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## THE JOURNAL OF ARMY INSTITUTE OF MANAGEMENT & TECHNOLOGY

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Success Through Operational Excellence and Marketing Strategies : A Case Study of Nestle India  
*Dr. Sumeet Singh Jasial, Shashank Jain*

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Approved by AICTE & Affiliated to Guru Gobind Singh Indraprastha University, Delhi

Plot No. M-1, Pocket P-5, Greater NOIDA, Gautam Budh Nagar (UP) - 201 306

Tele : 0120 - 2329503, Fax : 0120 - 2329512

e-mail : registrar@aimt.ac.in, journal@aimt.ac.in, website : www.aimt.ac.in

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## FROM THE EDITOR

The current edition of AIMT journal contains some thought provoking and stimulating research work. At first look the research topics appear very common. However each researcher has been able to draw out very unique and "less-known" facts in these common topics.

The Fair value Measurement is widely used tool for valuation of Financial Instrument. N. B. Ijeoma has highlighted the uncertainty and complexity of using this method in financial markets. In fact many of the financial crises during recent times are due to "Creative" treatment of Fair value Measurement.

AmyPoh AI, M. N. Saludin and M. Mukaidono explore the impact of marketing mix on customer satisfaction using ELECTRE model, which is another area of study much in vogue. The paper highlights the complexities of the analysis in modern market dynamics. The case study on Nestle by Dr. Sumeet Singh Jaisal and Shashank Jain in fact opens up a number of areas in the strategic management of an MNC. It can be used as a "learning process" topic in strategic management, distribution and supply chain as also in marketing.

Prof. Taranjeet Duggal and Shivani Tandon discuss the relationship between employees commitment and meaning of work. The paper on Role of Gender Identity by Lilly Ye and T. M. Adrian Robertson highlights some interesting issues pertaining to the modern concept of gender based behaviour and choices.

Capacity building and modernization of Indian banks are the need of hours as deliberated by Vivek Srivastava and Dr. Durga Mahapatra in research paper on branchless banking in Indian rural areas. Dr. Gaurav Sankalp discusses career development and its impact on family development. Paper on employees training effectiveness elaborates a number issues ranging from the comprehensive concept of work, career, training and work- life issues. Dr. Luxmi in her paper on Impact of work-family spillover on burnout is very contextual given the dramatic growth in the rural sector in terms of demand, financial activation and need for banking services in rural areas.

Dr Vatsala Sharma in her paper on institutional ownership, attempts to describe relationship between the institutional/its components holdings and identified measures of firm performance. Gautam Srivastava, Neeraj Anand and Dr. Arvind Kumar Jain use factor analysis to determine the effect of brand positioning of lubricant on consumer perception.

All the research paper bears the unmistakable stamp of professional rigour and contextual relevance.



Dr. Ashok Pathak,  
Editor-In-Chief

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# The Impact of Fair Value Measurement on Financial Instrument of Firms in Nigeria

Ijeoma, N. B.<sup>[1]</sup>

## ABSTRACT

*This study assessed the impact of fair value measurement on financial instrument of firms in Nigeria. The objective of this study is to determine the extent to which fair value measurement can be applied with precision in the assessment of a firm's financial position and to determine the possibility of measurement errors in financial instrument measured on Fair Value. The method of data collection used in this study was field survey method involving the use of questionnaire administered to 188 samples. The method of data analysis was the Kruskal-Wallis rank sum test statistic. From the result of the analysis it was observed that the implementation of Fair Value measurements gives sufficient precision in assessing firm's financial position and earning potential since majority of the respondents agreed with a mean rank (mean rank = 35.38) and a corresponding Chi-Square test statistic value of 33.27 and a p-value of 0.00 which falls on the rejection region of the hypothesis. Also observed was that the possibility of measurement errors in financial instrument measured on Fair Value basis was high since majority of the respondents agreed with a mean rank (mean rank = 24.50) and a corresponding Chi-Square test statistic value of 20.13 and a p-value of 0.00 which falls on the rejection region of the hypothesis. Hence, we conclude that Fair value is the best reflection of the expected future cash flow as it predicts the ability of the entity to take advantage of opportunities or to react to adverse situations. We recommend that for fair value accounting to be beneficial in Nigeria there should be vigorous policing and enforcement of punitive actions against insider abuse and other forms of market manipulation.*

**Keywords:** Mean rank, errors, rejection, enforcement, implementation, survey

## INTRODUCTION

Fair value accounting is a financial reporting approach in which companies are required or permitted to measure and report on an ongoing bases, certain assets/liabilities (generally financial instruments) at estimates of the prices they would receive if they were to sell the assets or would pay if they were to be relieved of the liabilities [1]. Fair value can be defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

[2], in his study raised the following issues to be challenges of implementation of fair value accounting in Nigeria: are corporate bonds and government bonds traded in active markets; are there expertise in development of valuation models; complex valuations required for measuring fair value of Foreign Exchange Contracts (FECs), Cross Currency Interest Rate swaps and other derivatives may be hard to find; will regulators allow fair value measurements for financial instruments of entities performing fiduciary duties. He concluded by suggesting that accounting standards and regulators should provide additional guidance targeting on how to determine when markets becomes inactive and determining whether a transaction or group of transactions is forced or distressed. [1], noted that under fair value accounting companies report losses when the fair value of their assets decreases or liabilities increase. Those losses are found to reduce companies reported equity and may also reduce companies reported net

income. He added that fair value is an estimate of the price an entity would realize if it were to sell an asset, or price it would pay to relieve a liability. Many financial instruments such as shares traded on an exchange, debt securities (U.S. Treasury bond), and derivatives are measure and reported at fair value. [3], in his review on the relevance and reliability of reporting fair value for loans and other financial instrument concluded that the evidence on fair value reporting supports its relevance. [4], in their study sought to identify the source of volatility in financial statement amount that is attributable to using fair values as the measurement basis. Their work revealed that volatility from period to period in financial statement amounts derives from several sources, the most obvious being the entity's activities during the period and changing economic condition that are reflected in the financial statements. They added that using fair value as a measurement basis in accounting is intended to reflect better economic volatility than any historical based amounts. [5], said that it has been argued that different conceptions of what is for an accounting estimate to be reliable underlie the fair value debate as it has taken shape in the last decade. The language of subjectivity and objectivity is unhelpful in characterizing what is at stake; it is more useful to focus on the question of how certain valuation technologies do or don't become institutionally accepted as producing facts. However, the shift in accounting principles will not come without some additional effort by all capital market

participants, including preparers, auditors, regulators, and users of this information. It is realized that accounting and reporting based on fair value principles, in comparison with historical cost-based principles, require more extensive and detailed analysis of the methods and assumptions used to determine values recognized in the financial statements. This in turn, will require market participants to redesign the current financial reporting model and to educate themselves in the application of these new principles. [6], in their contribution reported that much of the controversy about Fair Value Assets (FVA) results from confusion about what are new and different views about the purpose of FVA. In their view they argued that the debate on FVA dates back to several old accounting issues, like the tradeoff between relevance and reliability, which has been debated for decades. They noted that it is important to recognize that accounting rules interact with other elements of institutional framework, which could give rise to unintended consequences. They stressed that manager's concerns on litigation could make a deviation from market prices less likely even when it would be appropriate. It is important to recognize that giving management more flexibility to deal with potential problems of FVA (e.g. in times of crisis) also opens the door for manipulation. Managers' could use deviation from allegedly depressed market values to avoid losses impairments. Judging from evidence in other areas in accounting (e.g. a loan and goodwill) as well as U.S. savings and loans (S & L) crisis, this concern they stressed should not be underestimated. Hence, standard setters and enforcement agencies face a delicate tradeoff (e.g. between contagion effects and timely impairment). According to [7], he noted that the fundamental case in favour of fair value accounting seems obvious to most economist, this is because fair value incorporates more information into financial statements. Speaking against fair value, [8], argued that fair value accounting has been the principal cause of an unprecedented decline in asset values; an unprecedented rise in instability among financial institutions; and the worst economic crisis in the United States since the Great Depression. Moreover, [9], believes that fair value accounting is highly pro-cycling and should be abandoned or at least significantly modified in order to ensure that financial statements report information on stability of the entity rather than on its earnings power. [10], reported that many see fundamental inconsistency between measuring financial instruments at fair value and nonfinancial items largely on historic cost basis. Standard-setters recognize that whenever a boundary is drawn between financial statement items with different measurement attributes some inconsistencies and complexities often results. It is argued that there is economic logic in drawing a line between financial instruments and nonfinancial items, and more so than drawing a line including some financial instruments but not others. Conceptually, the periodic returns on financial instruments can be separated into three components with distinct sustainability or certainty.

The first two components; amortized cost interest and the difference between fair value interest and amortized cost interest-sum to fair value interest. It is useful to distinguish these two components of fair value interest because amortized cost interest is both sustainable and certain, whereas the difference between fair value interest and amortized cost interest is sustainable but uncertain. The difference between fair value interest and amortized cost interest is sustainable because unexpected changes in interest rates and the resulting unexpected changes in fair values affect fair value interest calculations throughout the remaining lives of financial instruments. For example, an unexpected gain on a financial asset due to a decrease in interest rates in the current period reduces expected fair value interest revenue on the asset throughout its remaining life. This third component of the periodic returns to financial instruments is the unexpected change in their fair values during the period. Unexpected changes in the fair values of financial instruments are both unsustainable and uncertain [11]. According to [12] fair values reflect the most current and complete expectation and estimation of the value of assets or obligations, including the amounts, timing, and riskiness of the future cash flows attributable to assets or obligations. As such expectations lie at the heart of all transactions, which add to the belief that market efficiency would be enhanced if the information upon which such decisions are made is reported in the financial statements at fair value. Measurement of accounting elements is one of the crucial factors in the process of preparing financial statements, which fairly present economic activity of an accounting entity. Elements of financial statements can be measured by various attributes, corresponding to the nature of an element and the purpose for which the element has been incurred by entity. The reliability and relevance of the attribute measured are the key points of measuring assets, liabilities, equity and other elements. According to [13], they noted that the problems that exist in today's financial markets can be traced to many different factors. One key factor that is recognized as having exacerbated these problems is fair value accounting. They explained further that fair value accounting is appropriate for assets that are held for trading purposes or if an entity's business model is based and managed on fair value. However, for traditional commercial banks and for loans, leases, and securities that are held to maturity, the argument goes, fair-value accounting can be inappropriate and misleading, especially in a time of crisis and when markets are illiquid. In consideration of reliability and relevance of fair value, [14] found fair values relevant in the explanation of share prices. They gave substantial evidence that recognized and disclosed fair value measures to be relevant to investors and reliable enough to be reflected in share prices. Fair value measures which have consistency in definition, incorporate all elements of financial instrument measurement, invoke some degree of market discipline and more relevant to investment decision-making, are found to be better measurements

<sup>[1]</sup>Department of Accountancy, Nnamdi Azikiwe University, Awka, Nigeria Email: amaro4baya@yahoo.com

for recognition of financial instruments within the basic financial statements. [15], outlined some of the major concerns associated with the application of fair value accounting in developing countries as inactive market, cost, skills shortage, government controlled markets, related parties, weak regulatory environment, and lack of valuation standard and guidance. [16], examined the perceptions of fair value accounting by auditors in Nigeria. They found that statements prepared under fair value accounting basis is more useful than those prepared under historical cost basis. Auditors, awareness of fair value issues in Nigeria is low, fair value accounting poses greater challenges for auditors than the historical cost basis, and they claim that fair value accounting is not appropriate within the Nigeria context. [17], explained that countries with weaker investor's protection mechanisms are more likely to adopt International Financial Accounting Standards (IFRS) and therefore concluded that IFRS represent a vehicle through which countries can import investor protection and make their capital markets more accessible to foreign investors. [18], reported that many see fundamental inconsistency between measuring financial instruments at fair value and nonfinancial items largely on historic cost basis. Standard-setters recognize that whenever a boundary is drawn between financial statement items with different measurement attributes some inconsistencies and complexities often results. It is argued that there is economic logic in drawing a line between financial instruments and non-financial items, and more so than drawing a line including some financial instruments but not others. [19], explained that with the current controversy surrounding fair value accounting, it is important to understand actually what it is. According to him, under Generally Accepted Accounting Principles (GAAP), fair value is defined as the amount at which an asset can be bought or sold in a current transaction between willing parties, or transferred to an equivalent party, other than in a liquidation sale. On the opposite side of the balance sheet, the fair value of a liability is the amount at which the liability can be incurred or settled in a current transaction between willing parties, other than in liquidation. He added that fair value is sometimes referred to as "exit values". When fair value is not available due to lack of an actual transaction, it is logical to use information from an active market. An active market is a market in which securities as a whole are trading at a high volume. He stated further that, sometimes, quoted prices might not represent the best estimate of fair values. [15], simply state in their study that fair value accounting represents the revaluation of unsold assets and liabilities to market prices on regular basis. According to them, it is primarily applied to financial assets and liabilities but however, three major groups of non-financial assets which include property, plant, investment property and intangible assets are also subject to fair value measurement. They noted further that active markets may not always exist in order to identify a market price for the specific asset or liability and that instead there should

be established hierarchy that prioritizes the relative reliability of the inputs that may be used in establishing fair value. The fair value hierarchy consists of three levels and gives the highest priority to the most reliable inputs-quoted prices in active markets for identical assets or liabilities (Level 1), whereas the lowest majority is assigned to unobservable inputs (level 3), which are received as the least transparent and objective.

