. Boggs concluded that the company would be able to add more value at the strategic end of the business and spend less time processing transactions if it's going to the digital way of account. Boggs mentioned more on the impact of digital technology in accounting field, the daily process methods, and the events of accounting in an organization but not the people who will handle accounting.

Collins (2002) said that the Internet had changed the way business does business. Since accounting is an important part in business, the business manager must think that what they expect from accounting software in order to help to them perform well in the business. According to Collins, the accounting software should be able to link the inventory system with online cataloging, provide real time information for users to access, retrieve order directly from web and import automatically into sales order module, print reports to a web based format, and allow users to access reports and accounting data across the internet. The accounting software also need to be able to handle different currency, this is because the online business is now open for international and not only focus in local market. Carlton gave a good guideline in how to find the

right accounting software. Carlton didn't compare the current accounting software in the market today. If Collins adds in the comparison and personal findings in the each accounting software, it will give a brighter way for readers to understand how to select the right accounting software. Without the real examples, the guidelines provided by Collins are too abstract. Pethley and Fremgen (2001) found that the consulting partner earnings are higher than audit partner earnings in the recent years. This phenomenon occurs due to the changing nature of accounting services. When facilitated by information technology, other sources of relevant information is increasingly available, for example, up-to-the-date data about companies through public and private databases are available from time to time without waiting for the quarterly report or annual reports. According to the authors, accounting profession should redefine themselves as information profession. They also suggest that the changing would evolve into educational level for accounting. The authors discussed lots of paradox that is faced by financial statement attestation profession. They did not mention the ways for handling the paradox. The limitation of the literature is the authors failed to give a strong example in supporting their points. This literature is good for giving a glance on the paradox, but it's insufficient for giving guidelines in handling the paradox.

Doost (1999) stated out how evolution of computers and their applications in accounting challenge the accounting profession. Doost briefly explained the history of computers and technology. Doost believed that as computer were getting better, the accountant's job and the auditor's job was becoming more difficult. With online or real time system in database environment, data is entered simultaneously and these entries were not maintained. This will land the accountant in big trouble. Accountants are also challenged by the confused data recording at random on disk. The future of accounting is bumpy and uncertain. Technology has been

given to them but they have not kept up with the technology. The limitation of this literature is the ways to handle the challenges faced by accounting profession is not mentioned. This literature failed to drive readers to feel the need to improve themselves.

Landsittel (2000) said that currently, there are three main challenges facing the accounting profession: earning management, fraudulent financial reporting and internal control, which focus on the process. Besides, the auditor should address systematically how to add assurance that audit work is accompanied by the necessary professional skepticism. The author believed that the future for auditors is bright because current trend in the market place suggest that the future market place will need assurance services more than ever. This is because of new technologies add new dimension to the business structure, impact of globalization, the changing of business relationship and the increasing of information and assets in the new economy. The author sorted out some of the current challenges faced by auditing professions. Although the current challenges are cleared, but the author failed to address out how the current trend in the market affect the nature work for an accounting profession today and the impact of information technology is clearly defined as well.

Accounting profession today is at the forefront of IT innovation and e-business building, according to Cocnrane (2000). Although the new comers are not quite ready to launch a startup in online bent, but they can learn the ropes working for the big firms. The author also agreed that there's no clear path to success, it depends on the innovation of people. The author only mentioned about the importance of innovation in e-era for all profession, although in the beginning of the literature did touch about something related to accounting profession. It just gave some brief ideas on the challenges that will be faced by the accounting profession, which will not give a deep impact to the readers.

Martin (2000) stated out the security tools that need to be put in place with the auditing electronic commerce activities. Organizations are advised to establish a separate organization or a separate section for managing e-commerce security because e-commerce transcend standard IT functions, has more affinity with financial management and will need to comply with a wide range of specific regulations and laws. Security is dynamic, which it should be flexible to expand while there are changes. There are some general security tools application to e-commerce, like firewall, password management, intrusion management, physical management, change management, privacy reviews, reconciliation, and back up facility, audit / paper trail and exception reports. There are some specific e-commerce securities tools that are available in the market today, those specific security tools are public key infrastructure (PKI), digital signature, and smart cards and secure socket layer. All these security tools can protect the data from the hacking of outsiders. According to Martin, the auditor reviewing e-commerce activities should be familiar with the various tools that should be in place and working at protecting transactions. The limitation of this literature is the author did not specify the role of an accounting profession in the security issue of e-commerce. The literature is quite technical for those who do not know the terms used in information technology.

Robert (1997) stated out some weaknesses in the current accounting model. The current accounting model is a mixed attribute, transaction-based model. It is based on historical cost, but the attributes used are not limited to historical cost, which includes current market values, net realizable values, and present values. The traditional accounting model does not deal with uncertainties, or maybe it did but it's unclear. The business world is changing, which means that the needs of accounting model must be fit in to the new world of business. The values that will be added in to the accounting model will be the intellectual capital, the digital transaction

and others. Robert gave a good review on the current accounting model, but in the literature, Robert didn't state out the challenges to the current accounting model, and also did not state the necessary for a change in the accounting model today.

Sheehy and Walker (1999) found that information technology has come to play a significant role in public accounting. They stated out a number of key issues that will affect the future of the profession and its practitioners. Sheehy and Walker said that the traditional payment methods do not work well on the Internet. Now electronic payment and digital money is being used widely in the Internet. This will increase opportunities for tax evasion and money laundering because of its 'transnationality', the ability to flow freely across national borders. The training process for accounting profession in dealing with enterprise resources system is important. But not all profession can have this opportunity for training. This will bring in a lack of trained profession. How to choose the right technology is also a challenge faced by the accounting profession because the right technology will help the organization to develop. But in the other hand, if it is choosing the wrong accounting software, it will bring the organization to no where. The authors gave their views directly in the technology issues that will be faced by the accounting professions. In the literature, they only stated out the cause of the issue but left out the ways for handling the issues.

Pethley (1999) said that the accounting profession is facing profound changes. The changes come from the market place, clients and professional expectations. Pethley felt that there is a need for establishing professional requirements and qualifications for information consultancy to meet the needs of clients in defining, developing, and using the information in a high tech global environment. Pethley suggested that a new definition for accounting profession is required. It is because this will help the accounting profession to be more focused on



the core function of their daily work. The author's suggestions may not happen because the literature is not strong enough to make readers agree to. It failed to address out the changes needed by an accounting profession, besides the name, what else?

There are debates over the extent to which management accounting is changing. But some argued that management accounting had not changed, but had lost its relevance for the purpose of informing a manager's decision. In Burns and Scapens (2000) found that management accounting is changing. Their research also highlighted the emergency of new, more 'proactive' management accountants. They suggested that the accounting professions must be prepared to accept, and have organizational backing up to, change traditional ways of doing accounting. According to them, the external factors that bring in the change are the competitive economic situation in the early 90s, the advance in information technology, which has taken place in recent years, and the substantial changes in organizational structure. All these factors have important implications for the nature of management accounting – particularly the manner in which traditional accounting techniques are now being used. They claimed that the professional bodies should ensure that their members are capable of taking a broader role within the management team.

Perkins (2001) explored that the accountants need to sniff out e-commerce fraud, access the fiscal impact of B2B operations, measure the value of web-employed software and even determine how a company can be both environmentally responsible and profitable. According to Perkins, an accounting job expanded from back-room bookkeeper to boardroom strategist. Not only the role of accounting profession, but also the services provided by accounting firms has changed in order to cope up with the information age. The accounting firms began reducing the costly audit to a toll to sell other accounting services. The

accountant tasks are getting more and more complicated in order to be more competitive compared to others. The author concluded the results of a survey but the survey details were not attached with this literature. This may mislead readers to what the author was trying to bring out and the facts that were discussed in the literature will create some doubt for readers.

### **1.5: Research Methodology**

Information and sources of this research were gathered mainly from Internet. Some of the articles are online journals from American Web Site. Most of the journals were found in Emerald web site and Certified Public Accountant web site. Some news or reports that are related to this research were gathered from various places, like newspaper, magazines and reports of some surveys. Not all the sources got reviewed in the survey, but the ideas of the author were taken in this research in order to make it more solid and reliable. The research framework is shown in the figure 1. The results from the survey were processed to obtain a set of discussion, analysis and findings for this paper.

### **1.6: Discussion, Analysis and Findings**

Information age is changing the life style and also the world of business today. Now days, information technology is something that we cannot exclude from our daily life. The same thing happens in the business world. Since accounting is an important portion for business, the nature of accounting profession is changing accordingly to the advancing of information technology. The more invention in information technology, the less manual work need to be performed by accounting profession. This is a phenomenon where manpower is being replaced by technology. Those who cannot cope up with the technology will be left behind. Later on, they will be forgotten in the accounting world. In the modern accounting model, those who can master in both technology knowledge and accounting knowledge can be succeeding in this trend.

Now days, technology is ruling the accounting world by introducing more attractive

accounting software with more add on features. These add on tools will help user to generate the related reports needed by them in order to make decision for organization. UBS System, ACCPACK, SAP, ERP are some of the accounting software that are famous in the market today. Besides that, Microsoft Corporation also introduced a Web Based accounting system which can let user to access to the database for generating reports any time and any where with just a click. Each of the accounting software available today has their own unique features. The structure and approaches for each organization in accounting is different. The right accounting software is the one that can suit for the organization's needs and prepare to go further with the organization growth. Knowledge from both accounting and technology is needed in searching for good accounting software. For example, a small company would not be able to afford for the SAP or ERP system and the system is too 'luxurious' for them to use. Using a huge sum of money in this system is a waste of money for the small company. Accounting profession should take part in a group, which is assigned to search for an appropriate accounting system. Knowledge in accounting software available in the market is a must for them. Those who didn't follow the steps in technology will be faced with misery when in search for the accounting software. The accounting profession should take consideration of the following when purchasing accounting software:

1. The budget of accounting software
2. The functions needed for accounting profession and management team
3. The total number of user and type of user
4. The portability of the system
5. The expansion of the system for the organization's future use.

Besides the system that will be used locally for accounting profession, they also need to keep an eye on the online business. The Internet is making the business process more flexible and

easier. The virtual world created in Internet brings in some new opportunities in business. Virtual market place and e-commerce is blooming. The globalization process happened all over the world pushing e-market place and e-commerce to a more attractive point of business. The accounting profession's works are becoming more complicated because besides the natural flow of tangible business process, they also need to take care of the virtual transaction through e-market place or e-commerce. If the integration between the online system and the backend accounting system were not there, this would add in more work burden for accounting profession. This is because of they need to transfer each of the transaction made in online system to the backend in accounting system. On the other hand, if the integration is there, the accounting's work will be much easier. He only needs to take care of the backend accounting system. But, more security problem will need to be taken care of while dealing with more integration. Accountants need to verify the reliability of the online input data. The verification process is important because with a simple click may I cause a serious loss. Security of the accounting data is important because all accounting data is showing the status of an organization. Usually accounting profession will claim that the security is not in their business, because the MIS department will take care of this. But, actually MIS department is only helping the accounting profession in looking for the right accounting software and provide them the protection tools. The one who need to activate the tools are the users of accounting software. Accounting professions should beware of the fraud through Internet. In the virtual business world, all transaction can be done by just a click. The percentage of having fraud through Internet is much higher than in manual process. Currently, some of the company is not going online because they are afraid of the fraud.

Information technology has minimized the time needed for generating results or reports from the accounting data. The nature work of

accounting profession is changing from producing accurate reports to generate reports for business decision-making processes in a minute. The speed is an important value in the information age. If the accounting profession is still using the traditional way of doing accounting or financial reporting, they might meet with a condition where the management team will be getting mad of the slow delivery of reports. To produce a timely and reliable report, the accounting profession needs to ensure that the data entry for each transaction is correct. Good forecast can only be made from accurate data. Accounting professions are expected to produce a more accurate forecast so that they can report by manipulating the data generated from the accounting system.

Technology is changing from day to day. It is becoming more advanced. Accounting professions in different field of accounting will have different technology for producing the needed information accordingly. The accounting profession needs to spare some time for learning the needed skills for using the technology in their field. The current trend in accounting firms has changed too. The service provided by an accounting firm is different from the past. Besides helping their customers preparing the year end annual financial reports and auditing, they need to prepare the forecast for business decision-making processes as well. The customers today prefer a more trusted client relationship with accounting firm. The accounting firm for the future will provide the customer with long term value by providing client centric solutions to assist the customer in obtaining financial goals over their entire lifetime. Usually all accounting firm will have their own unique financial forecasting system to help them in assisting their clients. Not only the accounting practice is changing today, the information technology has influenced the education of accounting in school as well. In previous years, the education on accounting is thought by using the real data on paper. But now, the interest of the accounting students have shifted to more technology based.

They prefer to study accounting information system. The trend brought in by the revolution of information technology changed the mindset of every person. Without the knowledge on information technology, the insecurity feeling will flood our mind. Nowadays, the accounting schools are providing more learning on the information technology in accounting. This will help to produce a better generation of accounting profession with knowledge in information technology.

The future of an accounting profession will be like a strategic business consultant. Although they still need to do the natural work like generating reports, tax preparation, and auditing, but the real time connectivity available through Web-based accounting services will greatly streamline these processes allowing accountants to accomplish much more in a shorter period of time. This will increase the efficiency of accounting profession and help them to devote more time to strategic tasks like financial analysis and business consulting.

Real-time, anytime/anywhere access will also allow accountants to provide faster, more responsive service to their clients, no matter where either they or their clients are located. Accountants are able to deliver to the same high quality of services whether they are in their own office, at a client's site, at home, or on the road. The new accounting technology will enable multiple individuals to securely view and interact with accounting data online, accountants and their clients will be able to work together simultaneously. Accounting profession is no longer the one who sit in the office cracking head with the huge sum of accounting data. The future accounting professionals will be the one who carry a laptop computer, good in communication skills, and confident in giving own opinion on the financial analysis.

#### **1.7: Limitations**

This study is only limited to the secondary data or review of the literature. Furthermore, there should be not a higher scope of literature that can be studied. For information,

reports and study on the challenges of information technology is not further elaborated in this study due to this study only provides fundamental research in the technological advancement era. Due to the fast moving technology advancement, reports, journals and latest articles on the impact of information technology in accounting should be referred. The impact of information technology in accounting is not as narrow as mentioned in this study but at least this study provides fundamental study that is based on what is happening in the technological advancement era.

make themselves in a prepared status, and if they lose one track, it will kick you away.

### **1.8: Conclusion**

The future of accounting profession will meet with critical changes from the past as there is a revolution of current business model and rules brought in by information technology. The accounting profession needs to be aware of the changes in order to keep them in the track of an accounting profession that is needed by business today and tomorrow. The challenges brought in by information technology such as the accounting software or hardware, tools, and other accounting supporting methods or functions had changed the nature work of an accounting profession. The accounting profession is facing the challenges whereby they need to cope up with the information technology knowledge. The information technology makes the accounting work to be easier for preparing and accessing information and reports. Real time data is provided with simple tools and functions. The accounting role is changing from data processing to data analysis. Now they are more towards a business strategic advisor. The most important thing for the accounting professions is not to avoid the changes brought in by information technology, but try to cope up with it. Try to master the skills of it and be the master of the information technology. The only way to survive is to keep themselves in the track of the revolution brought in by information technology. The future is uncertain, the digital future is more uncertain, all accounting profession needs to

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### FINANCIAL INNOVATION – NEXT GROWTH STAGE OF BANKING SECTOR

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### **1.0: ABSTRACT:**

*A Financial Innovation as something new that reduces costs and reduces risks or provides an improved product/service/instrument that better satisfies financial system participant's demands. Financial innovations can be grouped as new products (e.g., sub prime mortgage) or services (e.g., Internet banking) or new organizational forms (e.g., Internet-only banks). The past literature pertaining to several specific financial innovations appearing over the past 25 years or so that were specifically driven by technological change, security as become an important factor in deciding the technology inclination of the customers. Bank has been recommend to develop their single technology centric product with due attention to security concern of the customers. This article indicates the role of financial system in economics and how technological change and financial innovation can improve social welfare.*

**Key Words:** Technological Change, Financial Innovation, Security Process, Awareness Programme.

### **1.1: Introduction**

Innovation in Information technology has changed the financial transactions that were done in banking industry globally. The banking industry believes that by adopting new technology, the banks will be able to improve customer service level and associated with their customers very closely. The term Innovation in Banking (IB) refers to use of the internet as a remote delivery channel for banking services. As it involves consumers using the internet to access their bank account, to undertake banking transactions and makes banks to offer consumers a variety of services 24 hours a day.

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Innovation in banking offers various operations by using their websites apart from classical operations such as fund transfer or tracking of account details. Also supports stock market trading, bill payments, cheque book request, and credit card request. Banks also use websites as an information delivery tool, a channel for conducting transactions and to improve customer relationship. The application of E-Banking has been proven as an effective way to reduce to cost of operation for the financial institutions. For instance, E-banking services will allow banks to

reduce expenditures that have been incurred due to physical transactions. It is believed that the e-banking will help banks to cut cost, increase revenue, and become more convenient for customers (Halperin 2001). Bankers have begun providing various types of services besides performing the basic banking functions, i.e., accepting deposits and lending money. The range of services rendered by commercial banks in our country can be broadly classified as traditional services and innovative services.

### **1.2: Background of the Study**

Innovation in Banking as plays a vital role in enhancing the service level of commercial banks. It has simplified the work for both the banker and the customer, almost all the banks are concentrating on providing competitive innovation services to their customers. The number of innovational services is increasing rapidly and these have really focused a new dimension growth in banking. Through survey different banks customers were approached on knows about their knowledge on Banking Innovations. From the above study recommend that advised to conduct technology awareness workshops for important customers.

### **1.3: Objective of the Study**

- To Study the role of Technology in financial innovation
- To enumerate the initiatives of banking sectors in financial innovations
- To conduct Technology awareness for important customers.
- To understand the problem faced by the customers through financial innovation

#### 1.4: Review of Literature

The existing studies are very few and very little information is available about the technology usage on various tools. (Ainin et al., 2005) Innovation in banking has become increasingly prevalent, employed by many financial institutions to reduce costs associated. (Diniz, 1998) Banks also use the websites as an information delivery tool, a channel for conducting transactions and a tool to improve customer relationship.

(Guru et al., 2003) Banking institutions not only provide classical operations also provide stock trading in world market. In this paper, an attempt is made to study the factors, which influence the customers on usage of technology innovation in banking sectors.

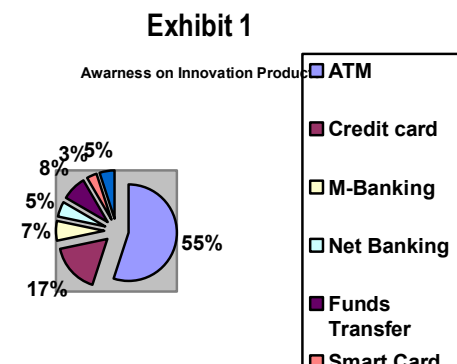
#### 1.5: Research Methodology and Data Analysis

This study is based on primary data and secondary data. Primary data collected from 60 banking users of private and public banks in India. With the help of a well drafted, pre-tested and structured questionnaire. Descriptive research is used when the purpose of the study is to describe the characteristics of certain groups. In this study, the survey method is employed, where in the data collected from the questionnaires left in convenient blank locations, transmitted electronically, personal contacts. A sample of 100 respondents being the users of E-Banking services was selected of which only 90 questionnaires responded after the two follow-ups. Of these, only 60 questionnaires were effective, as some of the questionnaires had incomplete responses, there by yielding a 60%.

Secondary data collected through journals, websites, magazines, and newspapers are used to find out the customers on usage of technology innovation in banking sectors.

#### 1.6: Primary study Results

The Awareness from the customers for the Innovation products viz. is ATM and Credit card is found to be very great compared to other products such as fund transfer, Demat services, Net banking etc., it clearly shows in **Exhibit1: Awareness about Innovation Products**. Due to few people invest in equities leads to unaware of demat services, even though all the customer have mobile phones but they are not aware of mobile banking, even some customers know the mobile banking but not shown interest on usage of M-Banking.

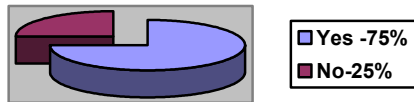


Source: Primary Data

#### Percentages of respondent

##### A) Banking treating the customers in a respectful way?

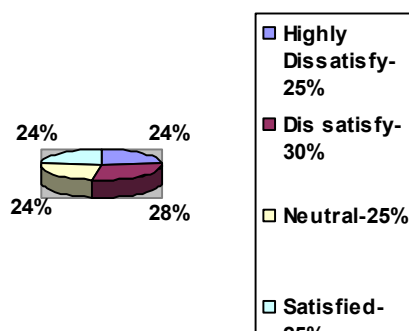
Total respondent	= 60
Yes	= 75%
No	= 25%



### B) Communicating Innovational Products to customers by bankers?

Total respondent = 60

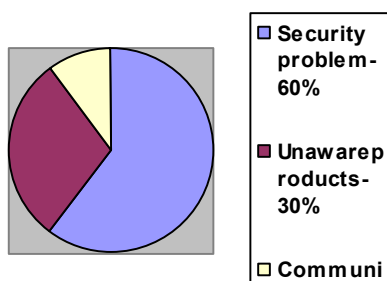
1) Highly Dissatisfy	= 25%
2) Dissatisfy	= 30%
3) Neutra	= 25%
4) Satisfied	= 25%



### C) Reasons for Non usage of Innovation Products?

Total respondent = 60

1) Security problem	= 60%
2) Unaware products	= 30%
3) Communication barrier	= 10%



### 1.7: Limitations of the Study

- The data collection procedure was taken up from customers in Chennai city only.
- Personal bias and prejudice of the respondents could have affected the results of the study.
- The sample size of 60 customers may constitute a limitation due to its small nature.

### 1.8: Role of Technology in Financial Innovation

Innovation in Banking is a form of self service technology. The numbers of internet users have increased dramatically, but most of them are reluctant to provide sensitive personal information to websites because they do not trust security. A brief description of the technology enabled devices of financial innovations is portrayed in the following lines.

#### Mobile Banking

Mobile banking services represents both innovative service, considered as something intangible, and innovative medium of service delivery, employing high technology. Mobile banking, a new challenge, emerged when banking institutions began to consolidate their e-commerce activities. The recent advances in telecommunication have enabled the introduction of mobile banking services, which can be seen as an innovation in the financial service industry. Mobile banking (M-Banking) is the latest trend in the banking sector. M-banking is the latest chip in the block which makes access to services faster and easier.

#### No Frill Accounts

RBI has instructed the public and private sector banks to facilitate "no frills accounts" with nil or low minimum balances to be made accessible to the excluded sector of the population. The number of accounts opened by the banking sector as on Mar 31<sup>st</sup> 2010. are 3.92 crore accounts. The ICICI bank has reported that they have covered 1.5 crore Indian through their



no frills accounts and has targeted to reach 3 crore Indian by 2011.

### ATM

The invention of ATM by John Shepherd-Baron has helped the banks provide high quality and timely service to their customers. The availability of online technology has helped the banks to further simplify their task of providing efficient ATM services.

### DEBIT AND CREDIT CARDS

Both debit and credit cards are plastic money, look alike and are identical in size (2"x3"), but they are two diametrically opposite banking products. Credit card is basically an asset product for the bank, in the form of a personal loan, whereas debit card only provides easy access to the customer to one's own savings account. The pattern of usage is the same but in the case of the former the card-holder is using the bank's money, whereas in the case of the later, the card-holder is using his own money. It is mainly due to the fact that Indians are credit-shy and conservative by nature, that they are more comfortable with the debit card rather than the credit card. It is often said "Credit-shy Indians go by the debit card".

### Online Banking

Online banking uses today's computer technology to give user the ability to manage their finances more quickly and efficiently, from anywhere around the world, and with just a click of the mouse. Banks perceive online banking as a powerful 'value-added' tool to attract and retain new customers while helping to eliminate costly paper handling and teller interactions. On line banking has managed to provide customers the convenience, efficiency, effectiveness and most importantly the speed needed in today's dynamic world. Hence Online banking termed as an asset to both to the bank and the customer.

### 1.9: Noteworthy Initiatives of Banks in Financial Innovation

### Mobile ATM

Customers can access their bank accounts through mobile ATMs. These ATMs are kept in vans and parked at locations that have a high traffic of bank customers such as the commercial areas in a city or up market residential areas, etc. ICICI banks now provide standard ATM facilities through ATM vans. This facility has been tried at Mumbai, Chandigarh and various places in Kerala during specified timings.

MUMBAI MOBILE VAN	
Timings	Location
9.00 a.m to 10.00 a.m-	Junct. Of Nehru Rd & M.G. Rd.,near Ram Temple, Vile Parle (E)
11.00 a.m to 12.00 noon -	Opp. JW Marriott Hotel, Juhu
1.00 p.m to 2.00 p.m -	Lokhandwala Circle, Andheri (W)
3.30 p.m to 5.00 p.m	-Outside Vasant Sagar, 120 Ft. Rd, Hakur Village, Khandivali (E)

### ATM for Visually Challenged

Recently Banks has launched ATMs with special voice guided systems, which guides a visually challenged person to access its ATMs without any help. The jack on the terminal enables headphones to be connected to it and voice commands enable the customers to transact. Customers may choose a suitable language to get voice commands. After the language selection is done, the customer is guided to ensure that the ATM card is inserted in the right slot and there after guidance is provided for entering the PIN using the keypad. A raised button is provided on number 5 to enable users to identify the numbers easily through touch. The slot for cash collection has such raised 'pips' that enables easy identification through touch.

### Other services through ATMs

Apart from the usual transactions involving the bank, some other services can also be availed through customers are  
Prepaid Mobile Recharge

- Donations

- Mutual fund transactions
- Bill payments.
- Buying and Renewing Internet Packs

### **Biometric Recognition**

It eliminates the need for a personal identification number (PIN). It authenticates the user by scanning a thumb impression of retina of the account holder.

### **Bulk Deposits**

The Bulk Deposit facility can be availed by select customers who need to deposit huge amount of cash. ICICI bank issues a special card called the "Deposit only Card" to enable this service. These cards enable deposit transactions only.

### **1.10: Problem faced by customers in Financial Innovations**

#### **Problem faced by ATM customers**

- Operational problems
- Problems of Inadequacy of Cash
- Service Charges
- Problem in availing other facilities

#### **Other barriers**

- Lack of communications
- Lack of infrastructure
- Language barriers
- Low literacy level
- Cost of services

### **1.11: Findings**

45% of customers have an idea about Innovational products but only few customers are using it.

60% of Customers are aware about E-Banking products, but they feel it not secured.

50% of Customers are not aware of innovation in banking products (include both literate and illiterate)

### **1.12: Suggestions**

Bank as to educate customers about innovational products hence it easy to learn and use it.

Banker has to communicate all innovational products to the customer hence it should arrange

an Awareness programme to customer on usage of banking products.

Proper training from bank/computer professionals to customer on usage of financial products.

### **1.13: Conclusion**

Innovation in Banking offers various operations; banking institutions are using their websites not only to provide classical operations such as fund transfer or account details, but also to provide stock trading in world markets, bill payments and investment advice. Innovation in banking increasingly prevalent, employed by many financial institutions to reduce costs associated with having personnel serve customers physically, shorten processing periods, increase speed, improve the flexibility of business transactions and provide better service overall. Hence Bank has to play a major role on educating the customer on usage of innovational products offered by those banks this must be possible only through Awareness programme, hence it should be taken an important consideration for a banking sectors to sustain in a long run. Our professionals are at the forefront of technological change and financial developments all over the world. It is time to harness these resources for development of banking sectors in the new century.

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## QUALITY OF HIGHER EDUCATION AMONG EDUCATIONAL INSTITUTIONS IN INDIA: CAUSES AND REMEDIES

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### 1.1: Introduction:

Education becomes commercialized to a greater extent during the post liberalization period. Educational institutions is also diverted their focus towards profits rather than the quality of education and its implications in future on the development of a country. The quality is measured only in terms of pass percentage, no. of students placed and the no of ranks got from the university. The process of evaluation is also tuned I accordance with the requirements of the commercial organizations. The core values and human ethics are not being taught in the education, rather they have introduced as courses to satisfy some compliance. The entire system is running on the principle that survival to fit and dance according to the tunes of the changed systems. The ultimate loser of the entire process is ours as a whole society. It is the time to realize and to act up on design and development of quality systems at micro level and slowly they can be taken up to all the levels of the system. It is possible only through a social change initiated at bottom of the pyramid. It may take time, still it is worth to spend and work on it for the better tomorrow. Another dimension of dilemma in the education system is that, who is responsible for poor quality of education? The answer is we all together, because, the system is involved many processes, and in each process is regulated by separate individuals like teachers, facilitators, administrators, policy makers at the management and the regulators like university, UGC and the government.

### 1.2: Issues and observations:

Under this scenario the gaps I have identified in the education system, as a teacher, as a facilitator, as an administrator and as a strategist over a period of twenty years are:

1. Resistance to change and adopt to new systems
2. Poor training practices
3. Uniformity issues
4. Behavioral issues
5. Lack of co-operation and co-ordination among the subsystems or departments.
6. Performance Measurement and evaluation systems
7. Lack of research and publications focus.
8. Irregularities in the fulfillment of statutory compliances.
9. Internal reliability and External validity issues
10. Governance and control.

### 1.3: Strategies and suggestions to improve quality of education:

After discussing all, one can say there is a need to revamp the existing systems and to introduce

new systems for the effective quality adoption among higher educational institutions. The strategies to be adopted and the systems to be designed are presented in the following pages. The systems and strategies presented here are based on my experiments and experience over a period of two decades with different institutes at different levels of capacity. The adoption can be done with customized formats based on the type of institute and the type of environment prevailing in the institute.

#### 1. Process Improvement:

Process improvement is to be done from the admission stage itself. Selection of a course and the institution should be based on his ability to understand the concepts and his area of interest mentioned in the statement of purpose to join in a particular course. This is not practiced in many cases. This leads to a lot of gap between the student and his learning interest. When learning interest is lack in a student, it is highly impossible to make him to sit in the class and to study the courses, which he/she doesn't like.

## **2. Institutional effectiveness:**

Institutional effectiveness can be measured in two ways. One is Physical and intellectual resources allocation and assigning the jobs and responsibilities. Some of the institutions are good in infrastructure and others are good in intellectual capital. The success of the institute during long run depends on the balanced approach in managing physical and intellectual resources. To bring such environment a long term vision and policy needs to be adopted. A frequent change in the policies creates lot of anxiety and demotivation among the employees at all levels. Administrative preparedness with technology solutions for the changing times with lot of flexibility can boost the smooth functioning of an institute. The question of autonomy will be a debate at points of time. Impartiality, honesty, behavioral issues in dealing with employees and equal justice to all are effective solutions in the management of intellectual capital.

## **3. Continuous improvement:**

This is mandatory for sustainable development of any institute. It can be in terms of scaling up the operations, diversification of the faculties, establishing the new institutions needs a standard and structured approach. The approach should be resources first and the business next. It helps in satisfying the stakeholder's expectations from time to time. It also helps in managing the quality aspect of education effectively. Continuous improvement of intellectual resources is possible only through planned training and development schedule and practice. Intellectual capital should be in a position to manage the crisis situation and normal situation with lot of ease and effectiveness. This shows the institute's effectiveness and preparedness to the future challenges.

## **4. Accreditation:**

Every institute is good enough in their terms in all aspects. It is always better to have external validity and ranking for its preparedness to the future business challenges. This gives lot of insight in all dimensions, and helps us to prepare for the future. It also helps in improving the

morale and motivation of the stakeholders. Here the notable point is that, the ranking given is for a specified period, a regular and reassessment is needed for continuous improvement. Another aspect in ranking is the credibility of the assessment body.

## **5. Student learning assessment**

Standardized and external assessment helps in evaluating the student performance and ability to face the real time issues in business. It is not that, the internal evaluation is always wrong. It is the institute's ability in producing the quality human resources to suit the requirements of the business firms. It also helps in placing them in a better position. The feel good comfortness should not be there in the student learning assessment. It leads to quality lapses in the whole system and the ultimate output is business failure in specific and the social human resources index decline in the global markets. This is a major threat to the industry and the country at large.

## **1.4: Conclusion:**

Deployment of quality among higher education institutions is a biggest challenge. It is due to undue competition and lack of regulation. Institutional preparedness to go for quality is also at stake. It is not the question that, which are the institutions facing quality and employability issues. It is a common problem for all the institutions in the country. It is right time to reevaluate our self and get ready to the future challenges. The entry of foreign institutions with well prepared and structured and industry required courses, and the skill set, domestic institution's survival may be at stake. This situation may hurt us in all aspects. Now it is the responsibility of each one of us to focus on quality and get ready to the future. This can help us to sustain, survive and to compete with the global giants in education. Let's hope for a change in the situation for the benefit of the stakeholders and to the society at large.

**A STUDY ON MANAGEMENT PRACTICES ON EMPLOYEE ENGAGEMENT WITH REFERENCE TO PRIVATE SECTOR BANKS IN CHENNAI CITY.**

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**1.1: ABSTRACT**

The purpose of the study is to find out the Management practices on employee engagement viz. job satisfaction and organizational commitment in private sector banks in Chennai city. Management has been studied extensively among manufacturing, services and small enterprises. However only a few studies have addressed the banking industry. In this paper an attempt has been made to develop an understanding of the concept of employee engagement. Further it also aims at identifying the key drivers and few models of employee engagement. This paper is trying to throw the light of the various factors focus on employee engagement in private sector Banks in Chennai city and the present study collected through a sample of 100 respondents selected randomly, the results revealed that employee were highly satisfied the management practices in the private sector banks.

**Keywords:** Job Satisfaction, Organizational Commitment, Management, Involvement.

**1.2: INTRODUCTION**

Employee first, customers second is the new dimension which strengthens the concept of employee engagement. Business leaders are not simply saying that "our people are our most important asset", they are actually beginning to mean it too. Employee engagement is about building a truly great relationship with the workforce. Management practices on employee engagement outcome are employee satisfaction, employee commitment, employee retention, employee involvement, employee trust, and employee loyalty. Much organization is become increasingly aware of the need to involve people through participation, empowerment, better access and opportunity. Private sector Banking plays a very important role in the nation's economy. It has acquired a special place in the organized money market with its command over huge amount of deposits and advances. In the present technological and global world, the private sector Banks face competition at global level. In order to meet the global competition, the Banking sectors have to find out the various promotions that are expected by the customers, banking industries has witnessed a lot of changes since era of liberalization. With the changing of environment human resources is the

most important assets in the service organization than manufacturing organization and improved has to be linked more strongly to the people issues. In management terms human resources refers to the traits people bring to the workplace- intelligence, aptitudes, commitment, and skills.

**1.3: EMPLOYEE ENGAGEMENT ARE ONES WHO**

1. Are highly committed.
2. Challenge the status quo.
3. Are passionate about what they do.
4. Revel in their work and celebrate achievements collectively.
5. Are empowered to speak up if they disagree with the strategy.
6. Important part of employee happiness.

**1.4: CONSIDERABLE FACTORS OF EMPLOYEE ENGAGEMENT**

1. Provide a variety of challenging opportunities that stimulate the employee's creative quotient: Tedious, repetitive, mundane task can cause burn out and boredom over time. If the job requires repetitive task look for ways to introduce variety by rotating duties, areas of responsibility, delivery of services and so on.

2. Indulge in employee re-deployment if he feels he is not on the right job, provide an open environment.

3. Communicate openly and clearly about what's expected of employees at every level- vision, priorities, and success measures.

Celebrate individual, team, and organizational successes. Catch the employees doing something right, and say 'thank you'

4. Be consistent in support the engagement activities or initiatives if one starts one and then drops it, the effort may backfire. There's a strong connection between the employee's commitment to an initiative and the management's commitment to supporting it.

5. Conduct periodic meetings with employees to communicate good news, challenges, and easy-to-understand company financial information's. Managers and team members should be comfortable communicating with their staff and able to give and receive constructive feedback.

### 1.5: REVIEW OF LITERATURE

Engaging employees is crucial to satisfying and understanding the organization's customers (Castries, 2009) this has a measurable and direct impact on productivity, talent retention, financial results and customer satisfaction.

A research conducted by Gallup showed that when employees are engaged in an organization they become productive, safer, increased customer relationship, and stay longer in the organization (Gallup, 2010)

Organization must be willing to tap in to the workers commitment, passion and their identification with the company (Wellins, 2010)

### 1.6: NEED FOR THE STUDY

Employee engagement leads to sharing of ideas among team members and therefore boosts innovation capabilities. Employee engagement is a barometer that determines the association of a person within the banking sectors. Engagement is much more than attraction, retention, or commitment. Engaged employees are emotionally concerned to their work and are willing 'to go the extra mile' to bring success to the banking sector.

### 1.7: STATEMENT OF THE PROBLEM

Employee turnover rates are an eye opener in reflecting the success of the banking in engaging its employees. Employee engagement cannot be fully delegated to the management practices it need to be conceived strategize and driven collectively be the chief executive and his senior management team.

### 1.8: OBJECTIVE OF THE STUDY

1. To determine the key drivers that affects the engagement level.
2. To identify the factors that influences the employee engagement.
3. To find out the effect of management practices on job satisfaction in private sector banks on the basis of income.
4. To study the effect of management practices on organizational commitment on the basis of education qualification
5. To examine the relationship among management practices, job satisfaction and organizational commitment in private sector bank.
6. To study the retained skilled workforces mainly relies on the strong leaderships and sound management practices.

### 1.9: HYPOTHESIS

Following the objectives certain hypothesis were formulated.

Respondents do not differ significantly the effect of management practices on organizational commitment on the basis of educational qualification.

Respondents do not differ the effect of management practices on job satisfaction in private sector banks on the basis of income.

### 1.10: DATA ANALYSIS AND RESULTS DISCUSSION:

This study is based on primary and secondary data. Primary data collected from a random sample of 100 respondents in Chennai city with the help of well drafted, pretested and structure questioner. Besides necessary secondary sources were also referred. The collected data

were discussed through various statistical measures such as mean, SD, f-ratio and other analysis of employee engagement.

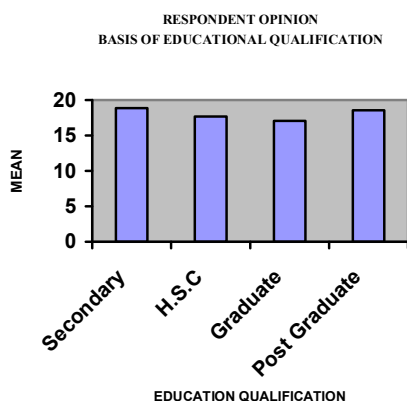
**Table 1: Respondents' opinion of Organizational Commitment on the basis of Education Qualification.**

Education Qualification	N	Mean	Std.Dev	F-ratio	LS
Secondary	25	18.88	4.26	2.34	N.S
H.S.C	16	17.69	2.24		
Graduate	20	17.05	1.85		
PostGraduate	39	18.56	2.26		
Total	100	18.52	2.91		

Source: Primary Data.

**Ho:** Respondents do not differ significantly on organizational commitment on the basis of educational qualification.

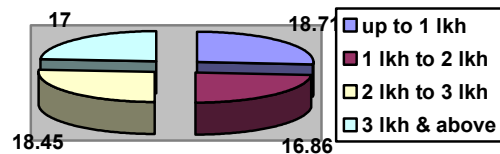
The result reveals that the obtained F-ratio (2.34) is not significantly at 0.01 level. Hence the stated hypothesis is accepted. So respondents do not differ significantly on the organizational commitment on the basis of educational qualification.



**Table 2: Respondent do not differ in Job satisfaction on the basis of Income.**

Education Qualification	N	Mean	Std.Dev	F-ratio	LS
Up to 1 lakh	80	18.71	3.05	1.066	N.S
1 -2 lakh	7	16.86	2.19		
2- 3 lakh	11	18.45	2.11		
Above 3 Lakh	2	17.00	0.00		
Total	100	18.52	2.91		

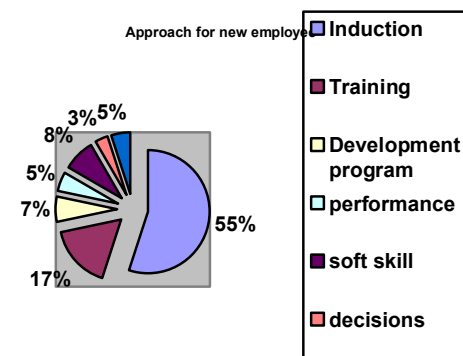
**RESPONDENT OPINION ON THE BASIS OF INCOME**



Source: Primary Data

**Ho:** Respondents do not differ in Job satisfaction on the basis of income. The calculated F-ratio, which is not significantly provided the null hypothesis. So respondents do not differ in their job satisfaction on the basis of income.

**Exhibit1: Employee Engagement approach for new employees.**

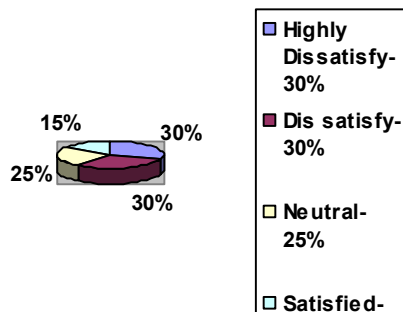


Source: Primary Data

### Employee engagement builds passion and commitment?

Total respondent = 100

- 1) Highly Dissatisfy = 30%
- 2) Dissatisfy = 30%
- 3) Neutra = 25%
- 4) Satisfied = 15%



Source: Primary Data

### 1.11: LIMITATION OF THE STUDY

The data collection procedure was taken up from employee in Chennai city only.

Personal bias and prejudice of the respondents could have affected the results of the study.

The sample size of 100 employees may constitute a limitation due to its small nature.

### 1.12: EMPLOYEE ENGAGEMENT PROGRAMS IN PRIVATE BANKS

Most of private banks focus more and more employee engagement program and are taking initiatives to make their employee engaged.

Employee of the month or Star of the Week or Month Awards

Employee kids participating in competition which conducted by banking sectors.

Day off on birthday and anniversaries for employee by treating as a member of the organization.

Employee and their families – Family day

Festival celebration.

Yoga session

Self-management workshop

Evolve an employee friendly and business focused policies.

### 1.13: MEASURING EMPLOYEE ENGAGEMENT

To measure employee engagement banking need to get the opinion of the employee's in different ways.

Employee's opinion survey can then be utilized to derive the standardized engagement metrics.

Addition to the official and unofficial meetings, worker's focus groups, manager's interviews and finally the performance measures assessing the employee engagement.

Gives the employers the insights in to which factors influence employee's performance, satisfaction, loyalty and motivation.

Engaging employees is crucial to satisfying and understanding the organization's customers. This has a measurable and direct impact on productivity, talent retention, financial results and customer satisfaction.

Private banking must be willing to tap in to the worker commitment, passion and their identification with the organization this can also be done through building trust between employees and open communication.

Some of the important factors that are employed to engage and retain employees include, a culture of respect, mentoring and feedback, professional and advancement development, appropriate rewards, effective leadership, job expectations, tools to finish work responsibilities and finally motivation.

### 1.14: SCOPE OF THE STUDY

Identify the key drivers of employee engagement in private sector bank which will help to create a roadmap for achieving organizational effectiveness. This will help to drive value and optimize resources and contribute to organization success.

Studies aimed at discovering the predictors of employee engagement have investigated the role of both personal attributes of the employee as well as



situational factors having a bearing on their working experience.

#### 1.15: FINDINGS

1. 15% of respondent engaged employee's are passionate about their work, proud of their organization, and are generally enthusiastic about come to work each day.
2. 20% of respondent are highly engaged and motivated workforce can reflect the banking core values, which ultimately strengthen the overall organization brand.
3. 40% of respondent is mostly closely associated with the existing construction of job involvement.
4. 10% of respondent employees are engaged in the level of commitment and involvement towards the organization values.
5. 10% of respondent indicates employee engagement as nurture which requires a two way relationship between employer and employee.
6. 5% of respondent are work on basis of necessity where the engagement on what to do at work and wanting to do at the work.

#### 1.16: SUGGESTION

Employee engagement approaches for all employees comprise of communication activities, reward schemes, activities to build the organization culture along with the team building and development activities.

Opportunity for advancement and professional development.

Fair and appropriate reward, recognition and incentive system. Availability of effective leadership.

Availability of constructive feedback and mentoring. Clear job expectations.

A culture of respect where outstanding work is valued.

Adequate tools to complete work responsibilities. High level of motivations.

Makes the employees effective brand ambassadors for the organization.

A highly engaged employee will consistently deliver beyond expectations. Flexible working practices.

Increase employee's trust in the organization.  
Lower level of absenteeism and higher loyalty.

#### 1.17: CONCLUSION

The concept of employee engagement in private sector bank must start right from the top with CEO interacting with the employees through intranet where he/she can have a discussion about the corporate goals and direction so that feedback and opinions are solicited. Employee engagement approaches for new employees begin from the selection or recruitment stage by selecting the right person and giving a realistic job preview, organizing strong induction and orientation programme, providing rigorous training and development programme consisting of technical skills, soft skills, leadership development etc along with updating the employee about the current trends which will help in increasing their performance. Employee engagement cannot be fully delegated to the management practices of Human Resource Development it need to be conceived strategized and driven collectively by the CEO and his Senior management team.

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**IMPACT OF GLOBAL RECESSION ON INDIAN OUTSOURCING INDUSTRY  
- A STUDY ON ATTITUDE CHANGE BETWEEN EMPLOYER AND EMPLOYEES**

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**1.1: Introduction**

Many businesses are shutting down due to the recession. Recession impact is maximum on those companies who have hired the outsourced processes from other companies. Every company is now planning about cost reduction which seems quite obvious approach for them. The process of cutting the labour costs helps them to get back the business from their clients, maintaining a lean infrastructure and running at economic rates. Consultants are often approached mainly for the taking advises on cost cuttings. Even BPO's are losing their business because many of their clients are shutting down due to recession. When the major revenue earning project goes under, it is very difficult for such BPOs to continue their business. So it results in shutting down of those BPOs as well. Most of their clients are in the move of bargaining about the payment and billing rates being made to the BPO's. The quality and productivity of BPO companies are being monitored very strictly. The employees of BPO's are absolutely under the performance scanner and hidden cameras. So the BPO employees should be very careful in maintaining the quality and the productivity. BPO's should be concentrating on strengthening the rapport with the clients, for their survival. The motto of earning the profit should be the secondary. This article is an attempt to highlight some of the issues involved and some of the possible solutions.

**1.2: The Pattern of recession**

There is a set process that needs to be followed at the time of laying-off. On an average it is happening after every 8-10 years. There is a pattern involved in it. I am not sure how many companies actually follow it. Let me elaborate.

**Freezing the recruitment. No new hiring.**

Fresh graduates or those who are new to the market will find it difficult to get a job. More so, if they are not from A-grade institutes.

Last in, First Out. Among the employees who are already inside the company and are employed, the person who has joined recently will be the first one to go out. To be more precise, all those who are on their probation will be shown the door.

Average performers or difficult employee will also be shown the door. Performance records of last three years will be re-examined and reanalyzed and those with average or below average performance will be shown the door.

Outsourcing to increase. Most of the routine functions will be outsourced and those departments will be closed.

**1.3: Consequences of recession on India job market**

Most of the countries all over the world are going through this phase of economic recession. Many old and big companies have already been brought down on their knees to bite the dust. Many companies as well as countries have become bankrupt or are on the verge of it. Millions and millions of people have lost their jobs. Many people have lost millions and billions of dollars. People in general are scared and fearsome. This is not the first time that the global economy is going through recession and this is also not the last time. The living standards of people dependent on wages and salaries are more affected by recessions than those who rely on fixed incomes or welfare. The loss of a job is known to have a negative impact on the stability of families, and individuals' health and well-being. In our life, there is a special place for money (be it in any currency). Most of the problems that we

are facing in our life and day-to-day living are linked with it. Food, shelter, clothes, life-style, education, comforts and etc and etc, each and everything involves money. Money should be revolving; it comes, it goes and it comes back again. It should always change hands or else it is useless. It is this nature of the money that drives the economy of a country, a company or our life. And when you are going through recession, it means no money is coming in. Money is not coming in but yet you need to live and hence there is a need for cost-cutting. But you never know how long the recession will continue and hence more cost cutting. People drive the economy and when there is recession then it is these very people who suffer.

In such times of global recession when everyone is trying hard to survive and pass through one of the toughest phase of their life, no one thinks about making the profit out of adversity. Everyone is trying to survive and it will be survival of the fittest. Anyone who will be able to pass through this will come out as a stronger entity or person or country. Companies are no exception to this rule. They are also trying hard to survive. With them they are also trying to float and swim through as many people as possible but certainly not all. As a part of cost cutting, some of the employees need to be laid off so that the company and others can survive. Similar things happens in a lift, when it is overloaded; ship, when it is sinking and even airplane, when it is overloaded and etc. Something or someone needs to go out for the rest of them to survive. But, what is the pattern? Who needs to be laid-off? When? How? There are many such questions that need to be addressed. Let's move further and discuss.

#### **1.4: OBJECTIVE**

This economic downfall has affected all the major sectors in India including IT, aviation, banking, real estate, tourism, outsourcing, telecommunication, etc with its consequence mainly on the HR policies of these industries. This article discusses

1. Impact of economic slowdown on employee and employer attitude.

2. The emerging challenges of human resource management in the global recession situation.
3. The strategy adopted by HR personnel to deal with these challenges.

#### **1.5: HYPOTHESIS**

In today's economic meltdown where job cuts, loss, pay reduction, last come first go, insecurity of employment atmosphere prevail, HR has special responsibility to create ease environment to the affected by counseling, displaying care and concern, preparing them for multi skill task, engaging and deploying in other required areas of functions like security, crisis management team, etc. Global recession has raised various emerging challenges for Human Resources Managers HR needs to be proactive & innovative and try to come up with early interventions as for any organization to survive during recession.

#### **1.6: RESEARCH METHODOLOGY**

Secondary Data collected from various sources like, Economic & Political weekly HRM Journals ILO Reports Ministry of Labour & Employment Labour Bureau

#### **1.7: Employees Attitude during recession**

How do employees react during a recessionary period? What happens to their attitudes about work and the work environment? What about their perceptions towards leadership? And most importantly do those attitudes, or shifts in attitudes actually affect organizational performance?

"Engagement" during this recession has not declined. With an eyeball meta-analysis, the actual change may be slight improvement, perhaps 2-4 percentage points over the last year. This "surfs across" potentially meaningful differences in sampling, methodology and varied definitions of how you measure engagement. But those institutions that describe engagement as declining are in the minority.

#### **Stress is increasing.**

Opinions about leaders have fluctuated.

Increasing frustrations (driven by increasing workload and lowered rewards/benefits) among high performers/high-potentials put them more

at-risk for eventual voluntary turnover. However, the proportion of employees feeling worried or tense has increased since recession. One area where a high proportion of employees are struggling is in relation to work pressure. In all, employees feel under excessive pressure in their job either every day or once or twice a week.

Yet employees are slightly less likely to report that they are under excessive pressure at work in today's challenging economic environment than they were in 2006. Most BPO employees feel they have a fair amount of control over the way they do their job; quarters feel they have a great deal of control. The majority of UK employees agree that they achieve the right work-life balance; although around a quarter disagree. Women, those with non-managerial responsibility and people working for micro organizations are most happy with their work-life balance. For a third of BPO employees, flexible working is not available. This represents a big improvement from 2006, when 61% said flexible working was not available.

Most employees, regardless of their position, remain confident about keeping their jobs, with believing it is unlikely or very unlikely that they will be made redundant. However, nearly one in five employees thinks their jobs are at risk. Nearly one in six employees say they are worried about the future as a result of the recession, and just under half agree they feel less secure in their job, while more than one in four respondents report there is more stress at work. Over a third of employees agree they are concerned about being made redundant.

Employees are very pessimistic about their prospects of finding a job if they are made redundant, with almost two-thirds thinking it will be difficult or very difficult to find new employment. However, when asked if ideally they would like to change jobs, more than a third said 'yes', indicating that the current economic downturn is seen as an obstacle to moving to a new job. According to UK employees, the biggest issues their organization will face in the next five years are adapting the business to new economic conditions followed by

keeping the most talented employees and improving customer service.