The objective of this study is to determine the extent to which fair value measurement can be applied with precision in the assessment of a firm's financial position and equally, to determine the possibility of measurement errors in financial instrument measured on Fair Value.

## MATERIAL AND METHODOLOGY

### Data Collection

The method of data collection used in this study was field survey method involving the use of questionnaire. A sample of 188 persons drawn from a population consisting of members of Nigerian Accounting Standard Board, members of Institute of Chartered Accountants of Nigeria/Association of National Accountant of Nigeria, Accounting lecturers and postgraduate accounting students, financial institutions, Government agencies and Nigeria Capital market.

### The Kruskal-Wallis Analysis Rank Sum Test

Biological data from experience never follow a Gaussian (normal) distribution precisely, because a Gaussian distribution extends infinitely in both directions, so it includes both infinitely low negative numbers and infinitely high positive numbers. Many kinds of biological data, however, do follow a bell-shaped distribution that is approximately Gaussian. Because ANOVA works well even if the distribution is only approximately Gaussian (especially with large samples), these tests are used routinely in many fields of science [20].

An alternative approach does not assume that data of interest follow a Gaussian distribution. In this approach, values are ranked from low to high and the analyses are based on the distribution of ranks. These tests, called nonparametric tests, are appealing because they make fewer assumptions about the distribution of the data. But there is a drawback. Nonparametric tests are less powerful than the parametric tests that assume Gaussian distributions. If the samples are large the difference in power is minor. With small samples, nonparametric tests have little power to detect differences.

The Kruskal - Wallis test which is an extension of the Wilcoxon test for location with two independent samples from continuous populations ([20], [21], [22]).

Procedure for calculating the Kruskal-Wallis test

1. Rank all the scores in the experiment, irrespective of condition.
2. Add up the ranks for each condition to produce a rank total for each condition:  $R_1, \dots, R_k$  where  $k$  is the number of conditions.

3. Calculate H using the formula:

$$H = \frac{12}{N(N+1)} \sum_{i=1}^k \frac{R_i^2}{n_i} - 3(N+1)$$

which allows for different numbers of subjects in each condition. N is the total number of subjects and  $n_1, \dots, n_k$  are the number of subjects in the k conditions.

4. The calculated value of H must equal or exceed the table value of  $\chi^2$  with  $k - 1$  degrees of freedom at the chosen level of significance to reject the null hypothesis.

**Decision Rule:** The decision rule is reject the null hypothesis when the P-value is less or equal to the  $\alpha=0.05$ , otherwise, accept the null hypothesis. Alternatively, when the Chi-square calculated is greater than the Chi-square tabulated the null hypothesis is rejected.

### Data presentation

Table 1: Responses on Whether Fair Value Measurement gives Sufficient Precision

Question	SA	A	U	D	SD	Total
1	91	80	4	9	4	188
2	47	88	25	23	5	188
3	69	87	15	16	1	188
4	38	87	30	25	8	188
5	62	72	22	18	14	188
6	51	83	23	27	4	188
7	46	66	32	32	12	188
8	61	81	28	13	5	188

Table 2: Responses on Possibility of Measurement errors in fair value for financial Instruments

Question	SA	A	U	D	SD	Total
9	80	81	18	8	1	188
10	73	74	26	11	4	188
11	72	83	20	9	4	188
12	30	43	55	55	5	188
13	29	70	50	36	3	188
14	25	57	82	20	4	188

## DATA ANALYSIS AND RESULT

### Kruskal-Wallis Test on whether Fair Value measurement gives sufficient precision to help assess adequately the Firm's Financial Position and Earning Potential

H00: Implementation of Fair Value measurements does not give sufficient precision in assessing firm's financial position and earning potential

H11: Implementation of Fair Value measurements gives sufficient precision in assessing firm's financial position and earning potential

Table 3: Ranks

	Option	N	Mean Rank
Responses	1.00	8	29.63
	2.00	8	35.38
	3.00	8	16.44
	4.00	8	15.44
	5.00	8	5.63
Total		40	

Key: 1= strongly agree, 2= Agree, 3= Undecided, 4= Disagree, and 5= strongly disagree

Table 4: Test Statistics<sup>ab</sup>

	Responses
Chi-Square	33.273
df	4
Asymp. Sig.	.000

a. Kruskal Wallis Test b. Grouping Variable: Option

### Kruskal-Wallis Test on Possibility of Measurement errors in fair value for financial Instruments

H02: The possibility of measurement errors in financial instrument measured on Fair Value basis is not high

H12: The possibility of measurement errors in financial instrument measured on Fair Value basis is high

Table 5: Ranks

	Option	N	Mean Rank
Responses	1.00	6	20.00
	2.00	6	24.50
	3.00	6	17.33
	4.00	6	12.17
	5.00	6	3.50
Total		30	

Key: 1 = strongly agree, 2 = Agree, 3 = Undecided, 4 = Disagree, and 5 = strongly disagree

Table 6: Test Statistics<sup>ab</sup>

	Responses
Chi-Square	20.134
df	4
Asymp. Sig.	.000

a. Kruskal Wallis Test    b. Grouping Variable: Options

## DISCUSSION

The result of the analysis obtained in section 3.1 showed in Table 3 that majority of the respondents agreed that implementation of Fair Value measurements gives sufficient precision in assessing firm's financial position and earning potential since the highest mean rank (mean rank=35.38) was obtained for option 2 (Agree). Also, from Table 4 it was observed that implementation of Fair Value measurements gives sufficient precision in assessing firm's financial position and earning potential since the Chi-Square obtained was 33.27 and a p-value of 0.00 which falls on the rejection region of the hypothesis. Hence, the null hypothesis was rejected since the p-value =  $0.00 < \alpha = 0.05$ , assuming a 95% confidence interval. This result implies that implementation of Fair Value measurements gives sufficient precision in assessing firm's financial position and earning potential.

The result of the analysis obtained in section 3.2 showed in Table 5 that majority of the respondents agreed that the possibility of measurement errors in financial instrument measured on Fair Value basis is high since the highest mean rank (mean rank = 24.50) was obtained for option 2 (Agree). Also, from Table 6 it was observed that the possibility of measurement errors in financial instrument measured on Fair Value basis is high since the Chi-Square obtained was 20.13 and a p-value of 0.00 which falls on the rejection region of the hypothesis. Hence, the null hypothesis was rejected since the p-value =  $0.00 < \alpha = 0.05$ , assuming a 95% confidence interval. This result implies that the possibility of measurement errors in financial instrument measured on Fair Value basis was high.

## CONCLUSIONS

This study assessed the impact of fair value measurement on financial instrument of firms in Nigeria. From the finding of the study it was observed that the implementation of Fair Value measurements gives sufficient precision in assessing firm's financial position and earning potential. Also observed was that the possibility of measurement errors in financial instrument measured on Fair Value basis was high. Hence, it is obvious that fair values are not necessarily the currently realizable values of positions rather they are hypothetical value that reflect transaction prices even if current conditions do not support such transaction. Fair value reflects current information about future cash flows and current risk adjusted discount rates. It does not allow firms to manage their income through gains trading, because gains and losses are recognized when they occur, not when they are realized. Hence, we conclude that Fair value is the best reflection of the expected future cash flow as it predicts the ability of the entity to take advantage of opportunities or to react to adverse situations. We recommend that for fair value accounting to be beneficial in Nigeria there should be vigorous policing and enforcement of punitive actions against insider abuse and other forms of market manipulation. Also, there should be clearly enforceable standards as well as an effective enforcement framework fines and disciplinary records should be announced and made publicly available to serve as a deterrent to operators.

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**Appendix**  
**Sample of Questionnaire**  
**Section A**

S/No.	Question	SA	A	U	D	SD
1.	Fair value measurement would reflect market views of the attributes of the assets or liability being measured					
2.	Managers will include views of the reporting entity that differ from market expectations					
3.	Fair value measurement gives sufficient precision to help assess adequately the firm's financial position and earning potential					
4.	The 'principal market' view, more accurately reflects the fair value than the most advantageous market view currently in IFRS					
5.	Fair value helps users to evaluate past performance					
6.	Fair value help users to analyze future performance					
7.	Fair vale best reflects future cash flow					
8.	Financial statement being presented in full fair value will help users entity's present correct stand					

**Section B**

S/No.	Question	SA	A	U	D	SD
9.	Fair value measurement would consider the utility of the asset or liability being measure					
10.	Fair value measurement would reliably determine the price that would be received for an asset between market participants at the measurements date					
11.	Fair value measurement would reliably determine price that would be paid to transfer a liability in a transaction between market participants at the measurement dates					
12.	The possibility of measure-ment error is high					
13.	The use of valuation models for financial instruments for which no active market readi-ly exist is not reliable					
14.	Fair values could be less accurate and more discretionary when they are either adjusted mark-to-market value or mark-to-model value					

## Success Through Operational Excellence and Marketing Strategies : A Case Study of Nestle India

Dr. Sumeet Singh Jasial<sup>[1]</sup>  
Shashank Jain<sup>[2]</sup>

Nestlé was founded in 1866 by Henri Nestlé, George Page, Charles Page and the company has its headquarters in Vevey, Switzerland and today it is the world's biggest food and Beverage Company. Sales at the end of 2012 were CHF 92.18 bn, with a net profit of CHF 10.61 bn. They employ around 328,000 people and have factories or operations in 86 countries across the globe. (about us)

Nestlé has a primary listing on the 6 Swiss Exchange and is a constituent of the Swiss Market Index. In the year 2011, Nestlé was listed No. 1 company in the Fortune Global 500 as the world's most profitable corporation. With a market capitalisation of \$233 billion, Nestlé was ranked No. 9 in the FT Global 500 2013. (global 500 2013)

Nestlé's first product was an infant cereal; "Farine Lactee Nestlé". In 1905 Nestlé acquired the Anglo Swiss Condensed Milk Company. After that it began trading as The Nestlé Anglo Swiss Condensed Milk Company. The company grew significantly and rapidly during the First World War and again followed the same trend in the Second World War. The company expanded its offerings beyond its early condensed milk and infant formula products. The company has made a number of corporate acquisitions in all these years.

The company diversified and became one of the main shareholders of, the world's largest cosmetics company, L'Oréal. On 4 September 2013, Google, the software and search-engine giant announced that they would be naming the next Android release, version 4.4, after the ever-popular chocolate wafer "KitKat" with Nestlé's legal permission. Nestlé, confirming the team-up, announced the distribution of around 50 million KitKats worldwide, featuring the Android mascot in the covers. (Nestle)

### NESTLÉ INDIA

Nestlé is among one of the oldest food company operating in India, which has a presence in the country from over a century. Nestlé India's operations were only limited to importing and trading of condensed milk and infant food for a very long time. The Company has expanded its product range with new products in instant coffee, variety of sauces, instant noodles, pickles, chocolates and confectionery, dairy products and the mineral water.