**A key aspect of employee well-being is how people's jobs affect their moods and their emotions.**

However, just over a fifth of employees say they feel stressed all or most of the time because of their jobs, and a smaller but significant percentage of employees are worried and tense as a result of their jobs. The proportion of employees feeling worried or tense has increased since recession. This could be because of concerns over job security as media headlines highlight the latest redundancies being made by organizations and rising levels of unemployment. Employees are more likely to feel cheerful because of their jobs than tense, stressed or miserable, but a significant proportion of employees are under excessive pressure all or most of the time. Most employees, regardless of their position, remain confident about keeping their jobs, with believing it is unlikely or very unlikely that they will be made redundant. However, nearly one in five employees thinks their jobs are at risk.

The majority of employees and organizations have been affected by the recession. Employees are worried about what the future holds, concerned about losing their jobs and have identified increases in stress and workloads. Redundancy, restructuring and pay and recruitment freezes are among the most common responses by employers. Employees are very pessimistic about their prospects of finding a job if they are made redundant, with almost two-thirds thinking it will be difficult or very difficult to find new employment.

Employees are more likely to stay with their current employer because of the recession. The survey suggests that the biggest issues organizations will face in the next five years are adapting the business to new economic conditions, keeping the most talented employees and improving customer service. Employers are placing less emphasis on a range of activities, including recruitment of skilled employees, investment in learning and development,

employee well-being and flexible working, and diversity initiatives.

#### **1.8: Employer Attitude Change in post recession**

BPO employees being falsely paid a lower salary in the name of recession. BPO Companies are taking an undue advantage in the name of recession by paying a lower salary to their employees in India. Most BPO employees are not being offered salary increments and the promotion as they use to. Employers give 'Economic recession' as their excuse. Most people (particularly BPO employees) do not quite get these false excuses because of the following reasons:

1. Most clients of BPO companies are from USA, the exchange rate has actually risen in the last few months. Earlier 1 dollar was about 38 rupees and now it's around 50 rupees. It's an increase in rupee based revenue by about 20 percent. Still BPO employees are told that economic times are tough and they cannot expect higher salary or promotions.

2. Quarterly results of most BPO companies still rose year over year, it clearly means that they are making more money, while BPO employees who are the core strength of the company get no additional benefit.

3. Although some companies have lost a handful of clients, but due to recession a lot more foreign companies are looking to outsourcing their call centers operations or other business processes to cheaper places like India, therefore one can certainly see growth in this field.

Clearly the BPO companies are taking undue advantage in the name of recession. They themselves are making more profit by keeping BPO employees at a lower wage. This strategy of BPO Companies may work for short period of time, but in a long run they will surely lose their well qualified and well experienced employees to other employers paying a higher salary. Some employers give a 50% increase to new hires (compared to their last known salary).

BPO companies are playing a well calculated game by putting forward a fake picture of 'Recession' to shut those mouths still asking for a

raise. Employees of these BPO companies are quite unhappy with the attitude of their employers because the profit posted by these organizations keeps rising and higher management looks like a 'Hero' in front of shareholders. This strategy of offering lower wage to BPO employees has made it very hard to retain the best and the brightest employees. The quality and the productivity of the teams would certainly go down drastically. It also increases the risk of losing the outsourcing contract with the client altogether because of poor quality (once the best employees switch jobs).

#### **1.9: Interpretation:**

The recession has put organizations and employees on edge. While dealing with the increased stress and load created by aggressive cost-cutting, employees have a heightened sensitivity to leadership messages and missteps and organizational cues regarding the future. Critically, employees watch how the crisis has revealed the organization's commitment (or not) to its stated values. The increase in job satisfaction and the generally positive attitudes of employees in relation to their moods and emotions at work is perhaps surprising given the wide-ranging impact of the recession. One possible explanation for the high levels of job satisfaction during the recession may be that, in an environment where unemployment is rising fast, people are more satisfied just to have a job than they might have been during more buoyant economic times.

In all, three-quarters of employees say the organisation they work for has been affected by the recession. Nearly one in four respondents report their employer has either made redundancies or is planning to do so, with a quarter of employees saying that there has been a recruitment freeze. About one in six employees say their organisation has cut training, frozen pay or reduced working hours in response to the recession. In addition, nearly four in ten employees report their organisation is responding to the downturn by placing more emphasis on restructuring but also looking for new markets. A high proportion of workers report

that the recession is affecting them as individuals. Employees worry about being made redundant and two-thirds of employees believe it will be difficult or very difficult to find another job if they are made redundant. In addition, nearly six out of ten employees say they are worried about the future as a result of the recession and just under half agree they feel less secure in their job, while more than four in ten respondents report there is more stress at work.

The recession is also having an impact on the extent to which employees are considering moving jobs. Three-quarters of employees plan to stay with their current employer for the foreseeable future, but when asked if ideally they would like to change jobs, more than a third say yes. Also it is advisable for the companies to have their owned and self operated projects, to face any business taking backs. The investments of the companies should primarily be in the safe sectors like healthcare and government projects.

#### **1.10: Suggestion to the employees**

It is not important to know what is happening across the world but it is important to know what is happening in your company. It is also important to keep an eye on the market situation and keep yourself updated with the latest. If you are the one who has been laid-off, then you must be the one falling in any of the above mentioned scenarios. I think you also need to take the blame of your current situation. However, there is no need to get panic. Hold your emotions and look around. Keeping the most talented employees, adapting the business to new economic conditions (43%) and improving customer service are identified as the biggest issues organizations will face, by employees working in large organizations. If you are the one who has been laid-off then you must do the following:

Time with family. Remember when you were working and working for 12-15 hours a day, how difficult it was for you to find some time for your family. Now is your time to be with your family. Spend some time with them. Strengthen your bond with them.

Improve your skills and personality. No one is perfect and there is a scope for improvement in everyone of us. Use this time to work on your areas of improvement and weaknesses. Sharpen your skills. Work on your professional and personal network. Networking is very important for the growth of an individual. Use this time to build and strengthen your professional and personal network, so that whenever the market situation improves, you get the benefit of it.

Heading back to schools, colleges and institutes. This is also a good time for you to share your knowledge and experiences with new generation and to pass on your intellectual legacy to them. Get associated with some colleges and institutes to do so. There is a possibility that you might get paid for it, which in turn might give you the required financial support.

#### **These are some of the ways you can spend your time during this phase.**

Good time and bad time will always be there but when we pass through the good phase of our life we forget to prepare for the bad time. We get carried away. We do not plan for our future and difficult times lying ahead and crisis and adversities are part and parcel of our life that we cannot run-away from. recession of one such crisis and we need to prepare our selves for all such adversities. We can do it in a following way: Save generously and invest wisely. In such crisis, nothing but only your savings in the bank can save you. More the savings that you might have lesser will be your pain. It is also important for you to invest wisely. The higher the risk the higher will be the gain and more higher will be the loss. Hence, one needs to think about it. Both husband and wife should be working. In some conservative families, even in this 21st century, only males are allowed to work. But I think if both husband and wife works that also lessens the pain. If one person loses the job, the other will have and hence the money will still come in. Keep updating your existing skills all the time and acquiring new skills. Don't take anything for granted. Learn and relearn. Keep the sword of your skills sharpen, all the time. Learn new things and that can help in your professional

growth. Have a hobby that can also be transformed into a profession. We all should have some hobbies. To do things in our spare time that we are passionate about. Painting, dancing, music, writing, acting and etc are some hobbies that can also be transformed as a profession, if required.

#### **1.11: Recommendations for employers**

Senior managers frequently have to walk a fine line between making tough and expedient decisions about change for the benefit of the business and involving and consulting employees to ensure there is employee buy-in and understanding around proposed changes to strategy and business objectives. The impact of the recession is likely to affect individual employees in many different ways. Organisations should consider providing employees with additional support to help them cope around areas such as financial advice, employee assistance help lines, health and well-being programmes, counseling and stress management training. Walk around the organization. Swap stories with employees on the work floor, become a bridge between management and employees. This rotation of different hats helps fireproof life with variety. Juggle various roles and responsibilities to promote autonomy by setting boundaries. Delegate work wherever possible. Train employees and supervisors on HR-related procedures. Allow vital interdependence between HR and employees; for instance, install a dartboard on a back wall for fun and competition. Organize productive team meetings for sharing a logistically and emotionally demanding workload. Build a fifteen-minute wavelength segment for group brainstorming and venting emotionally tough personnel issues - dealing with pink slips, reorganization uncertainty, battles with other departments, and cultural diversity tensions. Let team members acknowledge sources of work pressure as a group, assess the strengths and roadblocks affecting solid team coordination and cooperation.

As such, there are many situations where coaching skills will be very effective and the following list presents some of them:

1. Reinforcing good performance.
2. Motivating employees to new heights and peak performance levels.
3. Orienting new employees into the department or organization.
4. Providing new knowledge to individuals about changes and tactics.
5. Training a new skill for a new task that needs performing. □ Explaining the current or new standards and how they can be achieved.
6. Setting priorities for effective time management with those employees who need it.
7. Increasing the self confidence of employees about the task or new responsibilities and challenges.
8. Conducting a performance review. Coaching is not innate skill but rather it is learned. It occurs through one's life personally and professionally. From this perspective, coaching is and it can be one of the most important functions managers perform because it communicates performance levels, expectations, and the importance of the tasks and responsibilities and it communicates a caring attitude.

#### **1.12: Find HRM Innovations in recession**

The recession is about the creative Human Resources Management. The HRM Function is asked to bring new ideas, to change the HRM Processes and to develop or change the procedures. And this effort has to be cheap or it has to cut the costs of the organization. The HRM Innovation is easy in times of the business growth, but the recession is not good for big innovative HRM Initiatives. On the other hand, the top management understands the effort to innovate the HRM Processes better. The top management is in the search for the potential cost savings and they count every single penny brought by the line management. The HRM Costs are usually a very significant cost to the

organization and the HRM Function has to be proactive.

The HRM Function has to focus on unpopular innovations during the recession as the role of Human Resources during the recession is to save money to the organization. The top management expects all the support functions to bring innovative solutions, which will have to make the organization stronger, when the next growth era comes. The HRM Innovation during the recession has to focus on the following topics:

How can the organization make effective and economical changes that will help through these difficult times? What can I do to minimize our organization's risk for fines, violations and/or unnecessary legal proceedings? Following area should be looked upon: The point has to be focused by HR management during recession are as follows:

1. To optimize the manpower strength.
  2. To take strategic initiatives to increase the productivity and efficiency of the entire organization.
  3. To work on compensation benefits
  4. . Redesign training and development programs.
  5. Cancellation of several benefit schemes
- On the other hand the HRM Function has to find innovative solutions for the following topics:
6. Identifying the real key employees and to keep them in the organization
  7. Identifying the real top potentials and to strengthen their development program

The second two topics have to be done with the minimum additional costs and it is a really hard task to accomplish. The HRM Function has to have priorities in mind and the strategic impact of the HRM Innovations in the recession time. The role of the HRM Function is not to cut the costs for the time being, but to make the organization stronger and ready for the future growth. As a leader and strategic partner in your organization, you have the tools to assist

your company in surviving and thriving through these difficult times.

Layoffs are never easy. Ensure you are familiar with your legal responsibilities in a lay off to minimize your organization's risk. Be sure that you have properly defined the criteria you are using to determine who will be let go. Alternative Workweek Schedules and Flexible Scheduling can maximize production and cut-back on overhead costs for organizations. Be sure you follow all of the DLSE rules when deciding if an Alternative Workweek Schedule or Flexible Scheduling is right for your organization. Cutting Pay may be an option to consider saving on today's costs. Is this really an option for your organization? How are your pay scales as related to the market? Are you willing to risk losing key employees whose talents may be needed by other organizations, because you chose to reduce their pay at this time? Remember, you should not cut pay without a recovering strategy of how you will re-adjust when the economy has turned.

Downsizing does require internal document maintenance for your organization. As jobs are modified and responsibilities are increased changes also must be made to your job descriptions. Offer Professional Development as a reward or incentive to employees for performance and hitting goals. Professional Development courses are an economical way to reward employees with the gift of education and skills they will use throughout their lifetime. Downsizing does require internal document maintenance for your organization. As jobs are modified and responsibilities are increased changes also must be made to your job descriptions.

### **1.13: Conclusion**

I hope that the points discussed in this article will be of some use to the readers. We are in a situation where no one can actually help and there is no point in blaming the God or the circumstances for our situation. We cannot also blame the Government of your country or the company you was working for this situation. It is



just a tough time and the fittest will survive, others will get washed away with the time.

The increase in job satisfaction and the generally positive attitudes of employees in relation to their moods and emotions at work is perhaps surprising given the wide-ranging impact of the recession. One possible explanation for the high levels of job satisfaction during the recession may be that, in an environment where unemployment is rising fast, people are more satisfied just to have a job than they might have been during more buoyant economic times.

Going forward, as the global economy is likely to deteriorate further; the research indicates that individuals and the organizations they work for will face significant challenges as resources are squeezed and competitive pressures increase. This means corporate India will have to spend a lot more to develop market and supply chain links in alternate markets like Asia and Europe. Experts say the export dependent sectors of the economy need to re-focus on local demand and income from non-dollar economies.

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**PERFORMANCE ANALYSIS OF SELECTED SBI SECTOR FUNDS USING PORTFOLIO  
PERFORMANCE MEASURING TECHNIQUES: A COMPARATIVE STUDY**

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**ABSTRACT**

The Indian mutual fund industry is one of the fastest growing industries in the Indian economy. In India has seen dramatic improvements in quantity as well as quality of products and services offering in recent years. Most of the studies are stating that in future most of the investors would prefer mutual funds as their investment destination rather than choosing stock markets to park their funds to obtain higher returns at low degree of risk. The current research study will focus on evaluating the performances of sector fund schemes, and find out the best sector fund in SBI Mutual Fund. SBI Mutual Fund is a public sector mutual fund in which most of the investors, even the small investors have started switching their investments into sector funds from various funds. This study is useful for the investors to take decision related to their investment in best equity sector fund by considering the past one year performance of each sector fund offered by SBI Mutual Fund.

**1.1: Introduction:-**

"Mutual fund is a common pool of money in which investor place their contribution that is to be invested in accordance with the stated objective. The fund belongs to all the investors depending on the proportion of their contribution to the fund." "A fund established in the form of a trust to raise money's through the sale of units to the public or a section of the public under one or more schemes for investing in securities, including money market instruments." -

**Securities exchange board of India (SEBI)**

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

**1.2: History:-**

The end of millennium marks 46 years of existence of mutual funds in this country. The ride through these 46 years is not been smooth.

UTI commenced its operations from July 1964 with a view to encouraging savings and investment and participation in the income, profits and gains accruing to the corporation from the acquisition, holding management and disposal of securities. Different provisions of the UTI Act laid down the structure of management, scope of business, powers and functions of the Trust as well as accounting, disclosures and regulatory requirements for the Trust. The industry was one-entity show till 1986 when the UTI monopoly was broken when SBI and Canara bank mutual fund entered the arena. This was followed by the entry of others like BOI, LIC, GIC, etc. sponsored by public sector banks. Starting with an asset base of Rs0.25bn in 1964 the industry has grown at a compounded average growth rate of 26.34% to its current size of Rs1130bn.

**Net Asset Value (NAV):-**

The net assets value of the Fund is the cumulative market value of the assets fund net of its liabilities. The Fund is dissolved or liquidated, by selling off all the assets in the fund; this is the amount shareholders would collectively own. This gives rise to the concept of the net assets value per unit, which is the value, represented by the ownership of one unit in the fund. It is calculated simply by dividing the net assets value

fund by the number of units. However, most people refer loosely to the NAV per unit as NAV, ignoring the “per unit”. We also abide by the same convention.

#### **Optimal Portfolio Theory and Mutual Funds:-**

One examination of the relationship between portfolio returns and risk is the efficient frontier, a curve that is a part of the modern portfolio theory. The curve forms from a graph plotting return and risk indicated by volatility, which is represented by standard deviation. According to the modern portfolio theory, funds lying on the curve are yielding the maximum return possible given the amount of volatility.

#### **Standard Deviation:-**

The standard deviation essentially reports a fund's volatility, which indicates the tendency of the returns to rise or fall drastically in a short period of time. A security that is volatile is also considered higher risk because its performance may change quickly in either direction at any moment. The standard deviation of a fund measures this risk by measuring the degree to which the fund fluctuates in relation to its mean return, the average return of a fund over a period of time.

#### **Beta:-**

While standard deviation determines the volatility of a fund according to the disparity of its return over a period of time, beta, another useful statistical measure, determines the volatility, or risk, of a fund in comparison to that of its index or benchmark. A fund with a beta very close to 1 means the fund's performance closely matches the index or benchmark—a beta greater than 1 indicates greater volatility than the overall market, and beta less than 1 indicates less volatility than the benchmark.

#### **Alpha:-**

Using beta, alpha's computation compares the fund's performance to that of the benchmark's risk-adjusted returns and establishes if the fund's returns outperformed the market's given the same amount of risk.

#### **Evaluating the performance of the Mutual fund with respect to a benchmark**

Over the same period of the time, it is possible to observe how the returns of a benchmark and NAV of the mutual fund have behaved this will provide an indication of the extent to which the mutual fund portfolio has tracked the underlying benchmark. These comparisons tell us whether a fund has done well as the benchmark, better or worse than a benchmark. In mutual fund industry, a fund that performs better than the benchmark is known to have out-performed; those that did worse are called under-performers.

#### **MARKET SHARE OF DIFFERENT MUTUAL FUNDS IN INDIA**

Mutual fund	Assets	Market share
RELIANCE	102179	15.52
HDFC	84628	12.88
ICICI Prudential	68715	10.48
UTI	62208	9.44
Birla Sun Life	61533	9.36
SBI	38181	5.84
Franklin Templeton	35181	5.36
Kotak Mahendra	27490	4.08
LIC	24425	3.76
DSP Blackrock	21893	3.28
OTHERS	131691	20
TOTAL	658456	100

#### **SBI Mutual Fund –Back Ground:-**

SBI Mutual Fund, the first bank sponsored mutual fund in India, was incorporated on 29 June, 1987 by SBI. SBI Mutual Fund is India's largest bank sponsored mutual fund and has an enviable track record in judicious investments and consistent wealth creation. The fund traces its lineage to SBI - India's largest banking enterprise. The institution has grown immensely since its inception and today it is India's largest bank, patronized by over 80% of the top corporate houses of the country.

### 1.3: Measures of Performance:-

A variety of technical and quantitative measures have been developed to assess and compare the financial performance of mutual funds as well as the performance of fund managers. The most popular and commonly used measures are the Sharpe's ratio.

- Treynor's Measure
- Sharpe's Measure
- Jensen Measure

### 1.4: Objectives of the study:-

The study is primarily intended to scan the financial health of SBI Mutual Funds in India; to evaluate the package of measures to be taken up for its growth and to adopt effective investment strategies for their efficient performance. The following are the objectives of the present study:

To measure the performance of selected sector funds offered by SBI mutual fund.

To suggest the investors to select appropriate fund among the selected sector funds.

### Limitations of the study:-

The present study is confined to a moderate period of one year from July 2009-June 2010.

The suggestions given in the thesis are confined to SBIMF. They may not be generalized to any other mutual funds.

### 1.5: Research Methodology:-

Secondary data was collected from AMFI's, SBI MF web sites and BSE (last year index return of BSE-100,BSE-500,BSE-FMCG,BSE-IT,BSE-HC) & journals, Search engines and other reliable sources of information have been utilized.

The sector funds offered by SBI mutual fund.

MSFU-EMERGING BUSINESSES FUND

MSFU-CONTRA FUND

MSFU-FMCG FUND

MSFU-IT FUND

MSFU-PHARMA FUND

#### CONTRA FUND:-

**Investment Objective:** To provide the investors maximum growth opportunity through equity investments in stocks of growth oriented sectors of the economy.

#### EMERGING BUSINESSES FUND:-

**Investment Objective:** To provide the investors maximum growth opportunity through equity investments in stocks of growth oriented sectors of the economy.

#### FMCG FUND:-

**Investment Objective:** To provide the investors maximum growth opportunity through equity investments in stocks of growth oriented sectors of the economy.

#### IT FUND:-

**Investment Objective:** To provide the investors maximum growth opportunity through equity investments in stocks of growth oriented sectors of the economy.

**PHARMA FUND:-Investment Objective:** To provide the investors maximum growth opportunity through equity investments in stocks of growth oriented sectors of the economy.

**Table showing ranking the performance of sector funds of SBI Mutual funds**

	Return	SD	BETA	TREYNOR'S RATIO	SHARPE RATIO	JENSEN MEASURE	RANKS
CONTRA FUND	18.941	15.194	0.864	16.13	0.917	1.895	4
EMERGING BUSINESSES FUND	34.57	16.21	0.753	39.27	1.824	7.303	3
FMCG-FUND	41.2	10.14	0.474	76.37	3.57	19.04	1
IT- FUND	33.494	17.47	0.916	31.11	1.631	2.393	5
PHARMA-FUND	42.637	15.002	0.742	50.72	2.51	9.71	2

#### INFERENCE:-

The volatility of all the funds are less than that of the bench mark index because the beta of all the funds is less than 1 for the selected sector funds the volatility is highest in IT-Fund, least in FMCG-Fund. The FMCG fund performance is high it is 3.57. The FMCG fund performance is high it is 76.37. The above figure shows the performance of sector funds and it is clear that the FMCG Fund shows an outstanding performance over all other sector funds offered by SBI Mutual Funds.

#### FINDINGS:-

1. The FMCG Fund's performance is higher among all other sector funds offered by SBI Mutual Fund.
2. The beta values for FMCG fund and IT fund are 0.474 and 0.916 respectively. It represents the FMCG fund is low volatile. IT fund is highly volatile.
3. In terms of fund performance FMCG fund stands first with a Sharpe's ratio of 3.57, Treynor's ratio of 76.37 and Jensen measure of 30.09 and CONTRA fund stands last with a Sharpe's ratio of 0.917, Treynor's ratio of 16.13 and Jensen measure of 4.62.

4. In performance Pharma fund stands second with a Sharpe's ratio of 2.51,
5. Treynor's ratio of 50.72 and Jensen measure of 9.27.
6. The investors are less aware about the investment pattern of SBI Mutual funds.
7. During the year 2009-10 The IT sector was hit by recession due to that IT fund's performance was not good.

#### SUGGESTIONS:-

1. It could be beneficial to the investor if SBI Mutual Funds provide the information regarding to investment patterns and fund performances.
2. The investor should be aware about day to day performance of stock markets.
3. For the investor it is not suitable for them to invest in IT Fund because of its less return and high risk.

#### CONCLUSION:-

The FMCG fund gives a high return and low risk the fund is less volatile than the Bench mark index over all other funds and the fund gives high return per unit of risk. it could be better if the investors invests in FMCG fund than investing in other funds.

## A STUDY ON BRAND AWARENESS OF CAR CUSTOMERS IN CHENNAI CITY

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### 1.1: INTRODUCTION

Smooth commutation is vital in the present mechanical day to day life of every one. It emphasizes the need for two and four wheelers to accomplish their personal and official responsibilities successfully. Consumer is the kingmaker of all the industries. In the era of liberalization, the shift from a local to a global economic paradigm had enlarged the role of consumers which cannot be neglected in these global economies. In a free market economy consumers are well educated and informed and with the power to influence the market through their rational decisions, when confronted with choices in the market. Thus, consumer decision making is of great interest for consumer educators and marketers interested in serving the consumer. Business in a global economy need to be more conscious about consumer behavior in different societies enabling effective marketing of their products and services. It is obvious that India, the second most populous country in the world and its ever growing population provides ample scope for potential consumers. There is a huge transformation in the customary shopping practices of four wheelers, disposable income and relative increase in the younger population. The attitudinal changes towards shopping emphasizes of four wheelers. a change from price consideration to design, quality and trendiness. The desire to look and feel good had become a guiding factor for consumers while making their purchase decisions. This necessitates an in depth study of individuals, groups, or organizations and the processes they use to select, secure, use and dispose of products, services, experiences or ideas to satisfy needs and the impacts that these

processes have on the four wheeler consumers and society.

### 1.2: OBJECTIVES OF THE STUDY

The study has been conducted with the following objective:

To study consumers awareness and need for buying the four wheelers.

### 1.3: RESEARCH METHODOLOGY.

This section describes research design, data collection and questionnaire development efforts used in this study. The sampling plan used for the final study is discussed in detail along with data collection procedures and data analysis procedures used in pretest, pilot test and the final study

#### Sampling plan and data collection

The Chennai city car customers are selected as a suitable setting to test the proposed research model. Mainly the focus is on buying behaviors of customers towards cars. The main reason for selecting this topic are (i) availability of a higher number of car customers (ii) Availability of a number of customers –dealers contacts in the industry.

The methodology of the study is based on the primary as well as secondary data. The study depends mainly on the primary data collected through a well-framed and structured questionnaire to elicit the well-considered opinions of the respondents. Convenient random sampling is adopted to obtain the responses from the four wheeler consumers of Chennai city. This study employs both analytical and descriptive type of methodology. The study is conducted in two stages format, with a preliminary pilot study followed by the main study. The secondary data are collected from

journals, magazines, publications, reports, books, dailies, periodicals, articles, research papers, websites, company publications, manuals and booklets.

### Sampling size and design

The study area comprises three major geographical bases namely north, south and central Chennai and they are classified by the researcher to justify the sampling procedure adopted in the research. In this study convenient random sampling method is used. In the first stage the researcher conveniently selected car users under each area by generating simulation based random numbers. After identifying areas with maximum number of car users from each area, the questionnaires were circulated among the consumers in randomly selected area. This justifies the random selection of consumers in the second stage. A total of 600 questionnaires were distributed in the randomly selected areas in each taluks. Out of 600 questionnaires circulated, only 537 questionnaires were returned by the respondents. The researcher contacted the remaining 63 respondents repeatedly but there was no encouraging response. After scrutinizing the 537 responses, it was found that 81 questionnaire were not completed properly. So, only 456 responses were considered for the research. Hence the exact sample size of the study is 456.

### 1.4: Data Analysis and Results Discussion:

The primary data collected from the consumers will be analysed by using SPSS V-15 (Statistical Package for Social Sciences) to obtain the results concerning the objectives of the study. One sample t-test is applied to find out the awareness about the attributes and benefits of cars and the important sources of information.

### Awareness of customers

The customer's awareness is an indispensable behavioral aspect to determine their preference, need for the product, purchase decision information search and post purchase behavior (Abdel Baset I.M. Hasouneh, 2003).