Nestlé was incorporated as a limited company in the year 1959. In the year 1978, the Company had issued shares

to the public in India to reduce its foreign holdings to 40%. Its name was changed from Foods Specialties Ltd. to the current name Nestlé in the year 1981. The parent held 51% stake in the company at the end of the year 2000. It has approval to hike stake in the company and has been gradually acquiring shares from the open market. Parent stake in the company in the end of the year 2013 stood at 62.76%. The parent plans to continue hiking stake through open market purchases.

Nestlé India Ltd, 62.76% subsidiary of Nestlé, is the leading branded food player in the country. It has a very large presence in the foods sector with majority market shares in infant foods, milk products, coffee and instant noodles. It has also strengthened and marked its presence in chocolates and confectioneries and other semi processed food products during the last few years. Its Market Capitalisation is INR 402Bn. (investors)

In 1990, the company entered into the chocolate business by introducing Nestlé Premium Chocolate. Its main products are Maggie, which is the leading Noodle player in India and Nescafe in instant coffee. (news and features)

Nestlé India Limited has proved itself to be the most desired brand in the food and beverage industry in India. The company has succeeded in meeting the expectations of the Indian government in bringing a marked change in the milk industry through its suggestion on latest dairy farming techniques and upkeep of cows to improve the milk yield. Nestlé India Limited gave directions to the farmers in incorporating the advanced technological methods with regard to crop maintenance and irrigation. The company proposed the set up of centres that not only catered to the storing and selling of milk, but also maintained contacts with the farmers. (India company)

### PLANTS OF NESTLÉ IN INDIA

Nestlé started its manufacturing activity with Milkmaid in 1962 at its Moga factory in Punjab. Manufacturing of Nescafe started in the year 1964 at the same Moga factory. The company then started another factory at Cherambadi (Tamil Nadu), for the purpose of manufacturing of infant foods, coffee etc. For almost two decades there were no new additions of manufacturing facilities due to restrictive policy environment prevailing in the country. The company set up its Nanjangad (Karnataka) factory in 1989 and the Samlakha (Haryana)

<sup>[1]</sup>Assistant Professor, Amity Business School, Noida.

<sup>[2]</sup>MBA (Scholar), Amity Business School, Noida.

factory in 1992. The Ponda (Goa) factory started operations in 1995. The Company set up its sixth manufacturing unit in 1997 at Bicholim in Goa. The Seventh Factory was set up in Patnanagar in 2006. The last factory setup by Nestlé in India was in Tahliwal, Himachal Pradesh, in 2012.

#### 4P's OF NESTLÉ PRODUCT

- i) It is the world's largest food and nutrition company, it has various brands under it and has numerous products which were discussed earlier.
- ii) Its products are in variety of range including almost all daily use products as well as products which are used occasionally. The products includes instant coffee, cereals, bottled water, and pharmaceutical products like the lens care solutions, chocolates, infant food, beverages, candies, ice creams, refrigerated foods, milk cream, yogurt, milk cream, pet food and the largest selling brand milkman. All these categories have different sizes and flavours and are subdivided to the diverse choices of customers.
- iii) Products that are launched in the market are first screened through high profile research and development sector including food processing, micro analytical research and proper delivery of functionalities in the food products thus ensuring the healthy goods for consumers.
- iv) For edible products, hygiene is the necessity. So, on this aspect Nestlé has a full concern and focus.
- v) Nestlé provides the products including all legal supports falling in line to the customer's needs.
- vi) Quality of nutrition is preferably determined and is written on the packaging of the product to allow consumers to check their preferences along with the expiry dates of the product.
- vii) Complaints regarding the products are timely responded and suggestions are always invited and welcomed.

#### PRICE

- i) Flexible prices is the main factor which results in the success of Nestlé in global markets for example the products like Milkpacks which are among the leading brands, is being sold at the same price as that of other low quality products while still maintaining the quality.
- ii) There is a wide range of pricing strategy in their marketing strategies, and by taking this step they can maintain their product prices competitive enough.
- iii) The prices are very affordable for all kind of customers as the company has a huge product range for all the income groups like in case of beverages there is a affordable economic pack and for the premium class there is an expensive tin packs.
- iv) Bulk purchase discounts are also given in the wholesale markets as well as at the retail stores which are there in the market.

- v) The company also do the seasonal variations in the prices, like that in the case of chocolates, either by reducing the sale prices or upsizing the products and selling the product at the same price.

#### PLACE

- i) Nestlé is running its business globally, it has its operations running in more than 80 countries. The sales are also done globally and it is done through a wide distributorship network.
- ii) The products of the company are not directly sold into the market, rather there is a full procedure which is to be followed including all the essentials from Manufacturer, Distributor, Wholesaler, Retailer and the customer
- iii) Nestlé products are available at the huge number of outlets, as the company is always seeking to expand its outlets.

#### PROMOTION

- i) Very well planned promotion strategies are followed by the company and the company spends a huge amount of money on promoting their products through various tools.
- ii) Advertising on electronic media like that of television and the print media along with the sign boards having tempting figures of the brand always have proved good for the brand.
- iii) The company also starts the limited period offers to boost the popularity of brand, particularly when the company launches the new product in the market.

#### SWOT Analysis

##### STRENGTHS

**Unmatched product and brand portfolio:** The Nestlé offers one of the widest portfolios of food, milk, chocolates and brewery products. It operates under four broad heads which again has several products. Thus Nestlé has unparalleled portfolio which is among the biggest strength of the company. No other company than Nestlé provide such a wide range of products to its customers.

**Research & Development:** Nestlé has invested more than \$2 billion in Research and Development in the year 2013. The company is introducing new and improved products every year, which helps in strengthening firm's competitive advantage. Nestlé has the largest Research facility in the food industry in the world. Nestlé recently started its R&D in Hisar, Haryana.

**Geographic presence and Distribution channels:** Nestlé runs in more than 80 countries and has a huge distribution channel all over the world, which supports its operations globally. The Nestlé has continuously made endeavours to improve its distribution channel to increase its customer reach. The Nestlé has its presence in whole of the country.

**Mergers and Acquisitions:** Over the years Nestlé has been forming successful partnerships and has acquired other companies in order to grow and maintain its leadership position in the market. Nestlé has huge financial base which supports its effort to acquire the other firms. Nestlé has acquired and merged with number of firms since its incorporation.

**Market understanding:** Nestlé is in the market for around 100 years and it has developed a market understanding and knows the in and out of the market. The company has a understanding about the demand of the market.

**Brand reputation:** Nestlé is known almost everywhere and it is a reputed brand for its various products that are used by millions every day in both the urban areas as well as the rural areas.

##### WEAKNESS

**Cascading indirect taxes:** The Indirect taxes imposed on the products like excise duty, sales tax are leading to higher prices of the products which make it unaffordable for the lower income groups and more complex distribution system.

**Weak implementation of CSR:** The company is involved in many activities that focus to make the company more eco-friendly and which focuses on improving the working conditions of its employees and suppliers. Nestlé has been receiving a lot criticism over the effectiveness of its activities.

##### OPPORTUNITIES

**Increasing demand for healthier food products:** The trend of consuming only healthy food products is a major shift in consumer preferences and tastes and opens up a very large market for companies. Currently, Nestlé tries to introduce more healthy food products in response to the trend.

**Acquiring start-ups specializing in producing well-being products:** Many new start-ups have started and they are introducing new products for well-being of individual and they are revolutionizing the ways those products are made. Start-ups are comparatively very cheap and can be acquired easily. Nestlé is focusing on providing more well-being products and this is a great opportunity to expand its portfolio.

**Establishing new joint ventures:** Nestlé is already involved in many of the successful partnerships with the companies all around the world like The Coca-Cola Company and Colgate-Palmolive.

##### THREATS

**Trend towards healthy eating:** Nestlé is a major supplier of chocolate that have high level of calories and owing to the changing customer habits, the company will experience decline in demand and hurt the company's profits.

**Growth of private labels:** A large number of other retailers are introducing their own labelled products in the market

that cost less and can easily compete with Nestlé's product portfolio like CCD.

**Rising raw food prices:** With the growth of world economy and rising population, the demand for raw food will rise. Thus the result of this will be higher material costs and squeezed margins of profit for Nestlé.

**Increasing competition:** The Company is facing huge competition nowadays from the number of international as well as local firms like that of HUL, Cadbury etc. The competitor of the firm has now launched various products which are giving a tough competition to the company.

#### STRATEGY AT NESTLE

The strategy of the company is that the products will include features that contain the combination of both hygiene and health keeping in minds the individuals requirements and needs in terms of taste and preference. However the marketing is done considering the concept of mass needs. The products are tailored to individual needs but promotions attract all of them collectively. Furthermore the company is following pull strategy and approaches its end users with the help of various promotional activities as per the product.

#### ISSUES FACED BY THE COMPANY AND ACTION TAKEN

**Issue:** In the year 2010, the major problem faced by the company is less acceptance of its product leading to low gross sales. For the survival, companies need to increase their customer base by adding new customers.

**Actions Taken by the Company:** The company used various promotional tools to market its products in this year. New KitKat ad was launched. KitKat-Have a break, have a KitKat was an emotional add which focuses on the benefit of the product.

Maggie, the market leader in instant noodles market completed its 25 years and the company invited the consumers with their Maggie Moments. The emotional bond of the consumer with the brand was shown in this add, which in fact helped the company in growing its consumer base and develop a long relationship with the consumers.

In the same year the company launched the Nescafe add-Switch the best in you. It shows switch on the purpose and switch on the best in you. This was again a connecting ad which appealed to the people. The company also majorly focused to invest in brand and distribution capabilities to provide consumers a wide range of consumers a wide product range from the low income group consumers to the premium offerings. The major motive from this step was to introduce more products for the consumers from all the income groups. The company has invested Rs. 450 millions in the year 2010 for serving this purpose alone. The company also plans to double the capacity of its infant foods facility and will invest Rs360 crore on setting up a new noodles facility.

**Results:** The company succeeded in increasing the customer base by doing this and the investment made in increasing the capacity started yielding the results. Nestlé India has over 60% share in baby foods market with Cerelac, over 50% share in the instant noodles market with Maggi, and 17% share in confectionery and chocolate market with brands like Milkybar, KitKat, Polo, BarOne.

**Issue:** Prior to 2011 the company had a very complex supply chain. Distribution network needed to be increased to achieve its target of increasing the customer base. Company was witnessing a slow growth rate during this time. The inflation also began to rise during the year.

**Actions Taken by the Company:** The company promoted its products very aggressively. Deepika Padukone was made a brand ambassador for Nescafe and this was the first association of Nestlé with any celebrity in India. The firm started investing more on advertisement and promotion of its products.

The firm also adopted a strategy of pushing its product in the market. For every 5 boxes of Kitkat, much demanded chocolate of Nestlé it was necessary for the distributors to buy 1 box of milky-bar. This increased the sales of milky-bar and thus contributed to increase in revenue.

The company also added many new outlets in this year to maximise its reach and developed a distribution system that can allow the fastest delivery of the products from the factory to the consumers.

The project on sales automation 'Nestlé Excellence Programme' was completed in this year which created a robust distribution system and increased transparency of the records of sale. This helped in the management of sales.

**Results:** The company increased transparency in its sales system both directly and indirectly to the consumers. The sale in terms of quantity increased marginally in case of Beverages and Chocolates and Confectionery. The company decided to launch new products to provide consumers with more choices as the company observed that the consumer wanted to experiment with new products now. However, the Maggie was able to retain its leading position. But products in the other categories were struggling to maintain the same pace.

**Issue:** The company faced increase in competition from international companies as well as the local companies like HUL. The prices of raw material were also increasing due to high food inflation prevailing in the country. The company needed to catch up to match the consumer needs.