The past study analyses, the awareness of brands, product characteristics and loan facilities.

### Source of awareness

The customer's obtain the awareness of cars through attractive advertisements dealers/sales person's interactions, explanation of friends and relatives. The following percentage analysis reveals source of customers awareness about the mid segment cars in Chennai city.

**Table 1: Source of awareness**

	N	%
1. Advertisements	176	38.6
2. Dealers/Sales Persons	45	9.9
3. Friends/Relatives	149	32.7
4. Others	10	2.2
5. Ad and Dealers	25	5.5
6. Ad and Friends	41	9.0
7. All	10	2.2
Total	456	100

The percentage analysis revealed that advertisements 38.6 percent plays highest role as source of awareness followed by 32.7 percent obtain their awareness through their friends and relatives. Only 9.9 percent possessed their awareness on four wheelers. The remaining 18.8 percent consumers are influenced by the various combinations of advertisement, dealers/sales person and friends and relatives.

### Media specification

Advertisement targets the customers to give maximum information about the product. It intends to create deep inroads over customer preferences and convert the targeted audience to purchases. (Arunkumar and Meenakshi N., 2006). Individually and combinatorial 58 percent customers obtain through advertisements. They are successful through media newspaper and magazines, notices, pamphlets, handlings, television, radio and internet. The percentage distribution of 262 customers who obtained significant awareness of product is presented below.

**Table 2: Media specification**

Media	Frequency	Percentage
News paper and magazines	59	22.52
Notice, pamphlets, hording	39	14.89
Television/Radio	108	41.22
Internet	56	21.37
Total	262	100.00

Source :Computed from primary data

From the above table it is identified that television is the powerful media to create more awareness among car customers in Chennai city. It is found 41.22 percent customers are influenced by TV followed by news papers and magazines (22.52 percent) and websites in the internet (21.37) percent are considered as significant awareness creating media. A minimum of 14.89 percent customers obtains their information through notices, pamphlets and hoardings.

### Brand awareness

Brand awareness among customers explains the popularity of the product. It also indicates the customers awareness in evaluating the brand and comparing with other before materialize their purchase (Churchill G.A. Jr. and Peter J.P, 1998). The degree on awareness is proportional to brand knowledge and brand loyalty (De Chernatony L. and McDonald M.,2003). The following table explains the Chennai city car customer's awareness on various brands.

**Table 3: One-Sample Statistics for Brand Awareness**

Brands	N	Mean	Std. Dev
Fiat	456	2.7478	.93761
Hindustan Motors	456	2.7303	.91366
Hyundai	456	3.6096	.98841
Mahindra	456	3.0000	1.02496
Tata	456	3.4868	.99440
Chevrolet	456	2.9101	1.09275
Ford	456	3.0548	1.15752

Reva	456	2.3947	1.12411
Maruti	456	3.9912	1.00544

**Table 4: One-Sample Test for Brand Awareness**

	t-value	Sig. (2-tailed)
	Lower	Lower
Fiat	-5.744	.000
Hindustan Motors	-6.304	.000
Hyundai	13.171	.000
Mahindra	.000	1.000
Tata	10.455	.000
Chevrolet	-1.757	.080
Ford	1.011	.312
Reva	-11.498	.000
Maruti	21.052	.000

Source :Computed from primary data

From the above parametric table, the mean values indicate Fiat (mean=2.75), Hindustan (mean=2.73), Chevrolet (mean = 2.91) and Reva (mean = 2.39) are less than 3. Similarly the mean values of Hyundai (mean = 3.61), Mahindra (mean = 3.00), Tata (mean = 3.49), Ford (mean = 3.05) and Maruthi (mean = 3.99) are greater than 3. But the negative t-values of Fiat (t = -5.744), Hindustan motors (t = -6.304), and Reva (t = -11.498) are significant except Chevrolet (t = -1.757). This shows the Chennai city car customers have low awareness on Fiat, Hindustan motors and Reva, but moderate awareness on Chevrolet. It is found customers have moderate awareness on Mahindra (t = 0.000) and Ford (t = 1.011). The parametric t-values indicate Hyundai (t = 13.171), Tata (t = 10.455) are more popular and customers in Chennai city possess high awareness on those brands. The study revealed Maruthi (t = 21.052) is the most popular brand and the Chennai city customers have very high awareness on Maruthi brand cars.

### Brand acquaintances (or) proximity

The brand acquaintances, proximity induce all the customers to have good awareness. The



present study considered 9 popular brand, Fiat, Hindustan Motors, Hyundai, Mahindra, Tata, Chevrolet, Ford, Reva and Maruthi in Chennai city. The respondents are requested to express how long they are aware of the 9 popular brands in 3 options namely more than 6 years, 1-5 years and recently.

## 1.5: CONCLUSION

### *Awareness of customers*

The customers obtain the awareness of cars through attractive advertisements dealers/sales person's interactions, explanation of friends and relatives. The percentage analysis revealed that advertisements (38.6 percent) plays highest role as source of awareness followed by 32.7 percent obtain their awareness through their friends and relatives. It is found that the various combinations of advertisement, dealers/sales person and friends and relatives influence 18.8 percent consumers.

### **Brand awareness**

It is found customers have moderate awareness on Mahindra and Ford. The parametric t-values indicate Hyundai, Tata are more popular and customers in Chennai city possess high awareness on those brands. The study revealed Maruthi is the most popular brand and the Chennai city customers have very high awareness on Maruthi brand cars.

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## ATTRITION TRENDS AND RETENTION STRATEGIES IN IT SECTOR: AN EMPIRICAL STUDY

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### 1.1: Introduction

During the past decade the management of human efforts and contributions has gone through many changes. The perspective on human factor in the organization has changed from personal administration to Human resource Management, Due to the emerging technologies and expansion of the world the job opportunities also expanded. The job of the Hr manager has become more complicated, each process and step of the employees has to be noted, and monitored, analyzed and necessary action has to be taken. The management of which is always a challenge to the Hr professional. To overcome this challenge the management should be flexible enough to accommodate the changes it encounters in various ways. In this situation recruitment, training, performance appraisal has been done in the full fledge because of high attrition instead more concentration can be done in analyzing the reason for the attrition and reduce this, because of this the recruitment cost, training cost and appraisal cost can be reduced. Retention of the trained employees is the big strategy to be found and followed according the market scenario and organization requirement. Consequence of the recent economic slump, the workforce of the IT industry rather skeletal, but with the recession over, the industry has been witnessing a surge in hiring with almost everyone recruiting laterally. Consequently, this has given rise to widespread attrition that is now haunting the IT in India.

### 1.2: Background of article

When the boom was in IT there were lots of recruitment going on and most of my friends in different background of graduation were placed in IT companies. They were given good training

and education regarding the program and platform where they are going to work. All these were the cherishing time and all enjoyed all the benefits and comforts given by the IT companies.

Later things changed the employees started having the real toughness of the career they could not perform better than the qualified employees. The attrition was high due to so many reasons like expectation of Higher Pay because initially when they are bachelors and fresher's out of the college they are ready to work for any salary later once they are personal commitments starts their expectations grows. The job and the work place may not to their expectation. The job they precede and their background qualification may mismatch. Less growth opportunities lack of appreciation .Lack of trust and support in coworkers seniors and management .Stress from overwork and work life imbalance. New job offer, Plans for further studies these are all the basic reasons for the idea of the attritions.

Women workers career is mostly based on the personal commitments because of the marriage and the in-laws house and the increase of the personal responsibilities they may resign the job. Another reason would be the child; they are more responsible as a mother. The sexual harassment inside the organization there is no proper person to inform and to take action because of organizational policies and politics. Since it's an IT sector the timing for the work could not be scheduled based on the project it may differ for which woman could not co-ordinate. Since am the part of the society, I could

see the reasons and situation for the resignation from my friends at the closest place. So this made me to start this analysis and the Retention strategies for the attrition.

### 1.3: Objective of The Study

1. To understand and analyze the existing retention strategies.
2. To find the reasons for the attrition and need for the employee from the company.
3. To give suggestion to the companies to retain the staff and reduce the attrition.

### 1.4: Review Of Literature

Attrition refers to reduction in staff that is vacated through resignation, reassignment, transfer, retirement, or means other than layoffs. Attrition mostly cause due to migration of employee from one company to another company.

Attrition Trends: In 80's and mid of 90's, the openings in the IT sector was limited, in each organization the support of system was limited and the company have a IT department and team of people work for system support to that organization. After the boom in the IT sector things reversed, the IT companies ruled the client companies with lots of support. Lots of opportunities flooded mainly because of MNC's entered India, once the job availability is surplus attrition started taking place and attrition plays one of the important activities in the HR process.

### 1.5: Major portion of attrition happens based on

- a) Compensation package
- b) Career growth
- c) Organizational policy
- d) Supervision technique
- e) Peer group
- f) Health condition
- g) Family

### Effects of Attrition

- I. From the point of Employer:  
Sudden gap in the employment

Dislocation in the process (team)

Cost of training

Cost of new recruitment

Adjustment of new employee

- II. From the point of employee:

Delay in getting suitable job

Not able to got the expected compensation

Unable to achieve the growth

Dislocation in family

Difficulty to adjust to the new environment

Building an attrition analysis is about finding the relations between employee's attrition and the causes that affect it. The goal of attrition analysis is to provide the manger or researcher the ability to understand what the most important cause's attrition and what the likelihood of an employees to stay in the organization. The organization has to make the employees to understand about the effects from their side and the effects to the organization and final offer to the employees as a retention strategy.

### 1.6: Cost of the Attrition and cost after attrition:

The cost of conducting an exit interview, Include the time of the person conducting the interview, the time of the person leaving; the administrative costs for the exit process.

The cost of the manager who has to understand work remains and to cover that work until a replacement is found.

The cost of training invested in this employee who is leaving.

The cost of advertisements; agency costs; employee referral costs; internet posting costs.

The cost of the internal recruiter's time to understand the position requirements, review candidates backgrounds, prepare for interviews, conduct interviews, conduct reference checks.

There are massive costs associated with attrition or turnover and, while some of these are not

visible to the management reporting or budget system, they are none the less real.

### 1.7: Research Methodology

Type of Research: Descriptive

Sample design : 100

Sampling methodology : convenience

Sample area : Chennai

Research instrument :  
interview and questionnaire

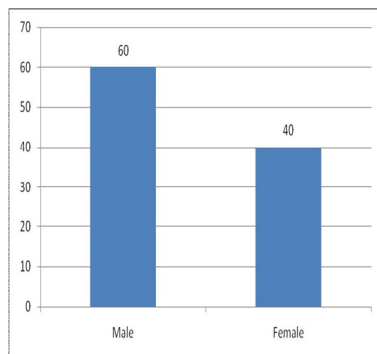
### Statistical Tools

The data obtained from the sample study was tabulated. The questionnaire was carefully edited and categories were established. Once tabulated the data in the established categories were analyzed with respect to the objective using the tools.

- Percentage method
- Weighted Average

### 1.8: Finding of the Study:

#### Graph: 1



Inference: In IT sector the major population is Male 60% and Female is 40%.

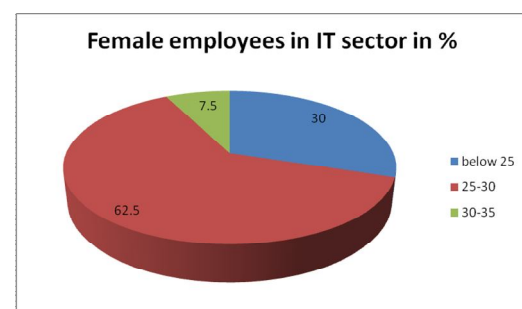
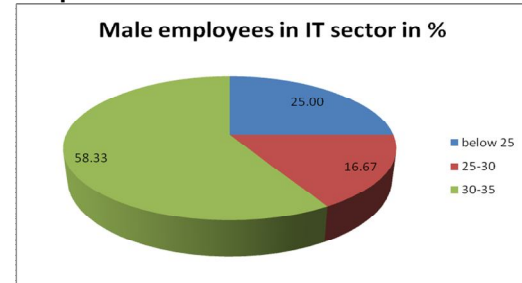
**Table: 2**

Age	Male	%	Female	%
below 25	15	25.00	12	30
25-30	10	16.67	25	62.5
30-35	35	58.33	3	7.5

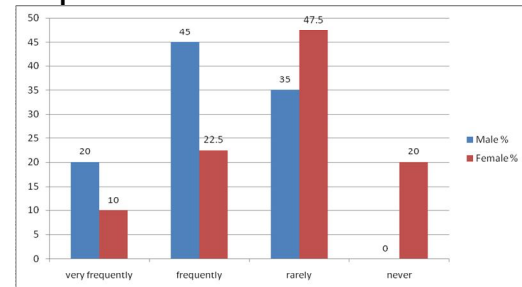
Inference: In 60 number of male population 35 is between 30-35yr of age group. In female the major population is between 25-30 yrs of age growth. The female employees above 35yrs are

very less this is mainly because of the personal commitments.

#### Graph: 2



#### Graph: 3



#### Inference:

The frequency of shifting from job as far as male concern is 20% of male shift from the job very frequently, 45% of male frequently and 35% of the male shift rarely and no male is ready to say that they will never shift from the job. Regarding female 20% of the female are comfortable saying that they will never shift from the job we can assume that their job satisfaction is very high and they are very comfortable in the job. 47.5% of female shift from the job very rarely this also majorly shows the high job satisfaction. 22.5% of them frequently change the job this might be mainly because of the age and the search for the knowledge and finally 10% of the population change very frequently from the job.

**Table: 4: Showing Causes of attrition of male employees in IT sector**

Causes for Attrition	Very High	High	Neither high nor low	Low	Very Low	total	W A
compensation package	150	80	30			260	17.3
career growth	200	80				280	18.67
organizational growth	50	20	60	20	15	165	11
supervision technique	75	40	45	20	10	190	12.67
peer group		40	30	30	25	125	8.33
health condition	50	40	45	30	10	175	11.67
family	25	20	90	20	10	165	11

**Inference:** The major cause of the attrition for male's is career growth in the IT sector, male give high priority for their career growth(4.67). Next to that they give priority for the compensation package (4.33) or salary for the company the salary hike from one company to another company is around 30%-40% and male find this as an short cut of shifting from one

company to another company to get more package for the less work done. the next priority is the supervision technique(3.17) because of the discomfort of the supervisor and the subordinate the attrition happens in the IT sector the supervisor plays an important role in the causes of the attrition.

**Table: 5: Causes of attrition of female employees in IT sector**

Causes for Attrition	very high	high	Median	low	Very low	total	W.A
Compensation package	50	60	15	20		145	9.67
Career growth	50	40	36	16		142	9.47
Organizational growth	75	40	15	10		140	9.33
Supervision technique	90	48	30	0	0	168	11.20
Peer group	25	20	30	30	5	110	7.33
Health condition	100	60	15			175	11.67
Family	125	60				185	12.33

**Inference:** The main reason for the high priority reason for the female attrition is family (4.63). This is mainly because of the family responsibility. Next to that based on the health condition (4.38) female attrition is high. The next priority is supervisor, based on the official and personal torture female leave the organization. Female gives equal importance to the package, career growth and organizational policy. Female's gives least priority to the peer group their attrition is not most affected by them. As the full population the high expectation from the organization is comparable package (30). The employees expect the good salary in the competitive world. The good retention strategy is the recognitions, when the employees are give the good authority and delegation he will treat himself important to the organization regret to

leave the organization. The third rank is given to the incentives this includes all the additional benefits are given to the employees, in the current scenario companies started given the little portion of the ownership as Employee stock option because of the employees becomes the part of the owner of the organization. The fourth rank is given to the skill training the latest technology and refreshment of the knowledge should be organized by the organization. The last rank is given to the job opportunity for the spouse.

#### **1.9: Findings:**

The major findings for the male attrition is the compensation package, career growth and the supervision's technique of support. Male career is much based on the salary and the growth in the career in this competitive world. The cost of

living is raising day by day since male has to lead the family they expect the hike in the package. And for the social status and security career they look forward for the recognition .

Female reasons for the attrition are quite based on their personal life based on the family, health condition and supervision technique the attrition rate raises. The common reason for both male and female for the attrition is supervisor. The designation can be differ from organisation to organisation in general the team leader or the manager of the team or the immediate head of the employees . he places a major role for the attrition in general .

#### 1.10: Retention Strategies

Employees retention refers to policies and practises to prevent valuable employees from leaving their jobs. A businesses find that spend time, effort, and money to train an employee only to have them develop in to a valuable commodity and leave the company. To create a successful company employers should consider as many options as possible when it comes to retaining employees, the same time securing their trust and loyalty so they have less of a desire to leave in the future. The female in the workforce is around 40% adds to the high attrition rate. Women leave the job either after marriage or because of baby and the social pressure caused by irregular working hours in the industry. All these things will translate in to huge losses to the company.

The employees seems to enjoy in causal dress code, this can be allow for 2-3 days in a week to create a more comfortable work environment. The company may also want to spent some time to get to know their employees family back ground better. Understanding employees goals, concern, skill level, values, health and job satisfaction some support and counselling can be given for the better personal life. Some basic practises are

- ✓ Profits of the company can be shared through Employee stock option.

- ✓ Empower the employees by delegating the authorities .
- ✓ Make the employees to feel that they are the most valuable assets of the organisation.
- ✓ Feed back for their performance.
- ✓ The work environment should be more fun and comfortable.
- ✓ Providing them information and knowledge for the current scenario. Learning while working should be encouraged..

#### 1.11: Role Of HR Manager

HR manager is not only required to fulfill his responsibility, but also find the right kind of people who can work with the unique patterns in their industry. The issue of maintaining consistency in performance and keeping the motivation levels high, despite of the monotonous work. The toughest concern for a hr manager is the high attrition rate . once the employees join the organisation and understand its requirement. They are taken aback by the long working hours and later monotony of the job starts.

HR manager should try to know the pulses of the employees and their expectation, this can done only when both of them have a healthy and friendly relationship. HR manager should act as a mediator between the employees and organisation and accomplish a portion of their needs. But this differs from Employees to employees, situation to situation and organisation to organisation. It's a "rule of Thumb" strategy with regards to HR manager and the employees attrition in to retention strategy.

#### 1.12: Conclusion:

Due to the attrition the massive cost associated. Followed by the attrition cost , Recruitment cost also occurs to the organisation. From the above analysis we see the three high reasons for the male and the three main reasons for female . so importance should be given to all the request from the employee side and retain the employees for the organisation growth .

**ROLE OF HR MANAGERS TOWARDS TRAINING AND DEVELOPMENT  
IN PROMOTING THE GROWTH OF HOTEL INDUSTRY**

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**1.0: ABSTRACT**

Human Resource Development (HRD) is the framework for helping employees develop their personal and organizational skills, knowledge, and abilities. Human Resource Development includes such opportunities as employee training, employee career development, performance management and development, coaching, mentoring, succession planning, key employee identification, tuition assistance, and organization development. The focus of all aspects of Human Resource Development is on developing the most superior workforce so that the organization and individual employees can accomplish their work goals in service to customers. Organizations have many opportunities for human resources or employee development, both within and outside of the workplace. Effective training is basic ingredient of success in the hotel industry. The concept of training is endorsed by most managers in the hotel industry, yet managers often give little thought to the training function in the context of their own business or departmental responsibilities until something goes wrong! One of the main problems in hotel industry is that investment in training and development of employees is a reactive process for many companies. Frequently, training and development arises as the result of significant change in the operational environment or as a consequent of crisis such as staff turnover or major departmental problems. Training is then used to cope with the immediate difficulty. This process may be proved costly to hotel. Whereas development refers to learning opportunities designed to help employees grow and evolve a vision about the future.

**Key Words:** Human Resource Management, Emerging Trends, Training & Development, Hotel Industry.

**1. INTRODUCTION**

Human Resource Development (HRD) is the framework for helping employees develop their personal and organizational skills, knowledge, and abilities. Human Resource Development includes such opportunities as employee training, employee career development, performance management and development, coaching, mentoring, succession planning, key employee identification, tuition assistance, and organization development. The focus of all aspects of Human Resource Development is on developing the most superior workforce so that the organization and individual employees can accomplish their work goals in service to customers. Organizations have many opportunities for human resources or employee development, both within and outside of the workplace.

Human Resource Development can be formal such as in classroom training, a college course, or an organizational planned change effort. Or, Human Resource Development can be informal as in employee coaching by a manager. Healthy organizations believe in Human Resource Development and cover all of these bases. In the field of human resource management, training and development is the field concerned with organizational activity aimed at bettering the performance of individuals and groups in organizational settings. It has been known by several names, including employee development, human resource development, and learning and development.

Training and development encompasses three main activities: training, education, and development.

**Training:** This activity is both focused upon, and evaluated against, the job that an individual currently holds.

**Education:** This activity focuses upon the jobs that an individual may potentially hold in the future, and is evaluated against those jobs.

**Development:** This activity focuses upon the activities that the organization employing the individual, or that the individual is part of, may partake in the future, and is almost impossible to evaluate.

At the organizational level, a successful Human Resources Development program prepares the individual to undertake a higher level of work, "organized learning over a given period of time, to provide the possibility of performance change". In these settings, Human Resources Development is the framework that focuses on the organization's competencies at the first stage, training, and then developing the employee, through education, to satisfy the organization's long-term needs and the individual's career goals and employee value to their present and future employers. Human Resources Development can be defined simply as developing the most important section of any business, its human resource, by attaining or upgrading employee skills and attitudes at all levels to maximize enterprise effectiveness.

The people within an organization are its human resource. Human Resources Development from a business perspective is not entirely focused on the individual's growth and development; "development occurs to enhance the organization's value, not solely for individual improvement. Individual education and development is a tool and a means to an end, not the end goal itself". The broader concept of national and more strategic attention to the development of human resources is beginning to emerge as newly independent countries face strong competition for their skilled professionals and the accompanying brain-drain they experience.

## 2. HUMAN RESOURCE MANAGEMENT

It includes the overall responsibility for recruitment, selection, appraisal, staff development and training, understanding and implementing employment legislation and welfare. HR managers may have responsibility for workforce planning or work for one or more directorates (e.g. surgery, day care or accident and emergency) where they will provide HR support and advice to the general manager responsible for that directorate. This might involve advising on the redeployment of staff from a ward that is closing or advertising strategies for the recruitment of new staff. Some senior HR managers will have broad areas of responsibility, such as operations or training, development and recruitment, and implementing national initiatives. There are a variety of job roles and job titles in this area of management. Here are some examples of job roles.

**Human resources manager** working in a specialist trust providing mental health services for adults, older people, children and adolescents and also substance misuse and specialist learning disabilities. In this example, the HR manager would take a lead role in the trusts human resources agenda and lead on specific corporate HR objectives. Key areas of responsibility would include: recruitment & retention of staff; maintenance of the attendance management process; handling formal grievance and disciplinary process and appeals; the design and delivery of training and development programmes; providing advice on principles and detail of employment legislation and good practice; the maintenance of effective employee relations including participation in local formal consultation machinery and processes of job evaluation, salary administration and reward management. In addition there would be the opportunity to play a key role in specific corporate HR projects such as Improving Working Lives, and Agenda for Change.



### 3. EMERGING TRENDS IN HUMAN RESOURCE MANAGEMENT

#### (i) NEW TRENDS IN HR

Human resource management is a process of bringing people and organizations together so that the goals of each other are met. The role of HR manager is shifting from that of a protector and screener to the role of a planner and change agent. Personnel directors are the new corporate heroes. The name of the game today in business is personnel. Nowadays it is not possible to show a good financial or operating report unless your personnel relations are in order.

Over the years, highly skilled and knowledge based jobs are increasing while low skilled jobs are decreasing. This calls for future skill mapping through proper HRM initiatives. Indian organizations are also witnessing a change in systems, management cultures and philosophy due to the global alignment of Indian organizations. There is a need for multi skill development. Role of HRM is becoming all the more important. Some of the recent trends that are being observed are as follows:

The recent quality management standards **ISO 9001** and **ISO 9004** of 2000 focus more on people centric organizations. Organizations now need to prepare themselves in order to address people centered issues with commitment from the top management, with renewed thrust on HR issues, more particularly on training.

There are future organizational models like **Shamrock**, **Federal** and **Triple I**. Such organizational models also refocus on people centric issues and call for redefining the future role of HR professionals.

To leapfrog ahead of competition in this world of uncertainty, organizations have introduced **six-sigma practices**. Six-sigma uses rigorous analytical tools with leadership from the top and develops a method for sustainable improvement. These practices improve organizational values

and helps in creating defect free product or services at minimum cost.

**Human resource outsourcing** is a new accession that makes a traditional HR department redundant in an organization. Exult, the international pioneer in HR BPO already roped in Bank of America, international players BP Amoco & over the years plan to spread their business to most of the Fortune 500 companies. With the increase of global job mobility, recruiting competent people is also increasingly becoming difficult, especially in India. Therefore by creating an **enabling culture**, organizations are also required to work out a **retention strategy** for the existing skilled manpower.

#### (ii) NEW TRENDS IN INTERNATIONAL HRM

International HRM places greater emphasis on a number of responsibilities and functions such as relocation, orientation and translation services to help employees adapt to a new and different environment outside their own country.

Selection of employees requires careful evaluation of the personal characteristics of the candidate and his/her spouse.

Training and development extends beyond information and orientation training to include sensitivity training and field experiences that will enable the manager to understand cultural differences better. Managers need to be protected from career development risks, re-entry problems and culture shock.

To balance the pros and cons of home country and host country evaluations, performance evaluations should combine the two sources of appraisal information.

Compensation systems should support the overall strategic intent of the organization but should be customized for local conditions.

In many European countries - Germany for one, law establishes representation. Organizations typically negotiate the agreement with the unions at a national level. In Europe it is more likely for salaried employees and managers to be unionized.

#### 4. HR MANAGERS DOING THE FOLLOWING THINGS TO ENSURE SUCCESS

Use workforce skills and abilities in order to exploit environmental opportunities and neutralize threats. Employ innovative reward plans that recognize employee contributions and grant enhancements. Indulge in continuous quality improvement through TQM and HR contributions like training, development, counseling, etc Utilize people with distinctive capabilities to create unsurpassed competence in an area, e.g. Xerox in photocopiers, 3M in adhesives, Telco in trucks etc. Decentralize operations and rely on self-managed teams to deliver goods in difficult times e.g. Motorola is famous for short product development cycles. It has quickly commercialized ideas from its research labs.