**Actions Taken by the Company:** Nestlé invested Rs. 1200 crore in Ponda(Goa) plant of Nestlé which manufactures the companies most famous chocolate 'Munch' and 'Kitkat'. The company enjoys a share of 23% in the Indian chocolate market. Nestlé also introduced new products to increase its customer base in India. 'New Maggie healthy Soups' were launched which were made from new technology and was tastier than the previous versions of the soup.

'Baby & Me' was launched by the Nestlé for pregnant woman and lactating mothers. It provides them with the balanced diet and nutrition's. 'Masala-ae-Maggie' was also launched by the company and it is an affordable seasonal mix which can be used in various cuisines made in India. 'Resource' was launched by Nestlé for the management of malnutrition and other problems associated with increased nutritional needs.

'Munch Rollz' was launched in this year to increase the sale of munch. It had a all new shape and a crunchy cover and a burst of yummy caramel. 'Kitkat Dark' was launched when the company realised that the customers are ready to experiment with dark chocolate taste and experience something new then the first of its kind chocolate wafer Kitkat Dark was launched.

'Nescafe' the world's leading instant coffee brand created a range of delicious foaming mixes for rich coffee taste and delicious froth-Cappuccino, Vanilla Latte and Choco Mocha. The company launched the various promotion events for its products but the advertisement expenditure was less than the previous year, like Kitkat Dancing babies advertisement gained huge popularity and facebook promotion and pages also managed to garner millions of likes. The company adopted the Margin Improvement policy. Thus the company increased its margin levels so as to maintain its revenue and cope up with the high inflation.

**Results:** Due to introduction of new soups and masala the Maggie remained the number one in Instant noodles market. But, with increase in the portfolio and product line the company faced supply issue of raw material.

## CONCLUSION:

One of the largest sector in the country nowadays is the Food sector. The production, consumption, exports and growth of this sector is among the highest in the country. This industry currently is worth INR 2,47,680 crore and is expected to touch a whopping INR 4, 08,040 crore by 2018. (Food industry)

The researcher notices that due to increasing number of consumers both in urban and rural areas many companies are willing to come to the India. And the companies which are already present are making efforts to grow and increase their productions and consumer base. Therefore, it is concluded that companies need to invest in R&D such that variety of products can be designed, and tested to ensure the quality. Market trends/needs shall be anticipated and capacity requirements be worked on for matching them. The companies in the food industry require having a nationwide reach and very good distribution system so that the products are available to the consumers very easily and quality of the product is also maintained.

Further, it is concluded that television advertisements which have an emotional touch and even show the benefits of the products are helpful in getting to core of the people which helps in sales increase and develop the brand name. A very large amount is spent by the companies on such kind of advertisements and also appoints celebrities as their brand ambassadors. The social media is now used more and more by the people all over the world and promoting the products on them helps the companies to get the maximum reach and give all the relevant detail regarding the products and even get the product feedback which further helps the company in improvement of their products.

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# Study of Marketing Mix and Customer Satisfaction : A Multi Criteria Decision Making (MCDM) Approach

AmyPoh. AL<sup>[1]</sup>  
M. N. Saludin<sup>[2]</sup>  
M. Mukaidono<sup>[3]</sup>

**Purpose:** This paper takes a cautionary stance to the impact of marketing mix on customer satisfaction, via a case study deriving consensus rankings for benchmarking on selected retail stores in Malaysia.

**Design/methodology/approach:** ELECTRE I model is used in deriving consensus rankings via multicriteria decision making method for benchmarking base on the marketing mix model 4Ps. Descriptive analysis is used to analyze the best practice among the four marketing tactics.

**Findings:** Outranking methods in consequence constitute a strong base on which to found the entire structure of the behavioral theory of benchmarking applied to development of marketing strategy.

**Research limitations/implications:** This study has looked only at a limited part of the puzzle of how consumer satisfaction translates into behavioral outcomes.

**Practical implications:** The study provides managers with guidance on how to generate rough outline of potential marketing activities that can be used to take advantage of capabilities and convert weaknesses and threats.

**Originality/value:** This paper interestingly portrays the effective usage of multicriteria decision making and ranking method to help marketing manager predict their marketing trend.

**Keywords:** Marketing mix, Customer satisfaction, Retailing, Benchmarking, Multicriteria decision-making, ELECTRE I method

**Type of paper:** Research Paper

## INTRODUCTION

With increasing globalization, local retailers find themselves having to compete with large foreign players by targeting niche markets. To excel and flaunt as a market leader in an ultramodern era and a globalize world, the organizations must strive to harvest from its marketing strategies, benchmarking and company quality policy.

Ranking and selecting projects is a relatively common, yet often difficult task. It is complicated because there is usually more than one dimension for measuring the impact of each criteria and more than one decision maker. This paper considers a real application of project selection for the marketing mix element, using an approach called ELECTRE.

The ELECTRE method has several unique features not found in other solution methods; these are the concepts of outranking and indifference and preference thresholds. The ELECTRE method applied to the project selection problem using SPSS (Statistical Package for the Social Sciences) application.

Our contribution is to show the potential of Marketing mix model in deriving a consensus ranking for benchmarking.

According to the feedback from the respondents, we dynamically rank out the best element to be benchmark.

The decision problem faced by management has been translated into our market research problem in the form of questions that define the information that is required to make the decision and how this information obtained. The corresponding research problem is to assess whether the market would accept the consensus rankings derive from benchmarking result from the impact of marketing mix on customer satisfaction using a multi-criteria decision making outranking methodology.

## LITERATURE REVIEW

The project ranking problem is, like many decision problems, challenging for at least two reasons. First, there is no single criterion in marketing mix model which adequately captures the effect or impact of each element; in other words, it is a multiple criteria problem. Second, there is no single decision maker; instead the project ranking requires a consensus from a group of decision makers. (Henig and Buchanan and Buchanan et al.)

<sup>[1]</sup>Faculty of Science and Technology, Meiji University  
<sup>[2]</sup>Faculty of Management & Defense Study, National Defense University of Malaysia  
<sup>[3]</sup>Faculty of Science and Technology, Meiji University

Buchanan et al. have debated that effective decisions come from effective decision process and proposed that where potential the subjective and objective parts of the decision process should be branched. The relationship between the alternatives and the criteria is portrayed using attributes, which are the objective and measurable character of alternatives. Attributes form the bridge within the alternatives and the criteria. Often, marketing management is looking and interesting on the solution rather than the outlines criteria.

Referring to the statement of Simon (1977), analysis decisions ex post cannot accurately be done due to human memory has some known biases. Through observation, we noticed that in many cases, decision is treated as a one shot game whereas most decisions are more or less repetitious. A decision maker can learn the effect of the assignment he has distributed to the weights. Likewise, the decision maker can learn to modify concordance and discordance factors in outranking methods (Roy and Skalka, 1985; Vetschera, 1986).

In the theoretical account of decision making, we remember that, the subjective and contextual data play an important role due to the prominent look-ahead component (Pomerol, 1995). Moreover, due to the rawness of the framework, particularly during the evaluation stages (Lévine and Pomerol, 1995), explanations and contextual knowledge are among the elements facilitating the cooperation, and the need to make them explicit and shared both by the system and the user (Brezillon and Abu-Hakima, 1995) and Brézillon (1996).

## RESEARCH METHODOLOGY

### Recognizance Survey

This section takes into consideration sites in Selangor area, geographical position in the center of Peninsular Malaysia, contributed to the state's rapid development as Malaysia's transportation and industrial hub, with a population of 4,736,100 (2005 estimate). The selected data collection sites are Tesco Saujana Impian Kajang, Carrefour Alamanda Putrajaya, Giant Bukit Tinggi and Mydin Kajang.

### Research Instrument

A non-comparative Likert scaling technique was used in this survey. The questionnaire is divided into 4 sections: customer information, marketing mix model, customer perception and motivating factor. The demography variables measured at a nominal level in Section 1 include gender, ethnic, marital status, age and how often do the respondents shop at the specific retail store.

A typical test item in a Likert scale is a statement. The respondent is asked to indicate his or her degree of agreement with the statement or any kind of subjective or objective evaluation of the statement. In Section

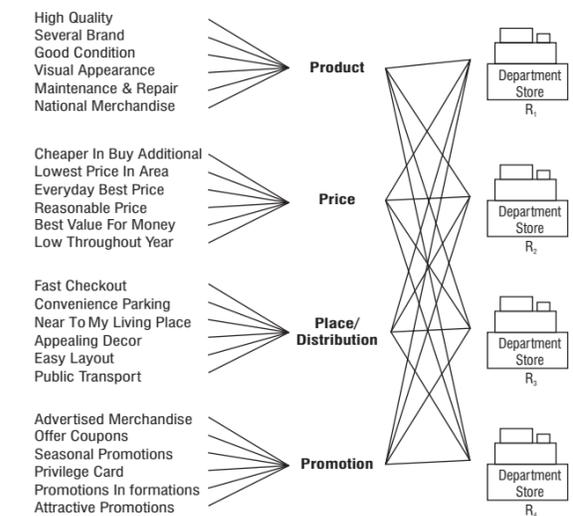
2, a six-point scale is used in a forced choice method where the middle option of "Neither agree nor disagree" is

not available. The questions comprise four attributes such as product, price, promotions, place/distribution; six questions are allocated for each of the 4Ps.

Section 3 evaluates customer's perception using the same scale as practice in Section 2 whereas Section 4, the last part of the questionnaire measure the factor that motivates respondents the most to patronize the specific retail store using the nominal measurement. Simple random sampling technique is used in the research.

### Illustration of Research Framework

FIGURE 1. Attribute - 4P's - Retail Stores Mapping



The illustration of Attribute - 4P's - Retail Stores Mapping in Figure 1 was built to sprout a better understanding on our study framework. Figure 1 elucidates the main idea of how we determine the targeted attribute of the 4Ps and generate it in the questionnaire to meet out objectives. The relationship between the marketing mix, 4ps with the criteria lies in each P element were clearly linking to the four selected retail stores.

When all are agreed on the category of criteria, to examine each alternative concordance to the attribute, we presuming that the options are known, it remains to complete the decision matrix. The assessment is generally independent of the aggregation procedure; it was due to the fact that examination theoretical counts on the posterior aggregation operation are generally ignored by the designers. The location of the respective alternatives or transforming a pair wise comparison into a numerical (normalized) scale as, for example, in the so-called "Analytical Hierarchical Process"(AHP) (Saaty, 1980).

The utilities of a prearranged option, in the structure of multi-attribute utility, regarding each attribute, are jointly cardinal. They have therefore to be jointly evaluated (Pomerol & Barba-Romero, 1993). The support of a Multicriteria Decision Making methodology should be very useful in the case considering the difficulty either to

validate the probabilistic independence or to aid the decision maker to jointly measure the options by solvability or by the mid-preference point method.

### Data Collection

The data were collected by means of questionnaire. First appointment was conducted with the personal in-charge in each retail store to request cooperation and approval for data collection and survey respond via formal letters from the Department of Mathematical Sciences, Faculty of Science and technology, National University of Malaysia.

Field research was conducted in Tesco Saujana Impian Kajang, Carrefour Alamanda Putrajaya, Giant Bukit Tinggi and Mydin Mart Kajang. A simple random sample of 214 household's respondents was obtained from each of the four retail stores; sum up a total of 856 respondents data.

### Data Analysis and Interpretation

The retail market place promotes continuous improvement to survive in a turbulent atmosphere. For that, benchmarking is the exploration for industry best practices that leads to superior performance (Camp, 1989). The benchmarking dimension of the retail stores conceives a set of indicators and for this reason assumes the configuration of a multi-criteria analysis. The literature on retail stores and marketing mix model has identified four major underlying criteria essential to take place in the market place. They are as follows:

$ATT_1$ : Product Attribute

$ATT_2$ : Price Attribute

$ATT_3$ : Promotions Attribute

$ATT_4$ : Place/Distribution Attribute

An organization will show better performance on the basis of some indicators and worse performance on the basis of some others: "there is no single performance management enterprise system which is best in class across all areas" (Sharif, 2002).

Computed by averaging the scores assigned to all the organizations on the basis of all the criteria, we could obtain the result of the "best in class" in the organization, with the maximum averaged value.