Lay off workers in a smooth way explaining facts to unions, workers and other affected groups e.g. IBM, Kodak, Xerox, etc.

#### 5. HR MANAGERS TODAY'S FOCUS

**a) Policies-** HR policies based on trust, openness, equity and consensus.

**b) Motivation-** Create conditions in which people are willing to work with zeal, initiative and enthusiasm; make people feel like winners.

**c) Relations-** Fair treatment of people and prompt redress of grievances would pave the way for healthy work-place relations.

**d) Change agent-** Prepare workers to accept technological changes by clarifying doubts.

**e) Quality Consciousness-** Commitment to quality in all aspects of personnel administration will ensure success.

The Training and Development Manager will be accountable for the development and implementation of training strategies, plans and processes to support organizational goals. He/she will be responsible for assessing current and future training, delivering a variety of professional quality indoctrination, training and career development programs and evaluate the

effectiveness of the training delivery by managers and supervisors and must ensure that there are two collaborative programs operating at all times: new hire training and recurrent training. By doing this, the role will be supporting ResidenSea and The World in establishing a culture of learning and development among all the crew aboard the vessel, and facilitate a culture of commitment to ResidenSea's values and principles in the delivery of no less than excellent service both in the back of the house as well as in the front of the house. Both the Human Resources Manager and the Training & Development Manager must abide by all Human Resources Principles and Objectives, as described by ResidenSea including Confidentiality, projecting a positive impression of the company when interacting with all Officers, Staff and Crew and ensuring a respectful and caring atmosphere is maintained at all times.

#### 6. THE IMPORTANCE OF HUMAN RESOURCES MANAGEMENT FOR HOTELS

One of the most important departments of any hotel staff is human resources management. Proper human resources management can be the difference between a really well run hotel and a poorly one hotel. The human resources manager can control almost the whole feeling and presence of the entire hotel. This makes the importance of human resources management for hotels very evident. There are several different areas in which human resources management is very important. One of these areas is for newly hired employees. The employees that are hired in a hotel can really alter the quality of service and the whole atmosphere of the hotel. This means that it is very important to pick upbeat, dedicated workers for each position. It is the job of the human resources manager to make sure that good people are chosen to work in the hotel. In many cases many hotel workers are only participating in hotel work because they can find nothing else to do. Not very many people have a dream of running or serving in a hotel environment.

However, there are some people who do want to work in that capacity, and it is the job of the human resources manager to find those people.

Retention of employees is another large problem in the hotel service business. Since so many of the employees do not have hotel work as their ending career goals, many of them only work in a hotel for a short amount of time. Other employees may have to be let go because of poor work ethics or other issues. However, there are ways that a hotel human resources manager can curb some of the desire and likelihood that employees will move to other jobs quickly. The importance of human resources management for hotels is very large in this area. Managers can provide good training and incentive programs that will cause employees to stay longer at the hotel. Having a clear progression plan to advance to higher levels of service will also cause employees to stick around much longer.

The issue of employee progression and promotion is also another large issue for the hotel industry. The importance of human resources management for hotels is proven in this area. Hotels which provide ways for employees to advance in position, or that provide training for employees so that they can gain skills necessary for an advanced position are very important to the retention rate of employees. It is easy to implement services of this nature and the expense is negligible compared to the expense and time necessary to constantly find new employees to replace the ones that always leave shortly after being hired. One of the easiest things to implement is English lessons. Many hotel employees do not speak English very well, and so it is a great incentive for them to stay working at a hotel if they are offered English lessons.

The importance of human resources management for hotels is also important in the area of employee services. If the employees know they can come to the human resources manager whenever they have a problem or issue

then it is easier for them to work in good conscience. Many human resources departments implement different games and activities to make the work environment more interesting and fun for employees. There are many different services that a human resources manager can think of to help employee morale. Maybe the hotel could implement a babysitting service, or have a park day every year. These little services go a long way towards making happy employees. Happy employees make happy companies and happy customers.

The importance of human resources management for hotels is very great. There are thousands of ways that a human resources manager can make a hotel run more smoothly and more efficiently. There are many different areas that can benefit from the experience and guidance of a human resources manager. Therefore it is very important to not undermine the manager's importance. Without the human resources manager a hotel is not the same or as pleasing to customers and employees.

## **7. ROLE OF HRM TOWARDS TRAINING AND DEVELOPMENT**

Training and development activities are designed in order to impart specific skills, abilities and knowledge to employees. Effective training is basic ingredient of success in the hotel industry. The concept of training is endorsed by most managers in the hotel industry, yet managers often give little thought to the training function in the context of their own business or departmental responsibilities until something goes wrong! One of the main problems in hotel industry is that investment in training and development of employees is a reactive process for many companies. Frequently, training and development arises as the result of significant change in the operational environment or as a consequent of crisis such as staff turnover or major departmental problems. Training is then used to cope with the immediate difficulty. This process may be proved costly to hotel. Whereas development refers to learning opportunities

designed to help employees grow and evolve a vision about the future.

Here the job of HR is to identify the training need and then accordingly to design the suitable programme for that. Training within a hotel provides the best opportunity to influence the attitude and performance of employees. The training programmes include is such as introduction, fire, food hygiene, control of substances hazardous to health, manual handling first-aid, technical skills, product knowledge, and customer service. In most of the hotels that I visited the training methods used are both On-the-job as well as Off-the-job.

### **Methods and Techniques of Training**

A multitude of methods of training are used to train employees. Training methods are categorized into two groups and they are:

1. On-the-job training
2. Off-the-job training

#### **(i) On-the-job training:**

On-the-job training is primarily learning by doing and, as such, is probably the most used and most abused approach to training. Like other form of training, OJT requires planning, structure and supervision to be effective for developing a variety of practical and customer-oriented capabilities. When done correctly, OJT is a sensible and cost effective method for training and assessing trainees' progress in jobs such as retail sales, food and beverage operatives, and check-in and check-out positions. Some of the On-the-job methods of training are orientation training, job-instruction training, apprentice training, internships and assistantships, job rotation etc.

#### **(ii) Off-the-job training:**

Off-the-job training allows for the development of broader and more conceptual skills while providing a practice environment in which error need not be so costly. There are three main

forms of off-the-job training: In-house, External, and Independent.

In-house off-the-job training may take several formats including lectures and other classroom techniques, discussions, demonstrations, case studies and role plays, and simulations. What distinguishes in-house off-the-job training from other type of off-the-job training is that in-house training is conducted away from the physical location where the job is actually carried out, but still on company premises. Like in-house off-the-job training, external off-the-job training can also take a variety of forms. Such training may be tailored to the company's specific need or it may be offered on a more general basis; it may focus on special disciplines related to hospitality.

Independent off-the-job training refers to training methods that are controlled and managed by the learner. A number of these training options which are becoming increasingly important to employees in the hotel industry are:

Distance/open learning or training (may involve correspondence teaching, use of television or radio, video-conferencing, etc.)

Computer-assisted learning

Interactive-video learning

A combination of the above method

### **8. ROLE OF HUMAN RESOURCE TOWARDS ORGANIZATION**

Human Resources are an integral part of every company. While most of the work they do is behind the scenes, you can be sure that they are the ones who play a big role in keeping the company on its feet. They are the ones who help to craft the framework of the business and they forge the structure of the company's culture. It all sound pretty important.

#### **(i) SPECIFIC KEY FUNCTIONS OF HR DEPARTMENT**

**Recruitment and Employee Selection:** Human resources have a very important role. They are in

charge of hiring and firing employees. Often, it is up to them to review resumes, interview the employees, and make a selection of who to hire.

**Induction and Orientation:** HR is responsible for new-employee orientation. They will walk the new hire through company policy, benefits, expectations, and more. HR will pass out access control cards (if the building is equipped with an access control system), and help employees navigate the employee manual.

**Employee Training and Development:** Employee training is not something that HR managers do, but they oversee the new employee's manager and ensure that his on-the-job training is up to par, so that the employee becomes a real asset to the company.

**Workforce and Personnel Analysis:** Human Resources analyze the performance and competence of two groups of people in the company. The "workforce" (employees) and the "personnel" (managerial staff.) These constant checks help to keep dead wood from collecting in either half of the company's human resources.

**Records-Keeping and Employee Confidentiality:** HR is in charge of keeping track of company and employee records, and ensuring that employee information (Social Security Number, Tax ID, etc.) is kept under lock and key.

**Payroll:** One of Human Resource's most anticipated jobs is to track and divvy out payroll. (In some companies this responsibility is delegated to Accounting.)

**Employee Relations/Satisfaction:** HR can also act as a buffer between employees and management. Sometimes it's best that employees do not have a direct line to their boss. Misunderstandings and small problems could cause big consequences if Human Resources wasn't there to represent both employees to management and vice-verse.

**Employee Benefits:** Human Resources is in charge of keeping track of and issuing employee benefits. This includes things like 401k, tuition reimbursement, insurance, sick leave, vacation, social security, and more.

**Ensuring Compliance with Local, State, and Federal Labor Laws:** HR is supposed to be aware of changes in local, State, and Federal laws, and help make sure that the company is always doing everything on the level.

**Employee Performance/Motivation:** HR is integral in helping to keep the company lean and functional. When needed they fire the unmotivated and unproductive workers, but for the most part they try to revitalize the workers and reignite their passions.

**Morale-Building:** Human Resources is key in helping to keep up company morale. They are in charge of planning outings, reward systems, and company get-togethers in order to keep employees happy and productive.

**Skills Management:** The department of Human Resources was actually created as a more strategic way to organize or optimize the skilled labor in organizations. HR works with employees to find out what their skills are, how they can be used to benefit the company, and how to further develop those skills. They may put on skills training classes to culture a common skill among all of their employees, or simply group employees with complementing skill sets together on a project. The effective deployment of skill is one of HR's most important functions.

**Ethical Practices:** HR leads the way in the implementation of ethical practices in the workplace. They are usually the ones who put together the company's Code of Conduct, and are the enforcers when employees are being unethical.

## 9. FUTURE ROLE OF HUMAN RESOURCE IN HOTEL INDUSTRY

Service quality and productivity were the most crucial competitive issues facing these firms. When asked to different hotels regarding strengthening competitiveness, 50 percent choose internal management actions, including educating and training employees, with publicly announcing employee policy. And all these procedure of implementing such task is over HR shoulder. To achieve a progressive, innovative culture within organization- and to cope with the critical challenges that the future might bring- human resources professionals are likely to assume certain roles with greater frequency. These roles are as follows:

**The Consultant Advisor Role:-** In particular, the top human resources executive will increasingly play a major role in advising the CEO and the top management team about the human resources implications of broad organizational strategy, both nationally and globally. Further, the human resources department will be called upon more and more advice management at all levels about the motivational, morale and legal implications of various present and proposed practices and policies.

**The Catalyst Facilitator Role:-** The human resources directors have a unique opportunity to serve in a catalyst-facilitator role in stimulating a top management philosophy, leadership style and organizational culture and climate. It is important that management develops a clear view of these interrelated matters and that management is self-conscious about them on an ongoing basis. In addition, the human resources director can serve as a resource person about these concepts and their links to organizational outcomes such as effectiveness, efficiency, development and participant satisfaction.

**The Diagnostic Role:-** By this, they are expected to identify the underlying causes of an organizational problem as distinct from its symptoms and to come up with solutions – or system for solving the problem- that correspond

with the diagnosis. All too often, programs of various kinds, like job enrichment, incentives systems, quality circles and so on, are proposed by managers or human resources people. What is usually needed is an accurate description of the problem to be solved, a careful analysis of the dynamics of that problem, and a close look at alternative solutions and their rectifications before a program are implemented.

**The Assessment Role:-** One of the most difficult roles for human resources professionals is the assessment role, in which they assess the effectiveness of various human resources practices and policies. A comprehensive evaluation of the effectiveness of various human resources policies and practices is called a human resources management audit or personnel audit. These comprehensive human resources audit may be used to analyze a wide array of human resources practices and outcomes.

## 10. CONCLUSION

The Good HR administration, which not only considers all HR functions with proper care, but also considers all the other factors like culture of the hotel, types of customers it receives, the nature of the business and also the place from where it operates. And the hotels, considering all the above factors to achieve the organizational goal while framing its HR functions is said to have been following good policy. For example in Hotel Industry, the employee care is given first priority. In case if some of the relative of an employee dies or suffers from some serious disease, the manager sends all the colleagues of that employee to support him and thus manager makes himself aware of that employee's condition. This makes the employee feel that management cares for him. This will definitely motivate him to work in the interest of organization. Their work environment is quite friendly and hence employees can discuss their problems openly.

In small hotels, the HR functions are not that developed. It needs more attention

especially for the hotels aiming to expand their business. The hotels should neglect the fact that the frustration level in this industry is highest of all industries. The very first disappointment employee's face that the industry is not glamorous the way it was hyped in catering colleges. Their frustration level keeps on rising when they go through the following circumstances. Employees do not have time for their personal life. They have to do overtime for many of the reasons and for such extra time they are not even paid. For example if the waiter A's working hours are from 6 am to 2 pm and at 1.30 pm some guests arrives on the A's table then A cannot leave unless the guest leaves the table. Thus A will be forced to do overtime till the time those guests are sitting on the table. And for this extending period A is not even paid. Also in this industry number of working days and number of working hours are higher than any other industry and also employees are compelled to work on Sundays and Bank Holidays when all the others have holidays. The most frustrating part of this industry is the fact that besides going through all the frustrations employees are not paid the amount they deserve. Salary paid to them is really low when we compare it with their frustration level. Thus because of these facts most of the employees leaves their job.

And now when our country is trying to develop tourism for the development of our economy, it has become mandatory for us to provide hotel-services up to international standards and this is possible only when our hotels are in position to cope with this frustration level of employees. They need to be given proper training and also the career opportunities for their future. And first of all they should be aware of the facts of this industry before they join in, so that after entering their frustration level would be low as they will be prepared for everything. Thus, the responsibility of an HR manager is much higher in this industry.

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**“ROLE OF NGO’S TOWARDS WOMEN EMPOWERMENT”  
A STUDY WITH SPECIAL REFERENCE TO PERAMBALUR DISTRICT.**

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**Abstract:** The present study investigates the active role played by few Non-Governmental Organizations towards Women Empowerment in Perambalur District, TamilNadu, India. Four NGO's were picked for the study. The core area of study is to analyse the nature of programmes and services offered by NGO's and to how extend they changed the life of local poor women. The analysis done at both delivery side (NGO) and receiving side (Women). At delivery side, data were collected through personal Interview, while on the receiving side, the questionnaire used.

**Keyword s-** Women Empowerment, NGO's, Training, marketing, Schemes.

**1.1: INTRODUCTION**

NGO's play vital role in implementing socio economic development programmes in the country. NGO can be defined as any non-profit, voluntary citizens' group which is organized on a local, national or international level, focussed on issues like Environmental protection, Human rights violations, Upliftment of Socially discriminated people, etc.,

**1.2: OBJECTIVES AND METHODOLOGY**

*A. Objectives*

- To examine the reach and success of the programmes delivered by NGO's.
- To Sketch the impact done by the NGO programmes on local women.

*B. Methodology*

The data were collected through personal interview. In case of beneficiaries, a questionnaire was used for the data collection.

**1.3: BRIEF PROFILE OF PERAMBALUR DISTRICT**

Composite Perambalur district created by trifurcation erstwhile tiruchirappalli district in 1995. Later in 2007, it bifurcated in to Perambalur and Ariyalur Districts. It is bounded on the North by Cuddalore and Salem Districts, South by Tiruchirappalli, East by Ariyalur District, West by Tiruchirappalli and Salem Districts. It is an inland district without coastal line. The district

is fairly rich in mineral deposits. Celeste, Lime Stone, Shale, Sand Stone, Canker and Phosphate nodules occur at various places in the district. It houses two sugar factories, one cement factory and one tyre manufacturing factory. Only 3.4% of Total land is under full scale cultivation. Main crop is sugarcane. It is predominantly a rural district, because 84% of population is rural. Literacy rate also lower than State average. In nutshell, Perambalur is a rural agrarian economy based district. It needs attention in all dimensions of growth ranges from diversification of employment generation to development of Health, Education etc.,

**1.4: BRIEF PROFILE OF NGO's UNDER STUDY**

The NGO's taken for study are,

1. SAHAYA.
2. PAYIR
3. SUBIKSHA
4. COACH.

NGO's selected based on their area of project implementation. For each area one NGO selected.

\* SAHAYA, based in California, USA. It established in 2002. In Perambalur district, it implements the programmes through local NGO namely, READ. They focused on Community development programmes, Micro finance, Vocational Training, Environment protection campaign etc.,



\* Payir, founded in 2005, based in Trichy. Their areas of work include Rural development, Women and Child development, Healthcare, Agriculture and Panchayati system.

\* SUBIKSHA, founded in 2009, based in Hyderabad. They focused on Women Empowerment, Health, Child Education and Disaster Management.

\* COACH, founded in 2009, based in Perambalur. They concentrate on SHG and Micro finance, HIV/AIDS Rehabilitation, Legal awareness and support, food processing and Dalit upliftment.

### 1.5: DATA ANALYSIS AND INTERPRETATION

#### A. Programmes

In this section, the different programmes conducted by above mentioned NGO's listed. This information is necessary to analyze the presence of NGO's in wide range of areas so as to cover the entire community.

**Table 1. Areas of Work**

Name of NGO	Name of Programme / Area of Work
SAHAYA	Vocational Training
Payir	Dairy Project, Brick making
SUBIKSHA	Microfinance
COACH	Agro-based products and house hold items manufacturing

Source: Interview.

Since Perambalur is an agrarian based rural economic district, the Women were given training predominantly in Agro based product manufacturing and day to day use house hold items manufacturing. To cater the needs of emerging young generation girls, the Vocational Training is given.

#### B. Demographic Information of Beneficiaries

It is vital to know the demographic information in order to analyze the reach and success of NGO Programmes. Here two factors namely Age and Education are taken for analysis. Table 2 furnishes the details about age, while Table 3 gave information about Education.

**Table 2. Distribution of sample as per age**

Age of the Respondents	N	%
20-30	13	26
30-40	15	30
40-50	10	20
Above 50	12	24

Source : Field Survey

**Table 3. Education Status of Respondents**

Education	N	%
Primary Education	5	10
ESLC	10	20
SSLC	10	20
HSC	20	40
Diploma	2	4
Graduate	3	6

Source : Field Survey

Table 3 shows that 56% of respondents falls in the age of 20 to 40 years and 44% falls more than 40 years of age. It shows the balance in participation of Women from all age groups. The NGO's programmes reach all age groups. Table 2 shows that, 70% of respondents have completed SSLC and above.

#### C. Social Impact on Beneficiaries

This section analyzes the social impact of NGO programmes on beneficiaries. Three factors namely confidence, recognition and decision making are analyzed.

**Table 4. Social Impact**

Factors	N	%
More confident than Earlier	40	80
Participate in Decision making	32	64
More Recognition	38	76

#### D. Economic Impact on Beneficiaries

Economic impact of NGO programmes on beneficiaries studied based on personal savings, contribution to house hold income and not to depend on anybody in day to day spending.

**Table 5. Economic Impact**

Factors	N	%
Contribute to House income	42	84
Not depend on day to day spending.	30	60
Have personal Savings	38	76

### 1.6: FINDINGS

1. NGO programmes reach almost all the age groups equally. So their programmes can be truly a community development programmes.
2. Women's participation in family decision making is improved after start to earn them selves.
3. NGO programmes and training made Women, more confident than earlier.
4. Most of the Women felt independent in day to day spending.
5. Most of the Women have personal savings, apart from family savings.
6. Many Women had freedom in taking decisions.
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### 1.7: CONCLUSION

NGO's programmes are really focused on empowerment of Women and upliftment of socially discriminated strata. They act as a bridge between Government and people in implementing social welfare schemes. Though there are numerous NGO's registered, very few are working consistently towards their goals, while many remains idle. If NGO's are streamlined along the particular areas of focus, then it is easier and faster to carry government social welfare schemes to people. On the other hand, the disposal of funds through NGO's should be monitored by Government agencies in order to avoid misuse and diversion of funds.

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## DOES LOYALTY LIFT RETAIL SALES?

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### 1.1 : Abstract:

Retail industry is the gateway for the money rotation in any economy, the sellers and the buyers interaction place the significant role in keeping the money flow constant and balanced. This study aims in understanding the real need of loyalty elements helps the retail brands to lift their profits and brand equity components of the business. As it is believed that the retail industry acts as the face of the economy which shows the health of it, the changing trends in market on various levels will be visible promptly in the retail sector. This study probed to understand the need factors and the impact of loyalty quotients in retail sector through a well structured and customized research technique, which leveraged in concluding certain factors with high level of authenticity of relevant support data and information with statistical significance. The study has been conducted in the Chennai (India) region among a group of 200 retailers of different levels who retails different categories of commodities/goods. The class/level of retailers are assigned as per the business volume they turnovers, type of demographic group that they cater, the level of service and the type of category that they sell in their facility. The conclusion for this study has been derived, after validating the data collected and then processing the same with certain key statistical tools.

**Keywords:** Loyalty in Retail, Retail sector, India.

### 1.2: Introduction:

In India, retail sector has been identified at its grass root level as an organized sector in the mid of 20<sup>th</sup> century itself, but more of changes and establishment in the retail sector happened only during the past couple of decades after the liberalization of the market. As the industry getting more organized every day, the trend has also become very dynamic at a high frequency at all levels from store formats to the shoppers behavior to the categories being retailed in the stores. The urge of keeping the track on trend change has become very important for both the domestic and the international brands to plan out for their strategic goals. Thus, loyalty elements have become the vital part in deciding the success of every retail brand.

### 1.3: Review of literature:

**Gordon Fullerton** in *"The Impact of Brand Commitment on Loyalty to Retail Service Brands"* (2009), said about Relationship marketing literature has established that customer commitment is a central, complex construct

consisting of at least an affective component and a continuance component. In two retail service brand settings, the two components of commitment fully mediate the relationship between brand satisfaction and both repurchase intentions and advocacy intentions. In addition, the study found that affective commitment to the brand was strongly and positively related to both repurchase intentions for the brand and willingness to act as an advocate on behalf of the brand. Continuance commitment was at best only weakly but positively related to repurchase intentions, but negatively related to advocacy intentions for the brand.

**Jason M. Carpenter and Ann Fairhurst** in *"Consumer shopping value, satisfaction, and loyalty for retail apparel brands"* (2005), distinguished the increasingly competitive environment faced by today's retailers, the pursuit of customer loyalty is paramount. In order to be competitive, retailers must identify the key antecedents to customer loyalty and the relationships between the benefits delivered to the consumer and important outcomes (e.g. satisfaction, word of mouth communication). The

findings of this study contribute to the development of an organizing framework for such relationships, which is exceptionally important for retailers.

**Gerrard Macintosh, Lawrence S. Lockshin** in *"Retail relationships and store loyalty: A multi-level perspective"* spoke about an important factor in retail store loyalty is interpersonal relationships between retail salespeople and customers. However, relationships can also exist at the person-to-store level. This paper examines the linkages between trust in a salesperson, trust in the store, and repeat purchase intention. A model of store loyalty which includes relationships at both the person-to-store as well as person-to-person level is tested. The findings reveal that for those with an interpersonal relationship, trust and commitment to the salesperson are directly linked with purchase intention as well as indirectly through store attitude. For customers without a salesperson relationship, trust in the store leads to loyalty indirectly through store attitude, but does not have a direct impact on purchase intention. The results illustrate the existence of multi-level relationships between customers and stores and how those relationships link to store loyalty. The research adds to our understanding of the complexity of relationship retailing, while providing further evidence of the value of generating and maintaining interpersonal relationships as a retail strategy.

**Gordon Fullerton** in his paper *"The service quality-loyalty relationship in retail services: does commitment matter?"*(2004), said about the marketing literature has produced two schools of thought on the cause of customer loyalty in services industries. The service quality perspective puts forward that service quality evaluations substantially drive customer loyalty in services industries. The relationship marketing perspective puts forward that customer commitment to the service provider substantially drives customer loyalty in services industries. In addition, commitment is a complex construct with at least two forms, one based in liking and identification (affective commitment) and one

based in dependence and switching costs (continuance commitment). These positions were examined in an integrated model of retail-service relationships. It was found that affective commitment and continuance commitment were mainly partial mediators of the service quality-loyalty relationship.

**Simon D. Knox and Tim J. Denison** in *"Store loyalty: its impact on retail revenue."*(1999) compared loyalty levels across retail sectors in the UK and identified that home improvement stores generate the lowest levels of consumer loyalty. Secondly, by disaggregating the data by loyalty types, it was found that, while loyal shoppers tend to have smaller monthly budgets than switchers, they spend double the amount in their "first choice" store. All results highlight the importance of developing a corporate approach to managing customer loyalty in retailing.

**Amy Wong and Amrik Sohal** in *"Service quality and customer loyalty perspectives on two levels of retail relationships"* showed the service quality is positively associated with customer loyalty, and that the relationship between the two is stronger at the company level, rather than at the interpersonal level.

**Leanne H.Y. Too, Anne L. Souchon and Peter C. Thirkell** in *"Relationship Marketing and Customer Loyalty in a Retail Setting: a Dyadic Exploration"* said Customer loyalty is increasingly seen to be crucial to the success of business organizations, with the growing realization that attracting new customers is far more expensive than retaining existing ones. It has been suggested that a way of increasing customer retention is through secure relationships between buyers and sellers. Surprisingly, however, and despite the growing body of literature on relationship marketing issues, little empirical research has been conducted on the link between relationship marketing and customer loyalty in a retailing context. This paper attempts to address this gap by presenting and testing a conceptual model of the process by which the implementation of relationship marketing can enhance such loyalty. A dyadic exploratory study

of clothing store managers and their customers was conducted. Findings reveal that customers' perceptions of clothing stores' relationship marketing efforts are crucial to enhanced commitment and loyalty. Implications are drawn from these results, and future research directions are discussed.

**Claire Wright and Leigh Sparks** in their research work on "*Loyalty saturation in retailing: exploring the end of retail loyalty cards?*" identified that Many retailers have one in some guise or other. Their sheer volume has meant that some have begun to question whether there is a limit to loyalty. Presents results from exploratory research that demonstrates that consumers may be becoming more wary of cards and schemes and being more selective. Managerial lessons from this are developed.