Consider four retail stores:

$R_1$ : Tesco

$R_2$ : Mydin

$R_3$ : Carrefour

$R_4$ : Giant

The contribution of the multi-criteria outranking methodology to the valuation of the impact of marketing mix on customer satisfaction on four retail stores in terms

of benchmarking analysis is significant. The application of outranking approach enables the benchmarking of the impact of marketing mix without the necessity of an aggregate indicator obtained by averaging all scores assigned to the organizations on the basis of the different criteria.

### Benchmarking and Outranking-Satisfying Methodology

Developed by Operational Research, the outranking methodology is a family unit of algorithms (Roy, 1985; Vincke, 1992; Roy and Bouyssou, 1993; Pomerol and Barba-Romero, 2000). Of these, ELECTRE I method will be introduced here. The input of the ELECTRE I method is represented by a multi-criteria matrix as in Table 1, surrounded by a line containing the weights that the decision making assigns to each criterion.

Table 1 Multicriteria matrix (ELECTRE I)

	$ATT_1$ (Product)	$ATT_2$ (Price)	$ATT_3$ (Promotion)	$ATT_4$ (Place/Distribution)
$R_1$ (Tesco)	4.42	3.94	3.97	3.90
$R_2$ (Mydin)	3.91	3.73	3.42	2.95
$R_3$ (Carrefour)	4.10	3.60	3.71	3.70
$R_4$ (Giant)	3.90	4.02	3.76	3.92
Weight	1/4	1/4	1/4	1/4

From Table 1, the retail stores' positioning is generated and shown in the table below:

Table 2 Retail stores Positioning Table

	$ATT_1$ (Product)	$ATT_2$ (Price)	$ATT_3$ (Promotion)	$ATT_4$ (Place/Distribution)
1st	Tesco	Giant	Tesco	Giant
2nd	Carrefour	Tesco	Giant	Tesco
3rd	Mydin	Mydin	Carrefour	Carrefour
4th	Giant	Carrefour	Mydin	Mydin

Average ( $R_N$ ) = [ $ATT_1 (R_N) + ATT_2 (R_N) + ATT_3 (R_N) + ATT_4 (R_N)$ ]/4

Now, let us consider  $R_2$  and  $R_3$ . Taking into account the values in Table 1 it is evident that  $R_3$  is better than  $R_2$  for three criteria out of four (Marketing Model 4Ps). That is:

$$ATT_1 (R_3) = 4.10 > ATT_1 (R_2) = 3.91$$

$$ATT_3 (R_3) = 3.71 > ATT_3 (R_2) = 3.42$$

$$ATT_4 (R_3) = 3.70 > ATT_4 (R_2) = 2.95$$

Three criteria {1, 3, and 4} agree in considering  $R_3$  better than  $R_2$ . Only one criterion {2} considers  $R_2$  better than  $R_3$ . That is:

$$ATT_2 (R_2) = 3.73 > ATT_2 (R_3) = 3.60$$

Concordance-discordance principles are used to build outranking relations. Interpreting the same procedure for all the other pairs of retail companies will obtain the Table 3.

Table 3 Matrix of Concordance Subsystems ( $J^c$ )

	$R_1$	$R_2$	$R_3$	$R_4$
$R_1$		{1,2,3,4}	{1,2,3,4}	{1,3}
$R_2$	$\emptyset$		{2}	{1}
$R_3$	$\emptyset$	{1,3,4}		{1}
$R_4$	{2,4}	{2,3,4}	{2,3,4}	

The generic element  $J^c (R_i, R_j)$  of the matrix of Table 3 is given by:

$$J^c (R_i, R_j) = \{j \mid J \mid ATT_j (R_i) \geq ATT_j (R_j)\}; \text{ where } J = \{1, 2, 3, 4\}$$

Taking into account the weights assigned to the various criteria, a concordance index can be calculated for each pair of company ( $R_i, R_j$ ):

$$C (R_i, R_j) = \sum_{j \in J} K_j$$

Where:  $K_j$  is the weight assigned to the  $j$ th criterion.

For example, for the pair ( $R_3, R_2$ ) we have:

$$C (R_3, R_2) = K_1 + K_3 + K_4 = 1/4 + 1/4 + 1/4 = 0.75 \text{ (75 percent)}$$

We therefore have a majority of criteria of 75 percent in favor of  $R_3$  with respect to  $R_2$ . Iterating the same procedure for other pairs or organizations, we obtain the concordance matrix of Table 4.

Table 4 Concordance Matrix

	$R_1$	$R_2$	$R_3$	$R_4$
$R_1$		1	1	0.50
$R_2$	0		0.25	0.25
$R_3$	0	0.75		0.25
$R_4$	0.50	0.75	0.75	

The concordance indicator in Table 4 varies between 0 and 1. It is equal to 1 only if there is unanimity or a majority of criteria that are 100 percent in favor of  $R_i$  with respect to  $R_j$ . In order to decide on the superiority of one retail company with respect to another, the decision maker should set a concordance threshold  $C^*$ . Generally, it is chosen to be a majority greater than or equal to 75 percent (simple majority tightened), that is:  $C^* = 0.75$  (75 percent).

Taking into account the database of Table 4 and the concordance threshold  $C^*$  we have the following concordance test:

$$T_c (R_i, R_j) = \begin{cases} 1 & \text{if } C (R_i, R_j) \geq C^* \\ 0 & \text{if otherwise} \end{cases}$$

The results of concordance test are shown in Table 5.

Table 5 Outcomes of Concordance Test

	$R_1$	$R_2$	$R_3$	$R_4$
$R_1$		1	1	0
$R_2$	0		0	0
$R_3$	0	1		0
$R_4$	0	1	1	

The ELECTRE I methodology considers another step: the construction of discordance test in order to take into account of an excessive "distance" (dissimilarity) between the scores  $ATT_j (R_i)$  and  $ATT_j (R_j)$ .

The discordance test ( $T_d$ ) is fulfilled if the distance:

$$D (R_i, R_j) = \max [ATT_j (R_i) - ATT_j (R_j)];$$

does not exceed discordance threshold  $D^*$ . In order to simplify the analysis we suppose that the test of discordance is fulfilled by all pairs ( $R_i, R_j$ ).

The outranking methods consists in examining the validity of the proposition "a outranks b". The concordance test "measures" the arguments in favor of saying so, but there may be arguments strongly against that assertion (discordant criteria). The "discordant voices" can be viewed as vetoes.

There is a veto against declaring that "a" outranks "b" if "b" is so much better than "a" on same criterion that it becomes disputable or even meaningless to pretend that "a" might be better overall than "b". The logic of the test of discordance is quite similar to that on which statistical tests are based. Here as well, conventional levels of significance, like the famous 5 percent rejection intervals, are widely used. The decision maker decides the discordance threshold, that is he decides whether a hypothesis must be rejected or not.

If the discordance test is not passed alternatives a and b are said incomparable. They are too different to be compared. Taking into account both the concordance and the discordance test we construct a binary outranking relation S. Given two generic retail companies ( $R_i, R_j$ ) we say that  $R_i$  outranks  $R_j$  if and only if the concordance test ( $T_c$ ) and the discordance test ( $T_d$ ) are fulfilled, that is:

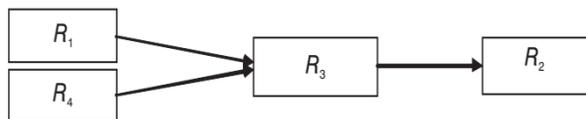
$R_i S R_j$  if and only if  $T_c$  and  $T_d$  fulfilled.

Because we suppose that the discordance test ( $T_d$ ) is passed by all pairs ( $R_i, R_j$ ) the outranking relation S coincides with the outcomes of concordance test of Table 5. That is:

$R_i S R_j$  if and only if  $T_c$  fulfilled.

The relation S may be represented by the graph of Figure 2.

Figure 2 Graph of S from Table 5 ( $C^* = 75$  percent)

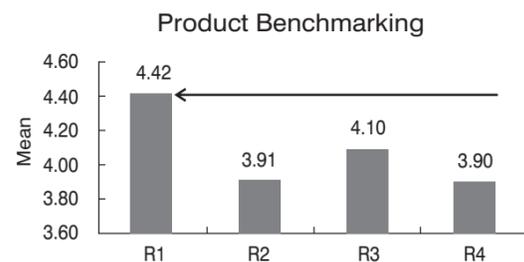


Now,  $R_3$  is the "2<sup>nd</sup> worst in class" and  $R_2$  is the "worst in class". But  $R_1$  and  $R_4$  are not comparable structures: neither  $R_1$  outranks  $R_4$  nor the opposite. This is another important difference arising from the refusal of the ordering based on the average benchmarking.

### Benchmarking On Customer Satisfaction

Through benchmarking, we get better understanding of the customer because it is based on the reality of the market estimated in an objectivist way and a better economic planning of the purposes and the objectives to achieve in the company for they are centered on what takes place outside controlled and mastered. The management will get a better increase of the productivity, resolution of the real problems and understanding of the processes and what they produce.

FIGURE 3. Product Benchmarking towards customer satisfaction



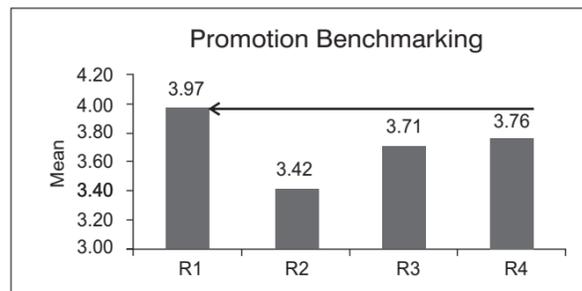
From Figure 3,  $R_1$  ranks the highest on customer satisfaction towards product and it shall be the benchmark.  $R_2, R_3$  and  $R_4$  should benchmark  $R_1$ 's product strategy and improve to compete in the market.

FIGURE 4. Price Benchmarking towards customer satisfaction



Figure 4 show that  $R_4$  ranks the highest on customer satisfaction towards price. It proves that  $R_4$ 's "Everyday low price strategy" is a success.  $R_1$  ranks the second with mean value of 3.94, in the competition mood with  $R_4, R_2$  and  $R_3$  should benchmark  $R_4$ 's pricing strategy.

FIGURE 5. Promotion Benchmarking towards customer satisfaction



$R_1$  ranks the highest again in Figure 5 on customer satisfactions towards promotion, it is the benchmark.  $R_1$  promotion strategy is well organized and effective; customers are aware of the latest promotion from the newspaper, flyers and promotion booklet.  $R_4$  and  $R_3$  are a little bit behind.  $R_2$  ranks the last, it need to benchmark  $R_1$ 's and revise on its promotion strategy and improve to compete in the competitive market.

FIGURE 6. Place/ Distribution Benchmarking towards customer satisfaction

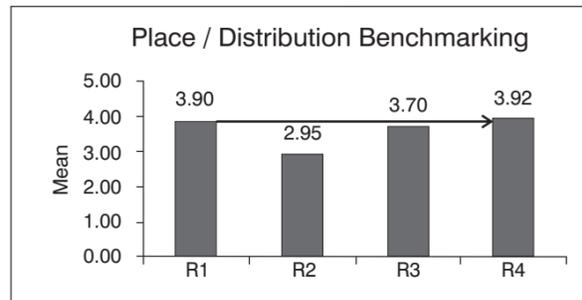


Figure 6 elucidates  $R_1$  ranks the highest on customer satisfaction towards place and distribution and it shall be the benchmark for other retail stores. The other three retail stores having very close mean value. Meaning the customer satisfaction towards place and distribution in four retail stores are well perceived.

## DISCUSSION ON SWOT ANALYSIS

It is not simply enough to identify SWOT of the ELECTRE I outranking method. Applying SWOT in this fashion can obtain leverage for a company (Ferrell, 1998).

### Strength

The strength of MCDM is to aid decision-makers to be consistent with fixed 'general' objectives; to use representative data and transparent assessment procedures and to help the accomplishment of decisional processes, focusing on increasing its efficiency. The ELECTRE I method, in which the criteria of the set of decisional alternatives are compared by means of a binary relationship, often defined as outranking relationship, is more flexible than the ones based on a multi-objective approach.