**Dong-Mo Koo** in "*Inter-relationships among store images, store satisfaction, and store loyalty among Korea discount retail patrons*" discussed five elements : (1) forming the overall attitude is more closely related to in-store services: atmosphere, employee service, after sales service and merchandising, (2) store satisfaction is formed through perceived store atmosphere and value, (3) the overall attitude has strong influence on satisfaction and loyalty and its impact is much stronger on loyalty than on satisfaction, (4) store loyalty is directly affected by most significantly location, merchandising and after sale service in order, (5) satisfaction is not related to customers' committed store revisiting behavior. The applications in management and implications for future research are discussed.

**Josée Bloemer** in the research works "*On the relationship between store image, store satisfaction and store loyalty*" (1998), details a distinction is made between true store loyalty and spurious store loyalty and manifest and latent satisfaction with the store. Hypothesis that the positive relationship between manifest store satisfaction and store loyalty is stronger than the positive relationship between latent store satisfaction and store loyalty. We do not find evidence for a direct effect of store image on store loyalty.

**V Kumar** in "*Measuring the effect of retail store promotions on brand and store substitution*" with the help of store-level scanner data, investigate the effect of retail store price promotion, featuring, and displays on sales of brands of disposable diapers within a city. A hierarchical, cross-sectional, and time-series modeling procedure is used to identify the competitive structure among retail stores within a test market city. Models are developed for pooled store pairs to investigate the effect of promotion on store substitution. The specification of these models is based on findings from within-store brand substitution models. Within a store, price promotion produced the largest amount of brand substitution, followed by featuring and displays. Similarly, these activities produced store substitution in certain instances. However, which specific promotional variables are significant and the magnitude of the effect are a function of the geographic proximity of the stores.

**Kwok leung, wai-kwan and yuk-fai** in their research paper "*Product Value on Customer Loyalty and Purchase Behavior*". It was predicted that customer service would be as important as, or even more important than perceived product value in determining customer loyalty and purchase behavior. Results indicated that customer service was indeed more important than perceived product value in predicting customer loyalty, the amount of money spent in the visit, and the range of products purchased. In addition, customer service was a significant predictor of all 3 variables, whereas perceived product value was able to predict customer loyalty only. It was also found that for females and respondents with a higher income, customer loyalty was more influenced by customer service.

The current study is concerned in exploring the real impact of loyalty quotient in retail sector. The study has been model in such a way that a list of possible trends present are checked with the retailers of different class as the opinion makers to arrive at a conclusion with some the impact level of loyalty among their brands.

**1.4: Objective of the study:**

1. The average raise in business volume over the past five financial years
2. Average raise in footfall rate over the past five financial years
3. Average raise in bounce-back rate over the past five financial years
4. Linearity of bounce-back rate over the business volume
5. Linearity of bounce-back rate to the loyalty program investment
6. Understanding if there is any significant differences exist with the average business growth among the retailers practicing loyalty program and the one which are not
7. Understanding if there is any significant differences exist with the average shoppers bounce-back rate among the retailers practicing loyalty program and the one which are not

**1.5: METHODOLOGY**

The ex-post-facto research design was adopted to investigate the relationship between different factors of the retailer against their business performance under various scales to understand the impact of loyalty programs practiced by them.

**Participants**

The target population consists of retailers from the Chennai region who belongs to standalone retail outlet or a management authority from a retail chain brand. A total of 200 retailers have participated in this research as respondents to share their opinion on loyalty programs and the impact in their business performance. Initially, the retailers are categorized based on their business/retail background accordingly their participation on this study is formulated by ensuring a balance in selecting the number of samples across all the class of retailers. For this study, retailers are classified in the following fashion, A1 - General merchandise store, Warehouse stores, Mom-And-Pop (or Kirana Stores), A2 - Department stores, warehouse clubs, Variety stores, Convenience Stores, Vending Machines, A3 -

Supermarkets, Specialty Stores, E-tailers, A4 - Hypermarkets, Supermarkets, Malls, Category Killers or Category Specialist. The chronology of the class is based on the value of the retailer from bottom to top.

**Measures**

A set of questionnaire was prepared which includes sections that captures; 1. Retail profiling, 2. Business performance/growth over the past 5 years, 3. Average growth in the footfall over the past 5 years, 4. Average growth in the bounce back shoppers volume, 5. Average proportion of budget for loyalty programs, 6. Verbatim on loyalty program practice. All sections concentrate to understand the quantified impact of loyalty program practices which helps them to retain their customer base thereby making the revenue scale better.

**Procedure**

The questionnaires were administered to the respondents at the premises of individual retail units spread across the Chennai region. Prior to that, a detailed database was generated including all the prospective retailers in the city who could be relevant for the survey. Appointments are taken well in advance over email and phone for the survey. The researcher following the granted permission by the respective retail owners of the selected brands approached them individually. The researcher explained the purpose of the study to the respondents. The respondents were assured of their anonymity and confidentiality of any information being provided. The respondents completed the questionnaires and out of the 150 copies of the administered questionnaire, all of it were collated and analyzed statistically using Pearson Product Moment Correlation and ANOVA testing.

**1.6: DATA ANALYSIS AND RESULTS DISCUSSION**

From the analysis of the data collected, and testing of the stated hypotheses, the following results were obtained:

**Table 1: Average Business – Footfall – Bounce Back percentage rates**

Measurable Business Components	Average % Rates
Average raise in Footfall	8.3%
Average Bounce-Back	8.8 %
Average raise in business volume	13.33 %

The Average business growth among all the retailers stays at 13% over the past five financial years. This value includes all the retailers irrespective of the fact that they practice loyalty programs or not

**Table-2: Relationship between footfall growth rate and the business volume growth**

Variable	N	Mean	SD	correlation co-eff	Remark
Footfall to Business Volume	200	8.3	6.01	0.56	Higher the level of footfall growth over years higher is the increase in business volume. Both the factors are moderately positively correlated

**Table-3: Relationship between customer Bounce-Back rate and the business volume growth**

Variable	N	Mean	SD	correlation co-eff	Remark
Customer Bounce Back to Business Volume	200	8.8	4.66	0.87	Higher the level of Customer Bounce-Back over years higher is the increase in business volume. Both the factors are highly positively correlated

**Table 4: One-way ANOVA Testing on Bounce Back Rate and the Loyalty program practice**

	Sum of Squares	Df	MeanSquare	F-value	Sig (p)
Between Groups:	188.728	1	188.728	14.901	0.005
Within Groups:	101.322	8	12.665		
Total:	290.050	9			

The “P” value (0.005) is lesser than 0.05 at 95% confidence interval. So, we are rejecting H0 and thereby concluding that there exists a significant difference in opinion expressed by the retailers who practice and who doesn’t practice loyalty programs.

**Table 5: One-way ANOVA Testing on Business Revenue and the Loyalty program practice**

	Sum of Squares	Df	MeanSquare	F-value	Sig (p)
Between Groups:	98.537	1	98.537	8.163	0.021
Within Groups:	96.565	8	12.071		
Total:	195.103	9			

the “P” value (0.021) is lesser than 0.05 at 95% confidence interval. So, we are rejecting H0 and thereby concluding that there exists a significant difference in opinion expressed by the retailers who practice and who doesn’t practice loyalty programs.

### 1.7: Discussion and Findings:

Discussing first three hypotheses together, all the retailers have recorded a positive growth trend over the past five years. Though these numbers are not at higher denominations, it has showed a consistent pattern throughout. The result also infers that all the retailers irrespective to loyalty program practice, showed positive peaks. This is significant here because, from the results it is very clear that Loyalty programs are not the only components to develop the business or to bring back the customers. The dependency of the business performance has been shared across different components of the business model. Hypothesis four discusses the relationship between the Foot Fall rate and the Business Revenue. It has become important to understand this specific relationship as because to understand intense of the dependency between the both. The results as expected shows a positive relationship though moderate but a significant one to highlight. So, when a retailer decides to develop his business/revenue, it is important for him to increase the footfall ratio which would consistently bring in the business.

Hypothesis five states and discusses the relationship between customers/shoppers Bounce-Back rate to the growth in business volumes. It is very evident that the relationship here is very intense which is positively correlated. It means that when a retailer is smart enough to pull back the visited customer for multiple visits then he is practicing to earn more revenues for his business unit. This result stays as a significant component in this study and it concludes by highlighting a strong relationship/linearity on a positive direction between bounce-back rate and the revenue.

Hypothesis six and seven shows if there is any significant differences between among the two different set of retailers (retailers who practice loyalty program and the retailers who doesn't) on their scorecard of business volumes and the bounce back rate. From the table-4 and 5, we have rejected the H0 statements thus concluding

that there is a difference exists with a high statistical significance.

By rejecting hypothesis 6 we can understand that the bounce back rate is differing among the retailers who are practicing loyalty programs when comparing with the ones who don't.

By rejecting hypothesis 7 we can understand that the business revenue is differing among the retailers who are practicing loyalty programs when comparing with the ones who don't.

### 1.8: Suggestions:

Retailers can concentrate to have budget for customer retaining activities. Needs to be as dynamic as shoppers in their offerings and services. Also, keep an eye on the competitors and their customer relationship techniques. Keep counting the footfall over the period and deploy the same to evaluate the performance.

### 1.9: Conclusion:

When looking this study from the macro level and understanding the same at the micro level, it is very clear that Customer Loyalty factors play a very key role in deciding the success of the retail unit. Irrespective to the unit size and the type of the store, retaining the customer by consistently maintaining the bounce-back level to increase the revenue at the bottom line. we have also seen a high positive relationship between the bounce back rate and the growth in business.

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## WORK LIFE BALANCING IN IT INDUSTRY: SOME IMPEDIMENTS AND THE WAY OUT

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### 1.0: ABSTRACT

The changing economic conditions and social demands have changed the nature of work throughout the world. Originally, work was a matter of necessity and survival. Today, work is widely viewed as a source of personal satisfaction. A good balance in work and life can play a phenomenal role in the attainment of personal and professional goals. People essentially have three lives – working life, private life and family life. A person's well being depends on the balance between these three lives. This balance is called as Work life Balance. It consists of the implementation of working arrangements which assist employees to combine employment with other aspects of their lives. It is essentially concerned with the organization and management of time available with each individual to pursue the requirements laid down by the job, personal commitments and aspirations as well as time required to meet the responsibilities and obligations towards members of his or her family.

**Key words:** Work life balance, work life change, lifestyle balance.

### 1.1: INTRODUCTION

The rise of competitiveness due to globalization and privatization has results many changes in the work environment in which some people have adopted and few could not. Keeping people engaged in the job is the biggest challenge for the organizations. Work-life balance is a phrase used to describe an individual's feelings of satisfaction with the participation in job-related activities as well as his/ her personal life. This state is achieved when an individual feels the amount of time spent making money to provide for one's household and advancing career goals is adequately balanced with the amount of time spent in independent and personal pursuits, such as friendships, family, spirituality, hobbies, and leisure activities. Work life balance is achieved when an individual's right to a fulfilled life inside and outside paid work is accepted and respected as the norm, for the mutual benefit of the individual, business and society. It does not, however, mean an equal balance. The degree in which the balance takes place depends on the expectations of employers, demands placed on the employee by his family and the acceptable level of satisfaction laid down by the employee in fulfilling his own personal requirements. Trying to schedule an equal

number of hours for each of the various activities associated with work, personal life and family life is usually unrewarding and unrealistic. We cannot afford to live in silos or water tight compartments. Life is and should be more fluid than that. Time allocated for each of these three areas should be flexible depending on the demands placed on the individual which may vary from time to time. It could even vary on a day-to-day basis.

### 1.2: IT INDUSTRY

The Indian information technology (IT) industry has played a major role in placing India on the international map. Information Technology is one of the most important industries in the Indian economy and it has shown a huge growth in recent years. Information technology is defined as the design, development, implementation and management of computer-based information systems. The reason for its growth factor is due to the improving accessibility, awareness and utility of technology. The Indian IT sector has also built a strong reputation for its high standards of software development ability, service quality and information security in the foreign market- which has been acknowledged globally and has helped enhance buyer confidence. The Indian IT sector persists to be

one of the flourishing sectors of Indian financial system indicating a speedy expansion in the coming years. As per NASSCOM, the Indian IT exports are anticipated to attain US\$ 175 billion by 2020 out of which the domestic sector will account for US\$ 50 billion in earnings.

### 1.3: BENEFITS OF MAINTAINING WORK LIFE BALANCE

Employers can now gain competitive advantage from creating a more symbiotic relationship with a person's home and work. This allows for lower stress in the work place and greater enjoyment in the home. This, in turn, results in increased performance in the work place. It has been proved that an employee who has the flexibility in his/her job to handle their personal life will produce greater quantity of work maintaining better quality, have greater employer loyalty and provide more innovative ideas. A happy person will be able to perform better through increased energy and drive which will help the organization maintain its competitive advantage.

### 1.4: REVIEW OF LITERATURE

Hansen- July 1991 has recommended in his article that "increase in female labor force participation and single parenthood have focused unprecedented attention on the pressures of employed family members experience as they attempt to balance work and family responsibility".

Greenhaus – 11<sup>th</sup> April 2002 have examined that for individuals who invested substantial time in their combined work and family roles, those who spent more time on family than work experienced a higher quality of life than individuals who spent more time on work than family.

Peggy study aims to investigate the relationship between a full set of family friendly policies which includes five day work week, flexitime, family leave and employee assistance programs and turnover intention. It is also demonstrated that the mediating effect role of job satisfaction of this relation.

### 1.5: OBJECTIVES

The main objective of this study is to maintain the work life balance of the employees with the various emerging methods and also to identify the perception of employees towards their balance between personal life and professional life by throwing out the light to ensure better work life balance of employees by providing alternate measures and suggestions for further improvement.

### 1.6: RESEARCH METHODOLOGY

In this study data was collected using Questionnaire Method. The research design used in this study is "DESCRIPTIVE" research design. Before that 50 samples was distributed for reliability and the Cronbach alpha value was found to be 0.86. 200 Questionnaire was distributed to the respondents, among 176 were collected back, out of which 155 questionnaire was use full for the study. The sampling method used in this research is called Stratified Random Sampling.

### 1.7: DATA ANALYSIS AND DISCUSSION

TABLE 1: RESPONDENTS' OPINION TOWARDS THE FACTORS WHICH HELP THEM TO BALANCE THEIR WORK AND FAMILY COMMITMENTS

Factors	N	%
Working from home	20	13
Technology like cell phones / laptops	35	23
Being able to bring children to the work place at times	5	3
Support from colleagues at work	52	33
Support from family members	43	28

**Inference:** It is observed that the majority of respondents feel that support from colleagues at work help them to balance their work and family commitments.

TABLE 2: INDICATING STRESS AND RISK AT WORK

S. No.	Scale	Male	%	Female	%
1	SA	6	5	0	0
2	A	36	31	11	29
3	NAND	39	33	12	31
4	D	29	25	14	37
5	SD	7	6	1	3

It is observed that most of the respondents feel that their nature of work is less stressful and risky.

**TABLE 3: RESPONDENTS CONFLICT RESOLUTION AT WORK PLACE/HOME**

S. No.	Scale	Male	%	Female	%
1	Always	47	40	20	53
2	Often	45	39	9	24
3	Sometimes	14	12	4	10
4	Rarely	7	6	3	8
5	Never	4	3	2	5

It is thus, observed that the majority of respondents involve themselves in conflict resolution, both in their workplace and at home and do not transfer fall outs to either side.

**TABLE 4: SACRIFICING PERSONAL/FAMILY LIFE BECAUSE OF WORK DEMANDS**

S. No.	Scale	Male	%	Female	%
1	SA	7	6	2	5
2	A	30	26	7	18
3	NAND	28	24	9	24
4	D	45	38	16	42
5	SD	7	6	4	11

It is thus, seen that majority of respondents are of the view that they do not sacrifice their personal and family life on account of work demands.

**TABLE 5: DISCHARGING OFFICIAL/PERSONAL DUTIES TO ENSURE TOTAL RECIPIENT SATISFACTION**

S. No.	Scale	Male	%	Female	%
1	SA	31	26	12	32
2	A	76	65	20	53
3	NAND	8	7	4	10
4	D	1	1	2	5
5	SD	1	1	0	0

It is thus, seen that majority of the respondents discharge the duties related to both office and personal life to the fullest satisfaction of the recipients.

**TABLE 6: RESPONDENTS EXPERIENCING HAPPINESS AND CONTENTMENT**

S. No.	Scale	Male	%	Female	%
1	SA	38	32	10	27
2	A	70	60	24	63
3	NAND	6	5	2	5
4	D	2	2	2	5
5	SD	1	1	0	0

It is thus, seen that majority of the respondents experience happiness and contentment when they attend to both office and personal commitments.

**TABLE 7: RESPONDENTS CRITICISM FOR NON-FULFILLMENT OF DEMANDS, BOTH WORK AND PERSONAL LIFE**

S. No.	Scale	Male	%	Female	%
1	Always	1	1	0	0
2	Often	10	9	3	8
3	Sometimes	35	30	10	26
4	Rarely	39	33	12	32
5	Never	32	27	13	34
Total		117	100	38	100

It is thus, observed that majority of the respondents are not criticized for not being able to fulfill the demands of both work and personal life

**TABLE 8: RESPONDENTS PERSONAL LIFE WITH WORK LIFE - WEIGHTED AVERAGE ANALYSIS**

FACTORS	RATING				
	5	4	3	2	1
Sacrificing personal/family life because of work demands	9	37	37	61	11
Neglecting family being career minded	7	15	45	74	14
Assigning priorities to official/personal tasks	15	103	23	14	-
Segregating work life and personal life	32	98	11	13	1
Discharge duties to ensure total recipient satisfaction	43	96	12	3	1
Experiencing happiness and contentment	48	94	8	4	1
Pre-occupation of mind on account of work/family	41	55	42	14	3
Criticism for non-fulfillment of demands , work/personal life	1	13	45	51	45
Irritability on account of work/ personal life pressures	5	8	54	44	44
Falling sick due to pressures from work/ personal life	1	5	13	44	92
Striking a good balance between work life and personal/family life	79	52	15	6	3
Conflict resolution at work place/home	67	54	18	10	6

The above table shows the degree of relative importance of various factors which exert influence on balancing work life as identified by the respondents. It may be observed that most respondents are Striking a good balance between work and personal/family life followed by Experiencing happiness and contentment, Discharging official/personal duties to ensure total recipient satisfaction, Segregating work life and personal life, Assigning priorities to official/personal tasks, Pre-occupation of mind on account of work/family, Sacrificing personal/family life because of work demands, Conflict resolution at work place/home, Neglecting family being career minded, Irritability on account of work/personal life pressures, Criticism for non-fulfillment of demands, work/personal life and Falling sick due to pressures from work/personal life.

### 1.8: SUGGESTIONS

1. Employees need to be rotated in various job functions in order to provide them adequate knowledge to perform various jobs.
2. Flexi Timings provided to employees will help them to complete the jobs assigned to them and then to attend their personal or family commitments.
3. The distribution of work has to be equitable so that certain employees are not over-burdened with excessive work. Counselling session should be given at regular intervals to the employees to relieve them from stress.
4. Social gatherings for celebration of national days, festivals and other events need to be organized at regular intervals for all sections of employees to facilitate better interaction between employees families better cohesiveness and build healthy relationships.

### 1.9: CONCLUSION

Employees are able to work their best, putting their heart and soul into their jobs when they are able to balance their work and other aspects of

their lives. A happy person will be able to perform better through increased energy and drive which will help the organization to maintain its competitive advantage. It is sure that concentrating more on individuals will always leads to have a sustainable growth in the organization. By adopting strategies like providing training and engaging them in various human resource activities and facilitating the employees through interactions and gaining information about their views will lead the organizations to achieve the success path.

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**“INCONSTANCY OF INR AND ITS IMPACT ON ‘PROFITABILITY AND CASH FLOW CROWNING DETERMINANT OF EXCHANGE RATE RISK’ OF AUTO SMES – AN EMPIRICAL STUDY”**

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**1.0: Abstract:**

*Exchange rate is a rate at which one currency can be exchanged into another currency. In other words it is the value of one currency in terms of other currency. The currency of another country circulates as the sole legal tender (formal dollarization), or the member belongs to a monetary or currency union in which the same legal tender is shared by the members of the union. The automobile industry had evolved continuously with changing times from craft production in 1890s to mass production in 1910s to lean production techniques in the 1970s. The prominent role played by the US till late 1990s had of late been cornered by the Japanese auto-makers. The global output from the automobile industry touched 64.6 million vehicles in 2005, thereby retaining its leadership in manufacturing activity, providing employment to one in seven people, either directly or indirectly. This supply mainly catered to meet the demand from households where the automobiles constituted the second largest expenditure item next only to housing. Thus the global automobile industry dominated by Europe, US, Japan and of late by China and India, continued to have a significant influence on economic development and international trade. Many studies conducted earlier have focused mainly on developed countries considering mostly the top five automobile companies. This study undertaken looks at the issues from emerging market perspective by focusing exclusively on INR-USD inconstancy impacts and its influence on SMEs operating in Pune, India.*

**Keywords:** Small and Medium Enterprises – Original Equipment Manufacturers–INR – USD – Inconstancy – Export Earnings – Expansion of Operations - Pegging – Appreciation – Depreciation –Auto Component Industry –Hub – IDC.

**1.1: Introduction:**

Exchange rate is the value of one currency in terms of other currency. In other words it is a rate at which one currency can be exchanged into another currency. The currency of another country circulates as the sole legal tender (formal dollarization), or the member belongs to a monetary or currency union in which the same legal tender is shared by the members of the union. India's exchange rate policy has evolved in tandem with international and domestic developments. The period after Independence in 1947 was followed by a fixed exchange rate regime where the Indian rupee was pegged to the pound sterling on account of historic links with Britain and this was in line with the Bretton Woods System prevailing at that time. The main landmark was the devaluation of the rupee, effective September 22, 1949, by 30.5 per cent, that is, to the same extent as that of sterling. Many difficulties arose consequent on Pakistan's

decision not to devalue her currency simultaneously, which disrupted trade and the payments arrangements between the two countries and led ultimately to the introduction of control on financial transactions with that country in February 1951. Another major event was the devaluation of the Indian rupee by 36.5 per cent on June 6, 1966. With the breakdown of Bretton Woods system in the early 1970s and the consequent switch towards a system of managed exchange rates, and with the declining share of the UK in India's trade, the INR effective September 1975, was delinked from the pound sterling in order to overcome the weaknesses of pegging to a single currency. Even after the rupee was delinked from the pound sterling, the role of the exchange rate remained muted for quite some time given the widespread rationing of foreign exchange through an elaborate system

of licensing, other quantitative restrictions and exchange control.

Many previous empirical studies have focused mainly on developed countries. This study undertaken looks at the issues from emerging market perspective by focusing exclusively on INR-USD fluctuation impacts and its influence on Auto SMEs operating in Pune, India.

**Objectives:**

1. To study the Indian Rupee Inconstancy and its impact in general.
2. To study the "Profitability and Cash Flow crowning significant determinant of Exchange Rate Risk" of Auto SMEs.

**Scope:** This study was conducted in Pune, concentrating SMEs of Auto Units. Sample of 50 units are considered and Indian Rupee inconstancy for five years from 2006 to 2010 are used as secondary source of information.

**Hypothesis:** "Profitability and Cash Flow crowning is a significant determinant of Exchange Rate Risk"

**Bretton Woods System Sketch:** The end of Second World War can be taken as year zero for the current system of international finance<sup>1</sup>. There wasn't much in the way of foreign exchange or international bond trading in 1945 and another decade would pass before Eurocurrency markets were created. The depression in 1930s had vastly diminished commercial trade, the international exchange of currencies and cross-border lending and borrowing. Reconstruction of the post-war financial system began with the Bretton Woods Agreement that emerged from the International Monetary and Financial Conference of the United and Associated Nations in July 1944 at Bretton Woods, New Hampshire. Bretton Woods is a tiny ski village in the White Mountains. The 1944 agreement, setting out the major parameters of the post-war system, represented an unusual degree of advance planning. But there was a deep-rooted

reason for the timing of the Bretton Woods debate about post-war finances. Many at the conference were convinced that, by making advance preparations for the peace, they could avoid the mistakes associated with the aftermath of the Great War of 1914-1919. Bretton woods were part of an attempt to avoid a repetition of the same mistakes when the war with Hitler was over. Although 44 nations signed the Bretton Woods agreement, it was primarily the United States and Great Britain who negotiated the terms, each intent on persuading everyone else to adopt its particular vision of post-war monetary arrangements. The two principal individuals involved in the negotiations were Harry Dexter White, representing the United States and John Maynard Keynes representing Great Britain. The chain of events leading the Bretton Woods had started in 1940. During this period German propaganda described a "New Order", the National Socialist Vision of how the world would be organized financially and economically in the future, under German leadership. In November 1940, the British Ministry of Information asked John Maynard Keynes, the noted British economist, to prepare counterpropaganda broadcasts, which required Keynes to give some thought to financial organization after the war. In 1941, Keynes was sent to Washington as a representative of Churchill and the Chancellor of the Exchequer to settle the terms of Lend-Lease aid that Britain would receive from the United States. As part of the conditions for receiving the aid, the British were pressured to commit themselves to post-war arrangements as foreseen by the United States. They took it for granted that exchange rates should be "fixed". On the U.S. side, Secretary of the Treasury Henry Morgenthau gave Harry Dexter White the task, in December 1941, of thinking about future international money arrangements. White's report to Morgenthau, making similar proposals, formed the basis for the Bretton Woods agreement. The White report also proposed an Inter-Allied

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<sup>1</sup>The Rise and Fall of Bretton Woods, J. Orlin Grabbe, 1996 Prentice-Hall, Inc, New Jersey

Stabilisation Fund to stabilize exchange rates and remove exchange controls and an Inter-Allied Bank to provide capital for economic reconstruction. These two proposals came to fruition as IMF [International Monetary Fund] and the World Bank.