### Weakness

On a fuzzy angel of statement, often times different methods may yield different answers in terms of rankings when they are fed with exactly the same numerical data. It is a challenging and intriguing problem with decision-making methods which rank a set of alternatives practicing a set of number of competing criteria. Some kind of testing procedures need to be determined given that it is practically unworkable to know which one is the best alternative for a given decision problem.

### Opportunity

In this paper, a new approach has been carried out for the use of the ELECTRE I model in marketing mix selection. This work shows that ELECTRE can be used successfully in deriving a consensus ranking in benchmarking to select the best in class.

### Threat

In outranking approaches, the inaccuracy of the data can be modeled through the indifference and preference threshold, so-called pseudocriteria. Of course, threshold must be assessed for each criterion and for each problem separately.

## CONCLUSION

As can be seen, the marketing manager should have rough outline of potential marketing activities that can be used to take advantage of capabilities and convert weaknesses and threats. However, at this stage, there will likely be many potential directions for the managers to pursue. The manager must prioritize all marketing activities and develop specific goals and objectives for the marketing plan (Boone, 1992).

It the effort of avoiding the shortcomings of the traditional methods based on the average aggregate monocriterion, outranking methods make it possible to deal with multicriteria benchmarking. They are a complete alternative to the traditional approach proviso applied to the measurement of learning capability. They can support the behavioral theory of organizational analysis initiated

by H. Simon (Biggiero and Laise, 2003a, b). The behavioral theory is nonetheless perfectly comparable with them (Simon, 1997). The retail stores management uses the information so obtained to interpret the needs of individuals in the marketplace, and to create strategies, schemes and marketing plans.

The more the satisfying solutions will be when the lower the threshold assigned to the concordance test computing the lower the aspiration levels as a result.

## DIRECTIONS FOR FURTHER RESEARCH

The relationships between customer satisfaction and behavioral outcomes are probably much more complex than initially assumed. This study has looked only at a limited part of the puzzle of how customer satisfaction translates into behavioral outcomes. In what way consumer characteristics moderate the relationship between satisfactions and repurchase behavior is likely to be contingent on the product or service category and the buying and usage process for that category. Other consumer characteristics not included in this study, such as a propensity for variety seeking behavior or a recreational shopping orientation, could potentially be important in many retail industries. Further research on how the effects of satisfaction on behavior is moderated by different consumer characteristics would advance customer satisfaction research as well as be of great managerial significance.

## ACKNOWLEDGMENT

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## Meaning of Work : An Essential Requisite for Enhanced Employee Commitment

Taranjeet Duggal<sup>[1]</sup>  
Shivani Tandon<sup>[2]</sup>

### INTRODUCTION

Albert Einstein once said: "Three Rules of Work: Out of clutter find simplicity; from discord find harmony; In the middle of difficulty lies opportunity." Work and its meaning have always been an issue of discussion in the world. This is not limited to the domains of science; the corporate world too is not untouched. Organizations today are struggling hard to know and to understand the "Meaning of Work" so as to increase the productivity thereby contributing to increase the bottom line. Though Einstein made it clear in his rules its true meaning but then things said and done at his time are far different now. With rapid change in the working conditions throughout the world with 24/7 work life, being tied to the job via inescapable wires of technology all day and every day. And if this work is purposeless it loses its existence and even the best doer gets tired and loses interest.

Allocating responsibility, building a varied and interesting work environment and particularly permitting autonomy all supplemented considerably to enhanced level of work centrality. The focus here is on the needs that affect the working environment, it is important to understand first what work means to people from different backgrounds. For most people, the basic meaning of work is tied to economic necessity (money for food, housing, and so forth) for the individual and for society. However, the additional connotations of work are more subjective, especially about what work provides other than money - achievement, honor, social contacts etc. Along with the industrialization of the societies, work was organized in a scientific manner. Constant effort is done in order to maximize the efficiency of operations and the productivity of workers. People were then treated as if they were an extension of the machine and expendable spare parts; they were asked to exert simple, narrow skills, and their performance was closely monitored by foremen dedicated to the hierarchy. But the changing times have brought the organizations into a state where they need to focus on what is exactly required by an employee, to fulfill their needs to the fullest so as to increase organizational effectiveness and attainment of organizational goals. And in order to accomplish this task they first need to define "what is work" actually.

Meaning at work and of work can be derived out of several factors both primary and secondary. The primary meaning factors being from the work they do. For example if their purpose is to save environment, their

need for meaning through their work must be satisfied while secondary factors are more highly valued, they satisfy meaning quotient in a multi-faceted way. Organizations today in this competitive world can not perform at peak level unless each employee is committed to the organization's objectives and works as an effective team member. And thus employees doing everyday work and doing it independently is no longer important and not even required. Organisations today want their employees to be completely committed so as to give their best. Through this research it is expected to find out whether Meaning of Work does have any significance effect on Employees Commitment.

Meaning of work has been measured via three parameters i.e. Leadership, Personality and employee engagement while Employee commitment is measured by keeping Affective commitment, Normative commitment and Continuance Commitment in mind. Four questionnaires (MLQ-6S, LOCI, Gallup and Meyer and Allen) were used on a sample of 70 employees of telecom sector in India. All the questionnaires are well established with high psychometric properties from the research previously conducted. Research shows a statistically significant relationship of employee commitment and meaning of work.

### MEANING OF WORK AND EMPLOYEE COMMITMENT

#### Meaning of Work

Work has evolved a lot since the Industrial Revolution. Partly due to the progress of sciences and technologies, major transformations happened in the organizational structure and culture, with their consequences on the organization of work. In the opinion of Joanne Ciulla<sup>5</sup>, if workers of the modern times were overworked, those of the post modern times are not only overworked but also over managed, employers appearing eager to try the "flavor of the day" in order to increase the financial performance of their companies. Although the frenetic movement of changes has been slowed during the recent years, many managerial fads still do a lot of damage to work and working conditions. Also, the globalization with its outsourcing, off-shoring, adds complexity to the problem of work.

Work and the work instinct: In psychology, an instinct is an innate and powerful tendency. So, the work instinct

<sup>[1]</sup>Amity Business School E-mail: tduggal@amity.edu

<sup>[2]</sup>Amity Business School E-mail: shivanitandon@abs.amity.edu, shiv.ani707@gmail.com

would be an innate and powerful tendency to exert one's mental and physical powers, one's skills and talents, in order to achieve something, to reach a goal, to create, to express one's self, etc. Working is vital for human beings; it is a critical activity for the preservation of personal health. To the extent that the work organization allows, work can serve as a tonic for personal identity in that it helps boost self-esteem. When an individual does a meaningful work, he actually develops a sense of identity, worth, and dignity. By achieving meaningful results, he actually achieves himself, grows, and even, actualizes his full potential. Somehow, he has an opportunity to become who he is and to contribute to the improvement of his life conditions and of his community. Work becomes problematic when an individual cannot relate to it. Some would say that this experience is alienation. When one thinks of work, one often thinks of a job. But work is far more than a job. Although work certainly provides for basic subsistence needs and decent living conditions, this is not its only function. Work is, above all, an activity through which an individual fits into the world, creates new relations, uses his talents, learns and grows develops his identity and a sense of belonging. To work is to exert effort in order to make something, to achieve something, to produce a desired effect. Working is a meaningful way to prove one's existence, and hopefully, that it is worth to be lived.

There are three major approaches to the study of meaning of work: the definitions of work, the orientations of work and the coherence of work. As such, we can define the meaning of work in three ways, as illustrated in Figure 1.

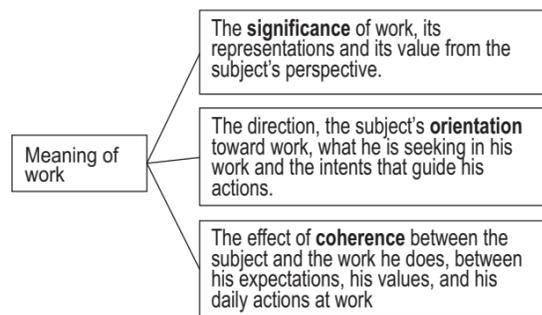


Figure 1. Three definitions of the concept "meaning of work"

**The significance of work:** The concept of "meaning of work" can be defined as the significance the subject attributes to work, his representations of work, and the importance it has in his life. This way of defining the meaning of work leads to identifying work definition models, as Meaning of Working International team members proposed it, or the centrality of work, as Morse and Weiss stated it.

**The work values:** The concept "meaning of work" can also be defined as one's orientation or inclination toward work, what the subject is seeking in the work, and the

intents that guide his actions. Super and Šverko have found 5 major orientations: autonomy, social advancement, self-achievement, social interactions and risk taking. Ros, Schwartz and Surkiss present a theory of work values, describing four axes: conservation, self-enhancement, openness to change and self-transcendence. Each axis is defined by basic individual values, as shown in the figure 2

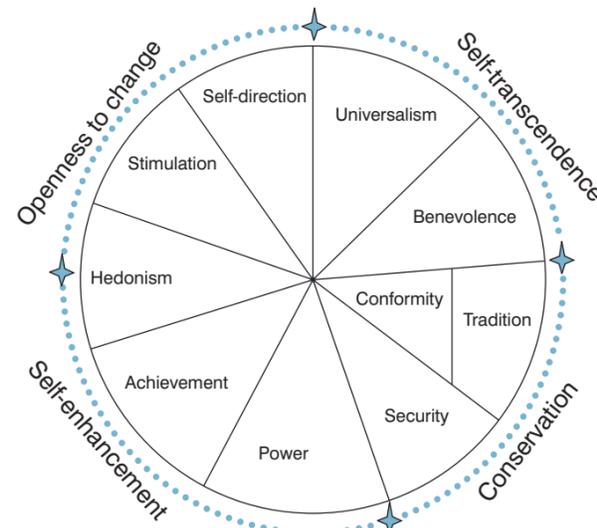


Figure 2. Structure of relations

**The work coherence:** The concept "meaning of work" can be defined as an effect of coherence between the subject and the work he does, the level of harmony or balance he achieves in his relationship to work. The thoughts that one has about something else tend to organize themselves into balanced systems and, consequently, any incoherence leads to activities (intellectual, emotional, behavioral, etc.) to restore that balance. The model that seems to emerge from all the studies since 1997 features six factors: social purpose, moral correctness, achievement-related pleasure, autonomy, recognition, and positive relationships.

### Employee Commitment

Commitment, empowerment and trust go hand-in-hand. DINESH K VOHRA writes that it is the only way to achieve true corporate excellence

The success of any organization's future business strategy depends a great deal on its employees' commitment levels. It is for the organizational leadership to attract, motivate and retain committed people for future business objectives.

Organizational leadership needs to create the understanding that it is only an employee's total commitment that will get translated into greater productivity and a very high level of quality service, which ultimately affects the bottom-line.

The three component model of commitment is the most widely investigated multidimensional conceptualization of employee commitment in the workplace (Meyer & Allen, 1991). The model comprises three components that have important consequences for membership decisions. Affective commitment represents an emotional attachment to, involvement in, and identification with the organization; normative commitment (NC) refers to a sense of loyalty driven by a feeling of obligation toward the organization; and continuance commitment (CC) is an attachment derived from the recognition of the costs associated with leaving and/or the perception of a lack of employment alternatives (Meyer & Allen).

### REVIEW OF LITERATURE

S. Antonio Ruiz-Quintanilla and Cornell University George W. England University of Oklahoma studied How Working is Defined: Structure and Stability, (1994). (CAHRS Working Paper Series. Paper 237.)