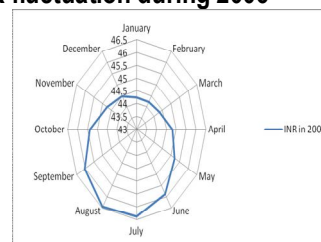
### 1.1: Evolution and Breakdown of Bretton Woods Agreement<sup>2</sup>

Year	Description
1935.c-1970	Continuous moderate inflation in Britain
<b>1944-1971</b>	<b>The Bretton Woods Agreement</b>
1950-1970	Japanese Economic Miracle
1952-1967	Mergers and amalgamations of Indian Banks
1960	Population Explosion in Third world countries adding to inflationary pressure
1960	Primitive money largely superseded [e.g., Cowrie shells and Manillas]
1960	French Currency Reform
1961	Organization for Economic Co-operation and Development Founded
1961	Lagos Stock Exchange starts operations in Nigeria
1962	West African Currency Board abolished
1963	Repeal of the US Silver Purchase Act
1965-1987	Rapid expansion of US banks abroad
1965-1967	Liberalization of French Financial Markets
1965	Fei stone currency still in us in YAP
1967	Britain devalues Pound against Dollar from \$2.80 to \$2.40
1968	National Giro set up in Britain
1968	Development Bank of Singapore founded
1969-1983	Five-Fold increases in Number of Banking offices in India
1969	14 Private Banks Nationalized in India
1969	IMF creates Special Drawing Rights
1970	Building society deposits overtakes London clearing banks
1970	American banks in Britain overtakes London clearing banks
1970	US Bank Holding Company Amendment Act
<b>1971</b>	<b>The Bretton Woods Agreement Breaks Down</b>

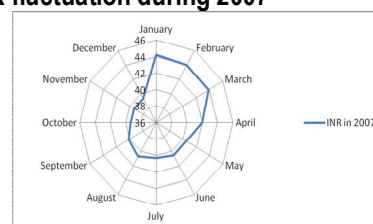
### 1.1: INR Fluctuations to USD from 2006 to 2010<sup>3</sup>

<sup>2</sup>A History of Money from Ancient Times to the Present Day, Glyn Davies, Cardiff: University of Wales Press, 3<sup>rd</sup> Edition, 2002.

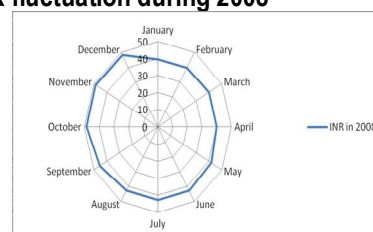
Graph.No.1. INR fluctuation during 2006



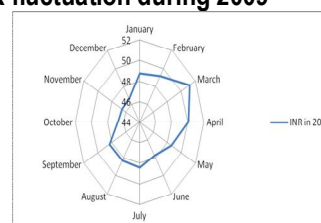
Graph.No.2. INR fluctuation during 2007<sup>1</sup>



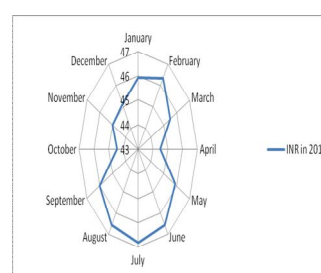
Graph.No.3. INR fluctuation during 2008



Graph.No.4. INR fluctuation during 2009



Graph.No.5. INR fluctuation during 2010



**Flowering of Automobile Industry:** The automobile industry had evolved continuously

<sup>3</sup>Based on Data taken from [www.x-rates.com](http://www.x-rates.com)

with changing times from craft production in 1890s to mass production in 1910s to lean production techniques in the 1970s. The prominent role played by the US till late 1990s had of late been cornered by the Japanese auto-makers. The global output from the automobile industry touched 64.6 million vehicles in 2005, thereby retaining its leadership in manufacturing activity, providing employment to one in seven people, either directly or indirectly. This supply mainly catered to meet the demand from households where the automobiles constituted the second largest expenditure item next only to housing. Thus the global automobile industry dominated by Europe, US, Japan and of late by China and India, continued to have a significant influence on economic development and international trade. It produces over 14 million vehicles and employs – directly and indirectly – in excess of 13 million people. But as of 2010-11 it has a turnover of US\$ 73 billion, accounts for 6 per cent of its GDP and is expected to hit a turnover of US\$ 145 billion by 2016. The automobile industry currently contributes 22 per cent to the manufacturing GDP and 21 per cent of the total excise collection in the country, according to Mr Praful Patel, Minister, Heavy Industries and Public Enterprises. In 2010-11, the total turnover and export of the automotive Industry in India reached a new high of US\$ 73 billion and US\$ 11 billion respectively. The cumulative announced investments reached US\$ 30 billion during this period. He also said that the forecasted size of the Indian Passenger Vehicle Segment is nearly 9 million units and that of 2 wheelers, close to 30 million units – by 2020.

**Component Industry:** There are two distinct sets of players in the Indian auto industry. Automobile Component Manufacturers and the vehicle manufacturers also referred to as Original Equipment Manufacturers (OEMs). The former set is engaged in manufacturing parts, components, bodies and chassis involved in automobile manufacturing, the latter in engaged in assembling of all these components into an automobile. The Automotive Component Market Share Product

Range in India is<sup>4</sup>, “Engine parts 31%, Drive Transmission & Steering parts 19%, Body & chassis, 12%, Suspension & Braking Parts 12%, Equipment’s 10%, Electrical parts 9% and other 7%.” 11 Indian auto component manufacturers have even won the prestigious DEMING award in recognition of their quality. Global automobile manufacturers today see India as a manufacturing hub for auto components and are rapidly ramping up the value of components they source from India. But even as optimism grows, some key concerns are becoming more pressing. Many of the changes occurring in the global market place today –tightened credit markets in a capital-intensive industry, declining consumer confidence, increased government involvement, bankruptcies are combining with familiar industry challenges to create an environment fraught with risk. Coming to SMEs a Small Enterprise is one where the investment in plant and machinery is more than Rs. 25 Lakh but does not exceed Rs, 5 Crores. Whereas a Medium enterprise is one where the investment in plant and machinery is more than Rs. 5 crores but does not exceed Rs. 10 crores. Pune is the hub of SMEs for automobile component manufacturers. Most of the automobile component manufacturers come under this SMEs category.

**IDC<sup>5</sup>:** International Data Corporation has conducted a survey on SMEs in Auto Component Sector which brings out the following points:

Indian automotive component industry is small in size compared to the world market (INR 740,000 crores). Industry is expected to grow at a rate of 13% over the period of 2006-14. Quality of components made in India has improved significantly automotive component

<sup>4</sup>ACMA – Automotive Component Manufacturers Association of India

<sup>5</sup>Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology, New Delhi, August 2008



exports from India were worth INR 11,200 Crores in 2006-07 and are expected to reach INR 84,000 Crores in 2016. Growth rate of export is expected to grow by 24.4 per cent during 2006-15.

The industry has 500 Medium and large key participants in auto components in the organized sector along with 6,000 ancillary units. Import dependence is estimated to the tune of 13.5 per cent of the domestic demand Pune, Delhi and Chennai have traditionally been the most important clusters for the automotive components segment in India Currency fluctuation has impacted export earnings of automotive component manufacturers Appreciation of INR in comparison to the Dollar has affected the profitability of Indian companies dependent on the US market. Since China is not having the floating rate currency system, the Chinese industry is insulated from these fluctuations and this has impacted competitiveness of Indian auto component manufacturers. Building "Currency Fluctuation Clauses" to counter further changes in the INR in the Contract Agreements. Manufacturers working under old contracts have asked to revise pricing based on rupee appreciation. Some manufacturers are trying to shift their focus to the Euro from USD

#### Hypothesis Result:<sup>6</sup>

The study with the Hypothesis "**Profitability and Cash Flow crowing is a significant determinant of Exchange Rate Risk**" has produced the following result with application of Correlation analysis. The individual means and standard deviations have been calculated as below:-

	Mean	Std. Devi
PROFITABILITY	2.1800	1.15511
CASH FLOWS	2.2400	1.04119

The above table explains the variables individually. Variable PROFITABILITY has a mean and standard deviation of 2.1800 and 1.15511 respectively. Variable CASHFLOWS has a mean and standard deviation of 2.2400 and 1.04119 respectively. A lower value of standard deviation indicates that the

values of both the series tend to be around their respective means.

CORRELATIONS	** Highly significant at 1% level	PROFIT	CASH FLOWS
PROFITABILITY	Pearson Correlation Sig. (2-tailed) N	1 50	.693** .000 50
CASH FLOWS	Pearson Correlation Sig. (2-tailed) N	.693** .000 50	1 50

The variables PROFITABILITY denote Profitability of the firm and variable CASHFLOWS denotes Cash inflow and outflow and the analysis is done for 50 samples. Fig.1 depicts the scatter plot diagram which depicts that all the data pertaining to the Profitability and Cash Flows are within proper perimeters and range. Pearson's correlation value is calculated to be 0.693 which shows a positive correlation between the studied variables at a significance level of 0.01. Pearson's correlation values of parameters with themselves will always be 1 as shown in the diagonal values. A positive correlation indicates that the increase in any one of the parameters will directly affect the other and vice versa.

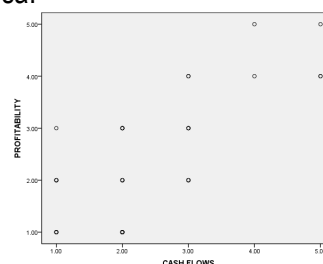


Fig-1- Scatter plot diagram showing linear correlation

#### REPRESENTATION 2 –

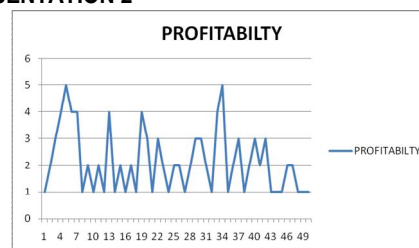


Figure above represents individual responses

<sup>6</sup>Source of Data through Interview Schedule

of all respondents for Profitability in a line graph form

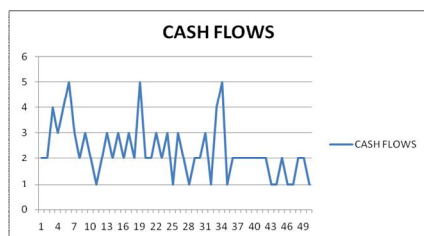


Figure above represents individual responses of all respondents for Cash Flows in a line graph form

### 1.1. Findings:

Profitability and Cash Flow (Inflow & Outflow) are inter-related and both move in the same direction. Increase or Decrease of one factor will have the same influence towards the other. Contract agreements of auto component manufacturers are updated with a clause separately for "Currency Fluctuation Clause" Shift towards EURO from USD by few manufacturers are possible in the coming years. Except 2008 INR was not stable throughout 2006, 2007, 2009 and 2010.

**Conclusion:** Government should focus on reducing the cost of export and import to create global competitiveness for Indian auto component manufacturers. Government should create opportunities for interaction between Indian manufacturers with exporters, foreign raw material suppliers, buyers and Original Equipment Manufacturers. It should organise meets and can also look at sending small business delegations for aftermarket business. It will of much use if it makes available the benchmarking data and the quality assessment in the importing country. Any relevant information on changing needs and product requirements will be useful to SME component manufactures. India should look into alternative methods to ensure global competitiveness of the export oriented Indian manufacturing industries including auto component sector. It will be better if Government create awareness about the need to diversify the client base and the need for doing business in different and more stable currencies.

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**ROLE OF FINANCIAL INSTITUTIONS IN COMBATING MONEY LAUNDERING  
AND TERRORIST FINANCING IN REAL ESTATE**

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**1.1: Abstract**

Money laundering is the process of making dirty money look clean. It erodes financial institutions and weakens the financial sectors role in economic growth. The negative economic effects of money laundering on economic development are difficult to quantify. Real estate has been the preferred choice of criminals for masking illegally gained funds and manipulations, also when unaccounted funds (black money) are funneled into property by individuals and institutions, it becomes impossible for an ordinary individual to buy property in India.

**Key words:** Money Laundering, Black Money, Terrorist Financing, Real Estate, Property.

**1.2: Introduction:**

Real Estate<sup>(1)</sup> industry is probably the oldest industry in the world and it is proved to be the only business which has never lost its glamour since the ancient times. Until 19<sup>th</sup> century the concept of Real Estate has never undergone changes but in last two decades it has undergone several major changes which have made this industry vulnerable towards Money Laundering that benefits anti social elements.

Real estate has been the preferred choice of criminals for masking illegally gained funds and manipulations. When unaccounted funds are funneled into real estate by individuals and institutions that originally derive funds illegally, then it becomes impossible for an ordinary individual to buy a piece of land. One of the effective ways to understand how the sector is abused is to examine with a simple example. A money launderer would like to buy a property with 25% legal funds paid through legal channel like bank accounts and 75% illegal funds given to seller in the form of cash. After a stipulated period of time the launderer sells the property with some amount of profit. During the time of selling money launderer would request the new buyer to pay most of the property value through bank account, cheque or demand draft so that his money gets legitimate appearance.

Various reports produced by the FATF over the last few years have made reference to

the fact that the real-estate sector may be one of the vehicles used by criminal organizations to launder their illicitly obtained money. Due to the international nature of the real-estate market, it is extremely difficult to identify real estate transactions associated with money laundering, terrorist financing and tax fraud. There are various International organizations like BASEL, EGMONT Group, WOLFSBERG etc involved in combating money laundering and Terrorist Financing. Also European Union directive 2005/60/EC, Office of Foreign Asset Control (OFAC), USA PATRIOT ACT was working to combating money laundering and Terrorist Financing.

**1.3: Money Laundering and Terrorist Financing:**

Money laundering is the process of making dirty money look clean. The goal of many crimes is to generate profit for the individual or group that carries out the criminal acts. Money laundering is the processing of those criminal proceeds to disguise their illegal source.

Criminals generate substantial profits and invest the funds without drawing the attention of legal persons. Criminals do this by disguising the sources, changing the form, or moving the money to a place where it is less likely to attract attention. Terrorist financing is the financial support to any form of terrorism or those who encourage, plan or engage in it. The common trait between Money Laundering and

Terrorist Financing is concealment. Unlike Money Laundering, Terrorist Financing can be facilitated by legally obtained funds (such as funds derived from legitimate business activities charitable sources). The International Monetary Fund in 1996 estimated that the aggregate size of money laundering is between 2% and 5% of the world's Gross Domestic Product (GDP) ranged between USD 590 billion and USD 1.5 trillion. There are three states in money laundering - Placement, Layering and Integration. Investing black money in Real Estate might happen at any of these three stages but most of the time it happens in the Integration stage. Money laundering transactions can be easily masked in genuine commercial transactions among the huge number of real estate transactions taking place.

#### 1.4: Rise in Real Estate Demand:

Due to the worldwide market growth of real estate-backed securities and the development of property investment funds, the range of options for real estate investments has also grown. In the last two decades, value of the property has started to change on a weekly / monthly / yearly and sometimes daily especially in the peak commercial and residential areas. Sellers have started to hike the value of the property without any reason or with reasons that are not connected to the property.

The demand for residential properties has skyrocketed due to the increase in urbanization & working population. Individual's aspiration levels have gone miles ahead. Processing of loans by Banks has become simple and quick with adjustable interest rates. Office and commercial space prices have also increased considerably as India is considered to be the most attractive destination for IT & BPO services.

It is difficult to monitor and explain variations in property prices due to a lack of reliable and uniform information. Property markets are geographically segmented and numerous factors shape the local price of real

estate. Combating money laundering in Real Estate Market is one of the biggest challenges faced by the Union Government and State Governments as the typologies varies from time to time and case to case. In Real Estate transactions both legitimate and illegitimate funds may be funneled which leads to blending of funds. Once the form of cash is changed (into property) it becomes very difficult to find the source of fund during the process of investigation.

#### 1.5: Money Laundering through Real Estate:

The purpose of this research is to understand the money laundering happening through real estate through applied research methodology.

*Table 1: People participated in Interview*

Type of People	No of People
Salaried Workers (form 16)	270
Salaried Workers (without form 16)	216
Business people (paying tax)	234
Business people (paying no tax)	252

Buyers and Sellers Point on their income and expenditure:

\* 91% of the salaried workers (with form 16) feel their income and expenditures on real estate have to be made through accounted funds and they are interested to use Financial Institutions for the mode of payment as their earnings are audited for tax purpose.

\* 65% of the salaried workers (paying tax without form 16) are willing to use Financial Institutions for the mode of payment for the safety purpose and others are ready to pay in the form of cash.

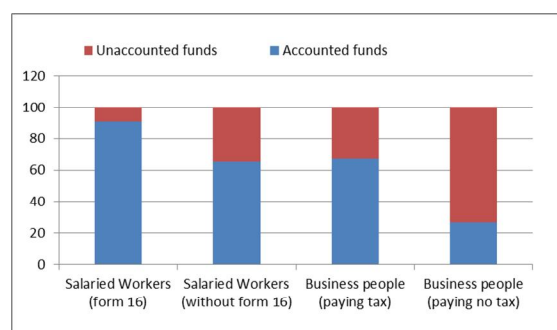
\* 67% of the business people (paying tax) are willing to use Financial Institutions for the mode of payment and others are ready to pay / receive funds in the form of cash as they have both accounted and unaccounted funds.

\* 27% of the business people (paying no tax) are willing to use Financial Institutions for the mode of payment and most of them are ready

to pay / receive funds in the form of cash as they are used do transactions in unaccounted funds.

Table II: Paying mode in real estate transaction

Type of People	Accounted funds	Unaccounted funds
Salaried Workers (Form 16)	91%	9%
Salaried Workers (Without Form 16)	65%	35%
Business people (Paying tax)	67%	33%
Business people (Not paying tax)	27%	73%



From the research it is found that most of the people who are paying tax want to buy / sell their property with accounted funds however people who are not paying tax are ready to pay / receive cash which are unaccounted. From the research it is also understood that, it has become difficult for the normal people to monitor and explain the variations in the property prices in different parts of the India due to the lack of un-reliable information. Real estate markets are geographically segmented and numerous factors shape the price of the market.

People are expecting transparent process which will them to evaluate the reasonable price of the property with the help of domain expert<sup>(2)</sup>. They also want to break the agents monopoly found in several parts of India, selling of land with forgery documents and encroachment.

#### 1.6: Role and Benefits of Involving Financial Institution in Property Dealings:

Combating money laundering in property and real estate market is one of the biggest challenges faced by the union Government and

state Government as the typologies varies from time to time and case to case. Government can appoint the Financial Institutions to act as intermediary between the buyers and sellers so that it is possible to account all the funds involved in Property dealings also it will eradicate Benami<sup>(3)</sup> Transactions.

- All the transactions should be routed through bank account, cheque or demand draft, so that it will be easy to scrutinize the source of funds during the investigation process.
- By fixing a threshold limit Government will be able to verify the source of funds in all real estate transactions.
- Following the “money trail” can produce tremendous opportunities in terms of identification and ability to find the originators of illegal funds and organized crimes.
- If the buyer / seller are unable to explain the source of fund / property then Suspicious Activity Report (SAR) has to be filed with Financial Intelligence Unit (FIU)<sup>(4)</sup>.
- It is very much essential to recognize the importance of due diligence, record-keeping and reporting requirements in the real estate sector.
- Benami transaction will be minimized.
- Banks and regulators like Financial Intelligence Unit (FIU) will be able to adopt Risk Based Approach to identify suspicious transactions.
- Banks during Transaction Monitoring <sup>(5)</sup> process will be able to identify unusual and irregular transaction pattern in the client's account.
- Buyer and Seller Profile <sup>(6)</sup> has to be verified with all the black listed entities in the world, hence we will be able to eliminate transactions of money launders, terrorist financiers and fraudulent people.
- ID proof and Address proof will be verified, hence beneficial owner is identified.
- This can also act as the regulatory body, which will minimize fraud in the Real Estate Market.

- This process will help in regulating the "Power of Attorney" concept in Real Estate.
- Government revenue will be increased by several millions through Stamp Paper, Tax etc.
- This will create huge job opportunities in the Financial Institution and Government sector for the domain experts.
- It will eliminate the fictitious selling of others land with forged sign and power of attorney.
- It provides transparency in the process resulting in huge confident to the common people.
- Housing price bubble can be avoided.

### 1.7: Conclusion:

To combat money laundering channeled through real estate, Government has to act fast before the black money starts ruling the whole Real Estate Industry. It is good to suggest that all the transactions should be routed through bank account, cheque or demand draft. Government should also fix a threshold limit above which source of fund should be mandatory in all Real Estate transactions. If the buyer / seller are unable to explain the source of fund / property then Suspicious Activity Report (SAR) has to be filed with Financial Intelligence Unit (FIU) <sup>(6)</sup>. It is very much essential to recognize the importance of due diligence, record-keeping and reporting requirements for the real estate sector. In recent years the real estate sector in India has undergone various regulatory reforms. These reforms include:

1. The proposed computerization of land records
2. The Prevention of Money Laundering Act 2002
3. The Payment Of Taxes (Transfer Of Property) Act, 1949
4. Land acquisition act, 1894
5. Town And Country Planning Act
6. Monopolies And Restrictive Trade Practices Act, 1969
7. The Income Tax Act 1961,
8. Benami Transactions (Prohibition) Act, 1988.

(1) Real Estate is defined as land and buildings or structures on it. It covers residential housing, commercial offices, trading spaces such as theatres, hotels and restaurants, retail outlets, industrial buildings such as factories and government buildings. The main players in the real estate market are the landlords, developers, builders, real estate agents, tenants, buyers etc.

(2) Domain experts: civil engineers, evaluators, survivors, notary etc (To understand the factors that underlie pricing in the property market are essential.)

(3) Benami transactions: Transactions in false name of another person, who does not pay the consideration but merely lends his name, while the real title vests in another person who actually purchased the property and he is the beneficial owner.

(4) Financial Intelligence Unit (FIU): It is a central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions. It is also responsible for coordinating and strengthening efforts of national and international intelligence.

(5) Transaction monitoring: It is the post analysis of transactions to identify unusual and irregular transaction pattern.

(6) Buyer and Seller Profile: Name, Date of Birth, Place of Birth, Passport number, Father Name, Identification number (like PAN card), Address, County of residence etc.

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**A STUDY ON THE COMMUNICATION PROCESS  
IN TAMIL NADU NEWS PRINT AND PAPER LIMITED (TNPL) KAKITHA PURAM, KARUR**

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### **1.1: INTRODUCTION**

An organization is a body of persons working for a well - defined goal. To achieve it each member of this body has to be in a state of constant touch with the others. In the organization the performance of different activities by individuals is functionally interrelated. The working and maintaining of these relationships is possible through communication, which provides for exchange of information and sharing of ideas. Communication thus becomes a necessary element in human relationships by providing the foundation for human interaction. Further it also performs the energizing function in the organization by transmitting information, facts, feelings and ideas thereby making co ordinate efforts possible. Communication can as such be regarded as basic to the functioning of the organization. In its absence the organization would "cease to exist".

Etymologically the English word "communication" is derived from the Latin Noun "communies" and the Latin Verb "communicare" which means to make common. Communication, in its simplest sense, is a human relationship, involving two or more persons who come together to share, to dialogue, and commune or just to be together, say at a festival or a time of mourning.

Communication is thus not so much an act or even a process but rather social and cultural "togetherness". Communion with oneself, with good nature with the world of spirits, and with ones ancestors are also forms of communication. Leonard J. Kazmier defines communication as "The transfer or transmission of some information and understanding from one person to another. T.S.Mathews defines "communications are something so simple and difficult that we can never put it in simple words.

### **1.2: AIMS AND OBJECTIVES OF THE STUDY**

- To study the communication process in TNPL, Karur.
- To study the workers participation in management.
- To study the employees awareness about the communication process.
- To study the communication environment in the industry.

### **1.3: THE RESEARCH PROBLEM.**

Formulating a research problem is one of the most important aspects of research. The problem defines the goal of the researcher. Research activities will be meaningless if there is no clear cut idea or goal. It is the research problem which helps the researcher in dealing with and adopting suitable tools and methods of investigation. In this study the researcher has selected communication process in TNPL, Karur as the above topic. Human beings can have a meaningful existence only through communication. Without communication there is no possibility for interpretation. In an organization, communication plays a vital role. An individual spends nearly 70% of their working hours in communicating. It seems reasonable to conclude that one of the most vital forces contributing to successful group performance is communications. Communication is one of the most pervasive organization processes that occur in any organization in various varied forms and circumstances.

### **1.4: HYPOTHESES OF THE STUDY**

Hypothesis is a tentative statement concerning the research problem which can be proved or disproved by analysis of data.

**H0.** There is no significant relationship between respondent's educational qualifications and skills informal communication.

**H1.** There is a significant relationship between respondent's educational qualifications and skills in formal communication.

**H0.** There is no significant relationship between respondent's educational qualifications and trade union communication.

**H1.** There is a significant relationship between respondent's educational qualifications and trade union communication.

### 1.5: SAMPLE SIZE OF THE STUDY

The researcher has selected in Tamil Nadu News Print and Paper (TNPL), Karur, for his research. The universe constitutes of all the 1500 employee of the various departments which constitute of executives, staffs and work man the respondents for his study. The researcher took other employees as respondents for study. Size of the universe 1500 size of tile sample 50. (%)

### 1.6: TOOLS FOR DATA COLLECTION

The primary data was collected using a questionnaire. This method was chosen for the following reasons.

The sample was large and so this method was found more suitable. As it ensures anonymity respondents would have the confidence that they would not be identified and as they will feel free to express their views. It places less pressure on the respondents for immediate responses.

Books and related articles to the topic under study consist of the secondary sources.

### 1.7: STATISTICAL ANALYSIS OF DATA

All the aspects of data are carefully analyzed and processed. Chi-square test is used to find out the relation between the selected variables.

### 1.8: NEED FOR THE STUDY

It is clear that all the studies have given due importance to understand the effectiveness of communication system and its broad functions in the industries. Besides they have also made a special reference to the role of supervisors and executives in promoting effective communication. By collecting the opinion of the employee's

suggestions can be given to the management for improving the efficiency and the effectiveness of the communication process. This is the rationale behind the study.

### 1.9: REVIEW OF LITERATURE

The researcher before beginning his study pondered over the concept of communication process and previous studies in corporate communication.

**Gopala Krishnan (1980)** made a study on the communication system in Indian Airlines Madras. He studied the broad functions of the communication system the effectiveness of the tools of communication the main barriers to communication and has examined the role of supervisors and executives in communication.

**Prabakaran (1982)** conducted a study in Hindustan Tele Printers Limited. The objectives of the study were to find out how far the workers were informed of the Company's policies and functions and to study the effectiveness of upward communication to assess how far the committees and unions communicate matters to the workers and to determine as to how far the supervisors were helpful in communicating with workers.

### 1.10: RESULTS AND DISCUSSION

The study exhibits that the respondents selected for the study are more in the age category of 41 – 50 (about 61.1%). More number of employees belong to the 16 – 20 years of service category.(about 59.3%). The majority of employees have post graduate qualification (66.7%). Only a small number of respondents are B.E. qualified. The job category of respondents express that the study has selected more number of workers (about 55.6%) followed by the executives.

The majority of respondents are opinion of the that horizontal communication is effective (44.4%).

The maximum numbers of respondents' are undecided in union functions. They are not clear



about the function of unions. About 37.0% of respondents share information during tea break. Maximum number (38.9%) of persons feel their suggestions are taken to some extent.

### 1.11: STATISTICAL ANALYSIS

#### Educational Qualifications and Formal Communications

H0. There is a significant relationship between respondents educational qualification and formal communication.

Calculated values : 0.461

Table value : 7.815

The hypothesis is accepted. Formal communication and educational qualification are related.

#### Educational qualifications and trade union communication

H0. There is a significant relationship between respondent's educational qualifications and skills of trade union communication.

Calculated value : 0.032

Table Value: 21.026

the hypothesis is rejected. Respondent's educational qualification and skills of union communication are unrelated.

### 1.12: CONCLUSION

The aspirations of employees are on the rise and monetary incentives do not suffice as motivators. A holistic approach towards employees, humanization of work and commitment to bring about true participation are the need of the hour. Through the research study, the researcher has come to the conclusion that communication is indeed the life of every organization. This statement is true with regard to the communication process in TNPL Karur.

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**TABLE IV JOB CATEGORY**

Job category	Frequency	Percentage
Executive	20	37
Staff	30	55.6
Worker	4	7.4
Total	54	100

**TABLE V: DIRECTION OF COMMUNICATION**

Direction of communication	Frequency	Percentage
Upward	14	25.9
Downward	16	55.6
Horizontal	24	44.4
Total	54	100

**TABLE VI: TRADE UNION COMMUNICATION**

Trade union communication	Frequency	Percentage
Notice board	16	29.6
Bit notice	10	18.5
Posters	7	13.0
Representatives	19	35.2
All	2	3.7
Total	54	100

**TABLE VIII: TIME OF INFORMATION SHARING**

Information sharing	Frequency	%
During time of work	10	18.5
During tea break	20	37
Outside work place	12	22.2
Any time	12	22.2
Total	54	100

**TABLE IX**

#### SUCCESSFULNESS OF SUGGESTIONS

Opinion	Frequency	Percentage
Very successful	15	27.8
Successful	16	29.6
Some extent	21	38.9
In effective	2	3.7
Total	54	100

## WOMEN AND WORK-LIFE BALANCE PRACTICES: AN EXPLORATORY STUDY

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### Abstract

*Women have been recognized for their contribution to the growth of the economy worldwide. War for talent and workforce shortage in the knowledge economy has acted as a blessing in disguise for women to enter in IT and ITeS sectors and prove themselves. It is widely accepted that women move forward to higher echelons of management in modern companies compared to traditional sectors. These companies have provided their employees with many work-life balance policies which help to manage work and life and hence move up the career ladder. This paper focuses on women's view of improvement in implementation of these policies. This is an exploratory study based on interview with 30 women employees working in IT companies in Chennai. The results interestingly indicate thumbs up sign for women's growth in the organisations but negative images have also emerged. Suggestions for improvement in implementation of work-life balance practices are provided.*

*Key words: women, work-life balance practices, barriers, IT companies*

### 1.1: Introduction:

Women, for long, had been underutilized resource as far as even developed economies are concerned. The stereotyping of women for household work had made them opt for fewer roles outside home. Though it was common to see women in routine work like that of clerical or a 9am to 5pm job, there was hardly anything to think above it. Slowly, change began and importance of professional/higher education for women was emphasized. The resultant knowledge crowd wanted to work and the new technology companies showed the way. Across the world, in their quest to achieve, women have proved successful at various levels of management but, the leadership positions still remains the domain of a blessed few. The advent of IT sector had changed the scenario to a certain extent by offering family-friendly policies but whether the take-off will successfully launch women in C-suites in yet to be seen.

### 1.2: Background to the study:

As mentioned earlier, women entering in to professional colleges and other Higher education streams had brought a change in the

working trends. According to Mercer-Nasscom study (2008), in the mid '80s, only 5-8 percent of students in engineering colleges and approximately 5-30 percent of the population entering the IT industry were women. By 2005, 40.4 percent of the entrants into institutions of higher education were women. This trend has had a direct impact on the entry level positions filled by women in IT sector as shown in Chart 1. The entry level has a favourable and unbiased gender ratio but as they move up, there is a leaking pipeline felt by the organisations. The companies came out with family friendly options or the work-life balance practices to retain their women workforce. These include Flexible working arrangements, Day care facilities, and Maternity leave options and so on.

As evidenced in "Women Matter", a study conducted by McKinsey and Company, the study suggested that the companies where women are most strongly represented at board or top-management level are also the companies that perform best. Work/life balance policies and practices can improve the 'employee experience' and hence help organisations to retain their staff. From an organisational perspective, the adoption

of work/life balance practices can help ease the problem of skill shortages by attracting and retaining previously 'untapped' pools of talent – including mothers returning to the labour market, mature workers and certain minority groups – by creating work environments that would have been previously untenable.

### 1.3: Review of Literature:

Many studies related to work-life balance practices have been taken up. The important outcome reiterated in many studies is that companies cannot do with WLBP's if they need to improve retention and enjoy productivity. (Pratt (2006), Osterman (1995) and Lambert (2000)). In a study of 732 manufacturing firms in the US, Germany, France and the UK, found that firms with better Work Life Balance Practices enjoyed significantly higher productivity. (Bloom and Van Reenen, 2006). The initial working environment for women was stereotyped for certain kind of jobs. (Kanter, 1977) Celia Davies (1992) in her research in Nursing organizations identified that gender is built into the very design and function of organizations and gender relations are continually enacted within organizational contexts. With advent of technology companies, this notion slowly changed. Kelkar, Govind and Nathan (2002) looked at both the Software Industry and IT-Enabled services (ITES) particularly through the perceptions of women and men workers, and managers within the industry. Single women are more mobile and less hindered by family concerns when compared to married women, who are bound by the contradictory demands of their families, jobs and children. At the same time, the prestige attached to the IT industry allows young women to work night shifts, live alone in cities and control their incomes.

Ferrer & Gange (2006) report that in general, the larger companies and those in more modern/emerging sectors (such as Information Technology and IT-enabled industries in comparison to the older industries like Mining and Construction) typically adopt more family

friendly policies that can moderate the level of tension between work and life/family. It is also found that though the bottom of the pyramid has large numbers, as women progress upward, the numbers come down. Kalghatgi and Seth (2003) mention a DQ-JobsAhead study conducted among 150,000 Indian IT professional found that women constitute over 19% of the total workforce at lower levels ( up to 3 years experience). The Percentage drops to 6 in the senior workforce (10 years experience). Meyerson and Fletcher in their research which began in 1992 report that Women comprise only 10% of Senior managers in Fortune 500 companies; less than 4% of the uppermost ranks of CEO, President, Executive Vice President and COO; and less than 3% of top Corporate earners. Such results were reconfirmed in the studies by Bain and company (2010) and Poonam Barua (2010). The need was felt to retain women employees in the organization. Price water house and Coopers (2008) mention that the growth and sustainability of a firm competing in the global arena depends on the priority that corporation gives to retaining, advancing and empowering female talent. Burke and Collison (2004) in a poll by the members of Society for Human Resource Management indicated that professionals viewed flexible work place schedule as a key to employee retention and placed this working condition in the top three ways for achieving employee retention.

Comfort et al (2003) analysed the data collected from new Workplace and Employee Survey (WES) and showed that only 2 to 7% of workers analysed reported having child or elder care services available to them at the workplace. Also, women reported lower flexitime participation rate than men; 44% of men reported a flexitime arrangement, as compared to only 36% of women. Many companies adopted flexitime and other measures but not without problems. Thompson, Beauvais and Lyness (1999) observe that unsupportive organizational culture is the major impediment for the effectiveness on WLBP's. Managerial or supervisory support is one of the major components of organizational

culture that facilitates integration of employee work-life balance. The MMA-Cerebrus survey (2010) of working women in Chennai has revealed that women who aspire to become leaders feel the resistance within the organization is their biggest hurdle. Also, 90% of women in consulting see themselves as successful managers. This is true for more than 80% of women in Banking. This falls to about 70% among women in IT, ITES and Education and to 68% for women in Manufacturing.

According to Catalyst (2011) latest report on India Inc.2010 "India Benchmarking report", 68% of companies in India have formal strategies for women's advancement in place. Yet these programmes lack elements crucial to their success (that include metrics and indicators to measure their impact), hold managers accountable and engage men in advancing women to leadership roles.

#### **1.4: Research Gap:**

The review of the literature presented brings out the gap in the research that women employees' view in the implementation of work-life balance practices is not taken up. What are the factors to be considered and what needs to be in place to make the WLBP's effective in an organization. These are the areas which this study will take up.

#### **1.5: Need for the study and questions raised:**

All major IT companies highlight their women – friendly work life balance practices to retain them. A snapshot of various work life balance practices looks appealing. But, still the number of women on top is not significant. In the real world, are women benefitting out of it. If not, what are the barriers? What can companies do to improvise on them? What can companies do to retain their women workforce and make them move up to higher stratum? To understand these dynamics, the need for this study was felt and taken up by the researcher.

#### **1.6: Research Objectives:**

The objectives of the study are -

To identify areas of improvement in implementing Work-life balance practices.

To suggest measures to improve the work-life balance practices in IT industry.

#### **1.7: Methodology:**

The study is an exploratory research. Exploratory studies are undertaken to better comprehend the nature of the problem since very few studies might have been conducted in that area. Women employees working in Top ten IT companies listed in Dataquest 2010 survey which had offices in Chennai were taken up for the study. A convenient sample of 30 women employees across all levels of management were interviewed using five structured open-ended questions. Each interview lasted for about 20-25 minutes and demographic details such as age, designation, experience, marital status, type of family and number of dependants was also gathered. The answers were jotted down and content analysis was done for unitizing the data. The individual responses were independently examined and collated to several broad themes. The similar content like responses on part-time, flexible timings requirement were all combined under Flexible Working Arrangement. The final analysis brought out eight important areas for improvising the implementation of work-life balance practices.

#### **Limitations of the study:**

The study cannot be generalized to the entire IT industry as it is restricted to top IT companies having offices in Chennai. The respondent bias could be a possibility as the employees may not be willing to discuss the exact situation at work with the researcher.

#### **1.8: Findings and Analysis:**

1. The employees interviewed were in the age group of 23 years to 42 years.
2. Designation started from Trainee – Associate to AGM.
3. Experience varied between 1 year and 12 years.

4. There were 20 employees from entry level, 5 from middle and 5 from senior level.
5. As far as marital status, 11 were married and 19 single.
6. 8 employees reported no dependants and 4 reported above 5 dependants and others were between 1 and 4 dependants.
7. 20 employees lived as a nuclear family and 10 employees in a joint family.

The study has thrown up many interesting views on work-life balance practices in IT companies.

The first question was "What are your expectations from your company related to WLBP (Work Life Balance Practices)?" The majority of the answers pointed to lack of crèche and day care facilities. Also, flexible working arrangement, part time and flexible shift timings were expected.

"Do not think we can have a common WBLP for all, some compromise on both family and career and both are required. I myself would have opted for part-time within my company, but no policy exists." – Associate Consultant, 36 years "Comfortable shift timing should be given to associates whose presence is required in the office. The managers should not stop the associates from taking their leaves for the year." – Senior Associate, 27 years "Crèche and work from home policy should be given. Leave and permission when required should be given. When most needed, it is denied." – Test Engineer, 24 years

The second question was "Kindly mention the barriers/issues you face, as a woman, when you avail WLBP." The employees were bothered that their colleagues and manager would look down at them when using WLBP. Interestingly, five employees said there were no issues in their company and when required they can opt for the practices though they have not opted any so far. All these 5 employees are unmarried and less than 25 years of age. "I cannot think of getting a

promotion during my maternity" – Programmer, 25 years. "The barrier starts to the associates when they join back. They are treated as if they will never perform well or they will be given very less responsibility to take telling there is a gap on their work and may not be perfect." – Senior Associate, 28 years. I have not availed any such facility so far, but from what I have minimally seen around me so far, I feel such WLBP availing women are always seen as to-be-avoided team members unless there is a consistent performance history. – Assistant General Manager, 38 years. "Some misbehaviour of our TL should be adjusted to save our position"- Graduate Trainee Engineer, 23 years

The next question was "What kind of policy or support from the Organization, in your opinion, will help you move up the Career Ladder?" To this many women had said that performance based pay and promotion should be provided. Special benefits to attend training programs and pursue higher studies were also expected. "Implement the true concept of 'performance pays' in reality rather than that being in words. So, a truly metric / objective oriented assessment of performance will help many instead of subjective appraisal system." – Technology Specialist, 42 years. "Performance and caliber should only be considered for promotion" – Asst. Systems Engineer, 24 years. "Proper motivation and exceptional benefits for women employees especially for pursuing higher studies" – Associate, 25 years

The next question was "What do you think women should improve to progress in the career lane?" Self-confidence and self-development (multi tasking, practical knowledge) were the key aspects discussed by many women. "Focus, dedication and commitment are key words to progress in the career lane – Does not matter how long we work, but what matters is how soon we deliver with quality." – Project Lead, 35 years "Confidence to handle any difficult situation and ability to speak boldly is what I consider important"- Programmer, 25 years. "Women

should try to get practical knowledge than academic and develop multi-tasking skills. This is essential in this industry.” – Business Analyst, 27 years

The last question was “What suggestions do you provide for improvement in implementation of WLBP in your organisation?” Awareness among all was the main theme which emerged from this question. “Separate team for the purpose of implementing WLBP is necessary.” – Software

Engineer, 26 years. “Website link can be created for this. Information on the intranet would create awareness.” – Tester, 30 years. “Meeting for WLBP required.” – Assistant Manager – Solution offering, 36 years.

### 1.9: Discussion and Managerial Implications:

The analysis of the findings has brought out Eight important areas for effectively improvising the implementation of the Work-life balance practices

**Table showing Dimensions and Areas of Improvement based on Findings of the Study**

Dimensions	Improvement Areas
Expectations related to WLBP (Work Life Balance Practices)	Flexible Working Arrangement (part-time, flexible shift timings) and Crèche facilities need to be provided / enhanced.
Barriers/issues while availing WLBP.	Peer-perception – Women are looked down if they avail any WLBP. This should be changed by bringing in a cultural change in the organisation.
Required Policy or support from the Organization to move up the Career Ladder	Performance based pay/promotion, Special benefits for women for pursuing higher studies or taking up training programs.
Women improvement areas to progress in the career lane	Self-confidence and Self-development (multi tasking, practical knowledge) are the two aspects women should focus on.
Suggestions for improvement in implementation of WLBP	Awareness among all the employees to make the family-friendly policies, availability-friendly too.

The top management should ensure that awareness is created among all the employees – men and women which would ease out the availing of work-life balance practices. It is also to be noted that crèche and day care facilities are the utmost priority of young working mothers. Pooling of companies to come out with a common day care centre or tie-up with a leading day care centre would make the women breathe easy. As far as barriers are concerned, the statements from the employees summarize the plight of women in peak of their career and family life today. An employee remarking about misbehavior is a shocking statement and the interviewee refused to divulge further details and on formal anti-sexual harassment policy of the company. Though this was made by one women employee, the gravity of the issue made it to be

note-worthy in this research. Women have also cleared that Performance should be the only criteria and they can do well if gender is ignored and performance based assessment is done. Some women have also expressed the need for support for higher education and related technical training and development. The companies should look in to this aspect as well. It is noted from the research that women still need to improve on their self-confidence and find ways to enhance their practical knowledge.

### 1.10: Conclusion:

Companies cannot do without provision of work-life balance practices. The business case for brining in women on boards is also established by various research agencies. It is significant to note that the leading IT companies have drafted

out such policies in the wake of opt-out syndrome among women after certain level in their career. Though it is a positive sign, there are certain areas which need to be improvised on to make their practices really work and retain the employees. The findings brought out in this study can be taken up by the companies to rethink their implementation and bring about a change in the way it is done. It is concluded that though policies are in place it takes much more to practice them in the real organisation settings. The IT companies have proved themselves to be pioneers and by bringing in improvement they are definitely to be benefited by flower power. With ever increasing potential of the IT industry as far as India is concerned, the need to retain women employees is not a choice but a necessity.

#### End notes:

*Leaking pipeline: Women enter the workforce at large numbers at the entry level but the numbers start leaking as they move up the career ladder.*

*Flower power: Women in leadership roles.*

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## IMPROVING SERVICE QUALITY THROUGH CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING SECTOR, PROCESS MODEL AND ITS BENEFITS- A REVIEW

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### 1.0: Abstract:

Today, customers are expecting even more individual attention, responsiveness, and customization, but unwilling to pay a returns for these services. They are willing, however, to build long – term relationships based on trust and mutual respect with banks that provide a differentiated service offering. Good customer relationship is at the heart of business success. Stronger the relationship between the customers and the banks, more likely the customer will give repeat business. Now, marketing is shifting from trying to maximize the profit on each individual transaction to maximize beneficial relationship. A banking company has a huge customer base, varied product lines, multiple distribution channels, and a market with a geographical spread. To effectively interact with customers and design suitable products, the customers' CRM strategy has to fully utilize the potential of technology. The primary objective of this paper is to explore the scope of CRM in banking sector and to review the benefits of best process model. It gives a conceptual frame work of CRM in Banking and its advantages to customer and a bank.

**Key words:** Mutual respect- Varied product lines- Technology- differentiated service- geographical spread.

### 1.1: INTRODUCTION:

The competitive landscape for the banking industry is rapidly evolving. The structure of the market, the competition for customer wallet share, and the heightened focus on profitability has converged in an unprecedented way. This has created a marketplace that is far more complex, dynamic, and challenging than any in the past. Today, customers are expecting even more individual attention, responsiveness, and customization, but unwilling to pay a returns for these services. They are willing, however, to build long –term relationships based on trust and mutual respect with banks that provide a differentiated service offering. Good customer relationship is at the heart of business success. Stronger the relationship between the customers and the banks, more likely the customer will give repeat business. Now, marketing is shifting from trying to maximize the profit on each individual transaction to maximize beneficial relationship. The operating principle of customer relationship management in banks is build good relationship and profitable transaction will follow

automatically. This research study highlights the needs, goals, processes, challenges and benefits of CRM strategies and solutions in the context of exploding banking industry in India.

### 1.2: Scope of Customer Relationship Management

If the customer service in the banks is really good, the customer is unlikely to look elsewhere. In fact, he would act as a great brand ambassador for the banks, which would eventually pave the way for enrolling fresh customers. In the case of long-term contracts, a customer is entitled to a host of services during the entire contract period and attending to them is mandatory. With the competition heating up in the post-liberalized banking market, one factor that is contributing to the overall performance of a banking player is Customer Relationship Management. Each banking is parading its own leverages in field and highlighting the importance attached to customer service in the banks. Customer relationship management emerged from relationship marketing. Customer relationship management is the process of



attracting maintaining and enhancing customer relationship in service organizations. Customer relationship management goes beyond the transactional exchange and enables the banker to estimate the customer's sentiments and buying intentions so that the customer can be provided with products and services before he starts demanding. This is possible through the integration of four important components i.e. people, process, technology and data. Thus, customer relationship management is to identify, establish, maintain, enhance and when necessary, also to terminate relationship with customers and stakeholder at a profit so that the objectives of both parties are met, and that this is done by mutual exchange and fulfillment of promises.

With a view to providing better services, banks have been tactically adopting customer relationship management strategies. They have started with basic operational systems to integrate customer information from multiple channels and sales force automation. Technologies such as contact centre segmentation and campaign management tools are maturing and finding wider adoption with a number of banking companies. Customer relationship management is an organizational strategy to develop mutually profitable life long relationship with the customer. The primary goal of customer relationship management is to build and maintain a base of committed customers who are profitable for the organization. To achieve this goal, the firm should focus on the attraction, retention, and enhancement of customer relationships.

Other objectives of customer relationship management are Use technology and human resources to understand the needs and behavior of present and potential customers, Acquire, retain and establish mutually rewarding, one to one, relationships with customers, Provide better customer service to customers, Identify high value customers so that the organization can serve them better with differential service, Collect customer information at all possible points and

making this information available to the entire organization wherever and whenever needed, so that the customer could be served better, Get maximum 'wallet share' of the customer, Increase customer revenues by cross selling and up selling, Simplify marketing and sales processes, Provide the level of service appropriate to high value customers, Integrate all customer related activities like marketing, sales, service in such a way that highest value is provided to the customer.

### **1.3: Process of CRM in Banks:**

A banking company has a huge customer base, varied product lines, multiple distribution channels, and a market with a geographical spread. To effectively interact with customers and design suitable products, the customers' CRM strategy has to fully utilize the potential of technology. The customer has to leverage a vast pool of data at each step in the customer relationship management process, and use the insight gained for developing new products and services to meet the ever-changing needs of the customers. The customer relationship management development process in an banking company could be divided into six steps.

#### **1.3.1: Initiating CRM**

Banking business has been traditional and conservative compared to other financial service markets. Hence making changes in the business is run by introducing new technologies could generate resistance and slow down the adoption of customer relationship management. Therefore, the banking company should first educate and communicate with employees at all levels to prepare themselves for the new customer relationship management deployment, helping them to prioritize the solution and understand that it is a strategic initiative for the organization.

#### **1.3.2: Identifying customers**

Knowing our primary customers like customers, beneficiaries, insured, agents or brokers is important while customizing and

developing the customer relationship management strategy because these answers can significantly change how the design and implementation of the product is done. A customer-centric management must have a clear understanding of each of the customer segments and build an infrastructure and strategy to provide them with products and services that address the needs of each segment.

#### **1.3.3: Collection and owning customer data**

To gain the maximum benefits of a total view of the customer, customer should capture and combine customer information obtained from Zonal offices, Divisional offices, Branch offices, Agents, along with the customer data from the existing system. This information gleaned from these sources must be combined with personal interactions.

#### **1.3.4: Develop a definite ROI strategy**

The customer must have Returns On Investment (ROI) measurement in place to monitor effectiveness and to justify future investment in CRM technologies. Instead of just hoping to have better results, the company has to develop business –focused ROI criteria that will enable it to define, measure, and analyze the impact of CRM processes and technologies on the business. By setting realistic goals, one can calculate the returns on these initiatives and determine which components of the CRM strategy are producing the greatest impact on the business by the use of metrics. Metrics that customer can use to measure CRM success includes customer satisfaction ratings, number of customer complaints, average time to resolve issues, response time, customer attrition, number of cross-sells, customer profitability, cost of service, etc.

#### **1.3.5: Create a realistic budget and timelines.**

The CRM budget and timeline should be as realistic as possible; ensuring that any project vital to the CRM deployment is completed within a timeline. Updating administrative systems, updating websites, and web-based channels help

the organization to stick to the time schedules. A realistic budget helps the creation of these instruments.

#### **1.3.6: Seek experienced resources**

Technological challenges, such as integrating existing IT systems with customer centric solutions, may create challenges for banking deployments. Hence, to implement the CRM solution, customer should ensure that the CRM seller and the company's IT professionals have the technical proficiency and experience to integrate their resources towards customer oriented solutions.

#### **1.4: Benefits of CRM deployment**

The benefit of application of Customer Relationship Management(CRM) solutions are plentiful which include needs analysis, online selling, online payment, claims intimation and settlements, online customer servicing, loan processing and knowledge management. The challenges faced by the customers during development, implementation and maintaining CRM projects can be listed as follows:

##### **1.4.1: Culture:**

The culture of the banking industry hampers the movement towards CRM. Traditionally, the banking sector has been resistant to changes in business or technology. Customers' legacy information systems are a major impediment to adopting technologies like CRM.

##### **1.4.2: Identification of Customer Point:**

Getting the information to the actual point of customer contact, which varies from company to company, is one of the major problems in implementing CRM. The relationship with customer is often scattered across layers E.g. with agents, immediate branch office, direct e-contact, etc.,

##### **1.4.3: Technology:**

Many banking companies still lack the technology and the corporate approach needed to understand their customers. Lack of internal,

enterprise wide data integration has made it exceedingly difficult to develop a comprehensive view of customers.

#### 1.4.4: CRM-Buy or Build:

Customers must make crucial decisions as to whether they should buy CRM solutions from vendors or build the system internally. Internal construction requires sufficient IT resources with skills and expertise in various CRM areas (i.e., front –office, mid-office and back-office), time to complete the project, and funding. These challenges cause many small-to-midsize providers to turn to external vendors for the parts needed for CRM.

#### 1.4.5: CRM-Cost of Revenue:

Is CRM about revenue, or cost, is a question posed by most of the customers. CRM solutions will have to prove their worth to users prior to making an investment. But measuring results of CRM program is not as cut and dried as it is with other technologies. Many banking companies want to invest in a CRM process when they know the results, but in reality, they may not know the result until they activate it. Therefore, banks must clearly identify the purpose of the system being implemented and conduct a thorough cost vs. benefit analysis.

#### 1.5: Conclusion

Hyper competition has resulted in plethora of products and services, which in turn has led to crowing the customer as king. Expectation of customers rise exponentially with the refinements in information technology based utilities. The key expectations in customer service in the banking industry are speedy services. Easy and simple procedures for varied transactions involved with customers. With CRM, banks serve their customers better and increase their chances of retaining them, and their satisfaction level by having all relevant information necessary to make planning, product, and service decision throughout the customer life cycle. This, in turn, can increase customer loyalty and retention by meeting customers'

requirements and expectations. Banking players should not be carried away by the apparent high-sounding appeal of the CRM solutions. They should rather aim at acquiring what suits their needs. It should be realized that it is for the enhancement of customer satisfaction and in the process, business growth, that a proper CRM platform is required. As such, it calls for a proper understanding of the customer's needs and desire. For a CRM system to be effective, it must integrate analysis from all customer touch points, balance customer and shareholder value, and drive business process refinement across the enterprise. Only then can the success of a proper implementation of CRM be ensured.

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