Studies on the meaning of work in eight countries were carried out by George England and a group of researchers who are called the Meaning of Work (MOW) International Research Team. Their research sought to determine a person's idea of the relative importance of work compared to that of leisure, community, religion, and family They called this concept work centrality, defined as "the degree of general importance that working has in the life of an individual at any given point in time." The obvious general implication from these findings is that the higher the mean work centrality score, the more motivated and committed the workers would be. Alicia Bassuk and Marshall Goldsmith, who further studied on meaning of work found out that increasingly, leaders are focusing beyond effectiveness, productivity, and compensation, and are striving to find more meaning in their work. Historically, leaders sought opportunities in organizations that were stable, prestigious, and well-funded. They worked for one or two organizations before they retired. Today's leaders change companies more frequently—in search not only of prestige and compensation, but also deeper meaning from their professional life. Itzhak Harpaz and Xuanning Fu, (Human Relations 2002; 55; 639)

The structure of the meaning of work: A relative stability amidst change) focused that as work constitutes a pivotal and fundamental component in people's lives, wide consensus exists among scholars that work and working are of profound importance to them (England & Harpaz, 1990; Harding & Hikspoors, 1995; Kaplan & Tausky, 1974; Mannheim & Dubin, 1986; MOW-International Team, 1987). In addition to its obvious economic functions, work has a powerful potential to fulfill other important roles and needs of the individual such as self-esteem, fulfillment, identity, social interaction and status.

**Work centrality** as a life role - Work is one of the most basic and important activities for people in modern society. The assertion that work plays a central and fundamental role in the life of individuals has been supported empirically in most industrialized countries (Brief & Nord, 1990; England & Misumi, 1986; Mannheim, 1993). Studies by Dubin and others (Dubin et al., 1976) were helpful in developing this concept, which refers to the degree of general importance that working has in one's life at any given time (MOW-International Research Team, 1987). In general, work has been found to be of relatively high importance as compared with other areas of life (England, 1991; Ruiz-Quintanilla & Wilpert, 1991). It is usually considered to be of more importance than leisure, community and religion, and was found in several studies to be ranked second only to family (Harding & Hikspoors, 1995; Harpaz, 1999; MOW International Research Team, 1987). High work centrality has been found to be related positively with important organizational variables, such as job satisfaction, participation in decision-making (Kanungo, 1982) and longer job tenure (Dubin et al., 1975). GUYLAINE LANDRY ((Universit'e de Sherbrooke), ALEXANDRA PANACCIO (University of Illinois at Chicago), CHRISTIAN VANDENBERGHE (HEC Montr'eal, Montr'eal, Canada) "Dimensionality and Consequences of Employee Commitment to Supervisors: A Two-Study Examination" *The Journal of Psychology*, 2010, 144(3), 285-312) Researched on the 3-component model of organizational commitment— affective, normative, and continuance—has suggested that continuance commitment comprises 2 subcomponents, perceived lack of alternatives and sacrifice. The authors aimed to extend that research in the context of employees' commitment to their immediate supervisors. Through two studies, they examined the validity and consequences of a 4-factor model of commitment to supervisors including affective, normative, continuance-alternatives, and continuance-sacrifice components.

### RESEARCH METHODOLOGY

Methodology includes selecting standardized questionnaire to collect the responses of the employees of telecom sector in India. A comprehensive secondary data collection from vast information available on internet like articles, research papers etc. A rigorous analysis was done examining the relationship between meaning of work and employee commitment. Three parameters were taken as key factors in understanding meaning of work namely, leadership (contingent award, intellectual stimulation, management by exception, Laissez-faire leadership, idealized influence, inspirational motivation and individual consideration), and personality (Internality, externality-others, externality-chance) and employee engagement where as in employee commitment, three model of commitment was taken into account and thus affective, normative and continuance commitment were taken. Finally a study of relationship between them is found out.

## FINDINGS

### 1. Correlation between "Meaning Of Work and Employee Commitment"

		CONTINGENT AWARD	INTELLECTUAL STIMULATION	MANAGEMENT BY EXCEPTION	LAISSZ-FAIRE LEADERSHIP	IDEALIZED INFLUENCE	INSPIRATIONAL MOTIVATION	INDIVIDUAL CONSIDERATION	INTERNALITY PERSONALITY	EXTERNALITY OTHERS PERSONALITY	EXTERNALITY CHANCE PERSONALITY	EMPLOYEE ENGAGEMENT	AFFECTIVE COMMITMENT	NORMATIVE COMMITMENT	CONTINUANCE COMMITMENT	
CONTINGENT AWARD	Pearson Correlation Sig (2-tailed) N	1 .070 70	.218 .000 70	.423** .000 70	.423** .000 70	.786** .000 70	.327** .006 70	.286* .017 70	.189 .117 70	.134 .270 70	.286* .017 70	.071 .557 70	.643** .000 70	.000 1.000 70	.124 .306 70	
INTELLECTUAL STIMULATION	Pearson Correlation Sig (2-tailed) N	.218 .070 70	1 .000 70	.645** .000 70	-.645** .000 70	.327** .006 70	.667** .000 70	.218 .070 70	.866** .000 70	-.408** .000 70	-.327** .006 70	.327** .006 70	.764** .000 70	.000 1.000 70	-.149 .219 70	
MANAGEMENT BY EXCEPTION	Pearson Correlation Sig (2-tailed) N	.423** .000 70	.645** .000 70	1 .000 70	-.500** .000 70	.423** .000 70	.645** .000 70	.423** .000 70	.224 .063 70	.000 1.000 70	-.423** .000 70	.423** .000 70	.423** .000 70	.500** .000 70	-.040 .744 70	
LAISSZ-FAIRE LEADERSHIP	Pearson Correlation Sig (2-tailed) N	.423** .000 70	-.645** .000 70	-.500** .000 70	1 1.000 70	.000 .000 70	-.645** .000 70	-.423** .000 70	-.447** .000 70	.000 1.000 70	.845** .000 70	.000 1.000 70	.000 1.000 70	-.500** .000 70	.179 .139 70	
IDEALIZED IN- FLUENCE	Pearson Correlation Sig (2-tailed) N	.786** .000 70	.327** .006 70	.423** .000 70	.000 1.000 70	1 .000 70	.764** .000 70	.786** .000 70	.378** .001 70	.535** .000 70	-.286* .017 70	-.429* .000 70	.429* .000 70	.423** .000 70	.077 .525 70	
INSPIRATIONAL MOTIVATION	Pearson Correlation Sig (2-tailed) N	.327** .006 70	.667** .000 70	.645** .000 70	-.645** .000 70	.764** .000 70	1 .000 70	.873** .000 70	.577** .000 70	.408** .000 70	-.764** .000 70	-.327** .006 70	.327** .006 70	.645** .000 70	-.056 .643 70	
INDIVIDUAL CONSIDERATION	Pearson Correlation Sig (2-tailed) N	.286** .017 70	.218 .070 70	.423** .000 70	-.423** .000 70	.786** .000 70	.873** .000 70	1 .117 70	.189 .003 70	.802** .000 70	-.354** .000 70	-.786** .000 70	-.643** .557 70	-.071 .000 70	.845** .000 70	.023 .847 70
INTERNALITY PERSONALITY	Pearson Correlation Sig (2-tailed) N	.189 .117 70	.866** .000 70	.224 .063 70	-.447** .000 70	.378** .001 70	.577** .000 70	.189 .117 70	1 .003 70	-.354** .000 70	-.189 .117 70	.000 1.000 70	.756** .000 70	-.224 .063 70	-.133 .272 70	
EXTERNALITY (OTHERS) PERSONALITY	Pearson Correlation Sig (2-tailed) N	.134 .270 70	-.408** .000 70	.000 1.000 70	.000 1.000 70	.535** .000 70	.408** .000 70	.802** .000 70	1 .003 70	-.354** .000 70	-.535** .000 70	-.802** .000 70	-.535** .000 70	.791** .000 70	.113 .352 70	
EXTERNALITY (CHANCE) PERSONALITY	Pearson Correlation Sig (2-tailed) N	.286* .017 70	-.327** .006 70	-.423** .000 70	.845** .000 70	.286* .017 70	-.764** .000 70	-.786** .000 70	-.189 .117 70	-.535** .000 70	1 .000 70	.429** .000 70	.286* .017 70	-.845* .000 70	.091 .456 70	
EMPLOYEE EN- GAGEMENT	Pearson Correlation Sig (2-tailed) N	.071 .557 70	.327** .006 70	-.423** .000 70	.000 1.000 70	-.429** .000 70	-.327** .006 70	-.643** .000 70	.000 1.000 70	-.802** .000 70	.429** .000 70	1 .000 70	.429** .000 70	-.423** .000 70	-.057 .639 70	
AFFECTIVE COMMITMENT	Pearson Correlation Sig (2-tailed) N	.643** .000 70	.764** .000 70	-.423** .000 70	.000 1.000 70	.429** .000 70	.327** .006 70	-.071 .557 70	.756** .000 70	-.535** .000 70	.286* .017 70	.429** .000 70	1 .000 70	-.423** .000 70	-.044 .720 70	
NORMATIVE COMMITMENT	Pearson Correlation Sig (2-tailed) N	.000 1.000 70	.000 1.000 70	.500** .000 70	-.500** .000 70	.423** .000 70	.645** .000 70	.845** .000 70	-.224 .063 70	.791** .000 70	-.845** .000 70	-.423** .000 70	-.423** .000 70	1 .000 70	.020 .870 70	
CONTINUANCE COMMITMENT	Pearson Correlation Sig (2-tailed) N	.124 .306 70	-.149 .219 70	-.040 .744 70	.179 .139 70	.077 .525 70	-.056 .643 70	.023 .847 70	-.133 .272 70	.113 .352 70	.091 .456 70	-.057 .639 70	-.044 .720 70	.020 .870 70	1 70	

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

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

### 2. Correlation between "Leadership and Employee Commitment"

	LEADERSHIP	COMMITMENT
LEADERSHIP Pearson Correlation	1	.556 <sup>-</sup>
Sig. (2-tailed)		.000
N	70	70
COMMITMENT Pearson Correlation	.556 <sup>-</sup>	1
Sig. (2-tailed)	.000	
N	70	70

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

### 3. Correlation between "Employee Engagement and Employee Commitment"

	EMPLOYEE ENGAGEMENT	COMMITMENT
EMPLOYEE ENGAGEMENT Pearson Correlation	1	-.009
Sig. (2-tailed)		.944
N	70	70
COMMITMENT Pearson Correlation	-.009	1
Sig. (2-tailed)	.944	
N	70	70

### 4. Correlation between "Personality and Employee Commitment"

	COMMITMENT	PERSONALITY
COMMITMENT Pearson Correlation	1	.359 <sup>-</sup>
Sig. (2-tailed)		.002
N	70	70
PERSONALITY Pearson Correlation	.359 <sup>-</sup>	1
Sig. (2-tailed)	.002	
N	70	70

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

## CONCLUSIONS

The research conducted shows that their positive relationship between employee commitment and meaning of work. Also it is very clear from the above tables that where personality and leadership show a positive relation with employee commitment, employee engagement shows a negative relation.

## ANNEXURES

### Questionnaire

This questionnaire is designed to find out some of the values, beliefs and practices of the organizations. Questionnaire is divided in four parts each catering different aspects of your organization. Please read the statements carefully and indicate to what extent the statement is true for your organization. Please be frank and be assured that data is used for academic purposes only.

Please fill in you details:

<b>NAME:</b>	
<b>AGE:</b>	
<b>GENDER:</b>	
<b>ORGANIZATION:</b>	
<b>ROLE:</b>	
<b>NO. OF YEARS OF SERVICE:</b>	
<b>CONTACT DETAILS:</b>	

## PART A

For statement 1 to 21 use the following key to your responses:

<b>Mark 4:</b> Frequently, if not always	<b>Mark 3:</b> Fairly often	<b>Mark 2:</b> Sometimes	<b>Mark 1:</b> Once in a while	<b>Mark 0:</b> Not at all
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S.No.	Statement	4	3	2	1	0
1.	I make others good to be around me.					
2.	I express with few simple words what we could do and should do.					
3.	I enable others to think about old problems in new ways.					
4.	I help others develop themselves.					
5.	I tell others what to do if they want to be rewarded for their work.					
6.	I am satisfied when others meet agreed upon standards.					
7.	I am content to let others continue working in the same ways always.					
8.	Others have complete faith in me.					
9.	I provide appealing images about what we can do.					
10.	I provide others with new ways of looking at puzzling things.					
11.	I let others know how I think they are doing					
12.	I provide recognition/rewards when others reach their goals.					
13.	As long as things are working, I do not try to change anything.					
14.	Whatever others want to do is OK with me.					
15.	Others are proud to be associated with me.					
16.	I help others find meaning in their work.					
17.	I get others to rethink ideas that they had never questioned before.					
18.	I give personal attention to others who seem rejected.					
19.	I call attention to what others can get for what they accomplish.					
20.	I tell others the standards they have to know to carry out their work.					
21.	I ask no more of others than what is absolutely essential.					

**PART B**

For statement 1 to 30 use the following key to your responses:

<b>Mark 4:</b> Strongly feel this way	<b>Mark 3:</b> Generally feel this way	<b>Mark 2:</b> Somewhat feel this way (and somewhat not)	<b>Mark 1:</b> Slightly feel this way	<b>Mark 0:</b> Hardly or never feel this way
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S.No.	Statement	4	3	2	1	0
1.	I can largely determine what matters to me in the organization.					
2.	The course of my career largely depends on me.					
3.	My success or failure depends mostly on the amount of effort I put in.					
4.	The persons who are important control most matters here.					
5.	To a large extent, my career depends on my seniors.					
6.	My effectiveness in this organization is mostly determined by senior people.					
7.	The organization or the job one joins are to a large extent, accidental happenings.					
8.	One's career is to a great extent, a matter of chance.					
9.	Success of a person depends on the breaks or chances he/she gets.					
10.	Successful completion of assignments is mainly due to my detailed planning and hard work.					
11.	Being liked by seniors or making a good impression usually influence promotion decisions.					
12.	Getting rewards in the organization is a matter of luck.					
13.	Success of one's plans to a large extent is, a matter of luck.					
14.	Getting promotion largely depends on my being in the right place at the right time.					
15.	Senior person's preference determines who could be rewarded in the organization.					
16.	My success, to a large extent, depends on my competence and hard work.					
17.	How much I am liked in the organization depends on my seniors.					
18.	It is a matter of luck that people listen to you.					
19.	If my seniors do not like me, I probably would not succeed in this organization.					
20.	Usually I am responsible for getting, or not getting, rewards.					
21.	My success or failure is mostly on those who work with me.					
22.	My promotion in the organization depends mostly on my ability and effort.					
23.	My experience is that most things in the organization depends mostly on my ability and effort.					
24.	My experience is that most things in the organization are beyond one's control.					
25.	I can work hard enough to get my suggestions accepted in the organization.					
26.	I am acceptable to others in my organization because I am lucky.					
27.	Generally, I determine what happens to me in the organization.					
28.	My acceptability to others will depend on my behavior with them.					
29.	My ideas get accepted if I make them fit with the desires of my seniors.					
30.	Pressure groups are more powerful (and control things) in the organization than individual employees.					

**PART C**

For statement 1 to 24 use the following key to your responses:

<b>Mark 5:</b> Strongly Agree	<b>Mark 4:</b> Agree	<b>Mark 3:</b> Neutral	<b>Mark 2:</b> Disagree	<b>Mark 1:</b> Strongly disagree
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S.No.	Statement	5	4	3	2	1
1.	I would be very happy to spend the rest of my career with this organization.					
2.	I enjoy discussing my organization with people outside it.					
3.	I really feel as if this organization's problems are my own.					
4.	I think that I could easily become as attached to another organization as I am to this one.*					
5.	I do not feel like 'part of the family' at my organization.*					
6.	I do not feel 'emotionally attached' to this organization.*					
7.	This organization has a great deal of personal meaning for me.					
8.	I do not feel a strong sense of belonging to my organization.*					
9.	I am not afraid of what might happen if I quit my job without having another one lined up.*					
10.	It would be very hard for me to leave my organization right now, even if I wanted to.					
11.	Too much in my life would be disrupted if I decided I wanted to leave my organization now.					
12.	It wouldn't be too costly for me to leave my organization now.*					
13.	Right now, staying with my organization is a matter of necessity as much as desire.					
14.	I feel that I have too few options to consider leaving this organization.					
15.	One of the few serious consequences of leaving this organization would be the scarcity of available alternatives.					
16.	One of the major reasons I continue to work for this organization is that leaving would require considerable personal sacrifice — another organization may not match the overall benefits I have here.					
17.	I think that people these days move from company to company too often.					
18.	I do not believe that a person must always be loyal to his or her organization.*					
19.	Jumping from organization to organization does not seem at all unethical to me.*					
20.	One of the major reasons I continue to work for this organization is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain.					
21.	If I got another offer for a better job elsewhere I would not feel it was right to leave my organization.					
22.	I was taught to believe in the value of remaining loyal to one organization.					
23.	Things were better in the days when people stayed with one organization for most of their careers.					
24.	I do not think that wanting to be a 'company man' or company woman' is sensible anymore.*					

## PART D

For statement 1 to 12 use the following key to your responses:

<b>Mark 5:</b> Strongly Agree	<b>Mark 4:</b> Agree	<b>Mark 3:</b> Neutral	<b>Mark 2:</b> Disagree	<b>Mark 1:</b> Strongly disagree
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S.No.	Statement	5	4	3	2	1
1.	I know what is expected of me at work.					
2.	I have the materials and equipment.					
3.	At work, I have the opportunity to do what I do best every day.					
4.	In the last seven days, I have received recognition or praise for doing good work.					
5.	My supervisor, or someone at work, seems to care about me as a person.					
6.	There is someone at work who encourages my development.					
7.	At work, my opinions seem to count.					
8.	The mission or purpose of my company makes me feel my job is important.					
9.	My associates or fellow employees are committed to doing quality work.					
10.	I have a best friend at work.					
11.	In the last six months, someone at work has talked to me about my progress.					
12.	This last year, I have had opportunities at work to learn and grow.					

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# Role of Gender Identity on Consumer's Perception and Behaviors related to Consumption

Lilly Ye<sup>[1]</sup>  
T.M. Adrian Robertson<sup>[2]</sup>

*Gender identity, a combination of an individual's gender psychological traits, social gender roles, and gender orientations, has a dramatic impact on one's perceptions and behaviors related to consumption. However, the influence of gender identity has been oversimplified in the recent marketing literature by using sex as the sole gender-related descriptor. As a result, the marketing literature has been hampered in its ability to predict gender-related consumer behaviors. This study focuses on how gender identity manifests in itself in the consumers' product consumption and brand relationship. The focal population of interest was the Generation-Y aged consumers in the U.S. and their relationships with personal care products. Results generated from structural equation modeling indicate that multiple constructs of gender identity have significant and unique impacts on product involvement and brand loyalty and, further, that product involvement serves as a mediator that linking gender identity with brand loyalty.*

## INTRODUCTION

Given the increasing desire of firms to build long-term consumer/brand relationships, understanding the factors that influence them has become crucial. Fournier (1998) applied the metaphor of an interpersonal relationship to study consumer/brand relationships and suggested that a dyadic personal relationship exists between a consumer and a brand. One primary facet of this relationship is the self/concept connection: the degree to which a brand delivers important identity-concerns and -tasks (Fournier, 1998). Similarly, self-congruency theorists suggest that consumers tend to purchase products and brands consistent with their self-images (Rosenburg, 1979; Ross, 1971; Sirgy, 1982/1986). Perhaps the most important and central part of self-image is one's gender identity (Kates, 2002; Palan, 2001), and this gender-self generates strong congruency effects with regard to one's brand perceptions and choices (Sirgy, 1982/1986).

The gender-self is solicited across a wide variety of marketing practices. Marketers not only use sex as an important segmentation variable but also develop implicit meanings by factoring gender-related cues into a brand. Furthermore, consumers' gender identity and sexual orientation have been used to target consumers in emerging gender-market segmentations such as "Metrosexual:" males who are heterosexual, hip, concerned with their appearance, and in touch with their feminine side. However, the marketing literature is replete with studies that only report biological sex and treat this as the sole determinant of gender-related behavior. Gender is often used interchangeably with sex because such a dichotomous variable provides a comfort zone for researchers when measuring and interpreting the consumerist implications of gender. This approach overlooks the important differences between sex and gender and leads to biased research and distorted representations of complex gender-related marketing phenomena (Hirschman, 1993; Palan, 2001).

Since the 1960s some researchers have begun to investigate how gender identity (which includes a combination of sex, psychological gender, and gender attitudes) would contribute to a consumer's product- and brand-consumption (Gould and Stern, 1989; Fischer and Arnold, 1990/1994; Palan, 2001). However, research results have been mixed. For example, individuals with a higher masculine-gender identity exhibit stronger information processing (Kempf, Palan, and Laczniak, 1997; Palan, 2001), while individuals with a higher feminine-gender identity develop more positive attitudes toward and get more personally engaged with products and brands (Gainer, 1993; Jaffe and Berger, 1988; Worth, Smith, and Mackie, 1992). As such, a critical question becomes whether or not gender identity can consistently predict any of the many facets of consumer-based brand equity. It has been suggested that consumer involvement may be an important link between gender and consumer perception (Fischer and Arnold, 1994; McCabe, 2001; Sirgy, 1982), so this study addresses the research gap between gender identity and brand loyalty through the lens of a consumer's level of product involvement.

## LITERATURE REVIEW

Two important theoretical underpinnings of this paper relate to Gender Identity Theory and the link between Gender Identity and Consumer Perception.

### Gender Identity Theory

As already noted, the marketing literature tends to treat biological sex as the sole determinant of gender-related behaviors: an essentialist view. Essentialism is based on the belief that there exists fixed characteristics, given attributes, and historical functions, and thus "male" is equivalent to "masculine" and "female" is equivalent to "feminine" (Grosz, 1994). Meanwhile, non-essentialists argue that not all masculinity and femininity traits are related to the biological features of people's bodies:

individuals are also shaped by their history and surrounding social environments (Dickson, 1982). This non-essentialism view has been widely accepted as central to the fields of sociology and psychology.

Two gender-identity theories – Gender Schema theory and Multifactorial Gender Identity theory – have dominated the social psychology literature. Both theories provide conceptual frameworks for exploring the impact of gender on culture, society, and consumers and deliver promising and understudied areas for marketing research (McCabe, 2001; Palan, 2001). Gender Schema theory explains how individuals construct their gender identities by learning to be masculine or feminine and use their gender identities to interpret their own experiences and the experiences of others (Markus, Crane, Bernstein, and Siladi, 1982). This theory posits a cognitive structure that allows individuals to manage a mass of gender-related information by assigning meaning to social events occurring in their environments (Payne, Connor, and Colletti, 1987). Individuals will take differing approaches to address their gender concerns and present themselves as sex-typed, cross-sex-typed, or non-sex-typed. Under this theory, sex-typed and cross-sex-typed males and females are more gender schematic and are therefore more likely to be influenced by their gender identity (Bem 1974a, 1974b, 1981).

Multifactorial Gender Identity theory challenges the validity of the all-encompassing nature of gender schematization. The underlying assumption of Multifactorial Gender Identity theory is that "gender identity is a combination of gender related phenomena, associated in varying degrees with each other, such as gender-related attitudes, interests, and role behaviors and gendered personality traits" (Palan, 2001: p. 6). Multifactorial Gender Identity acknowledges that Gender Schema theory captures an important aspect of gender psychology but denies that any observable gender difference in any given society is unifactorial (Spence, 1993; Spence and Helmreich, 1978). Multifactorial Gender Identity theory expands beyond the cognitive aspects of gender schema and provides a more dynamic view of gender that includes psychological traits, role attitudes, and role orientations (Palan, 2001; Spence, 1993).

### Gender Identity and Consumers' Perceptions

Earlier gender identity and consumer behavior research suggests that gender identity plays an important role in consumer behavior, varying from assisting in information processing to connecting individuals to the rest of the world to orchestrating an individual's perceptions to developing one's attitudes about appropriate social behaviors (Bem, 1981; Fischer and Arnold, 1990/1994; Palan, 2001; Spence, 1993). Regarding consumers' brand perceptions, Sirgy (1982, 1986) explained that consumer brand consumption is congruent with consumer gender-image and stated that the gender-self

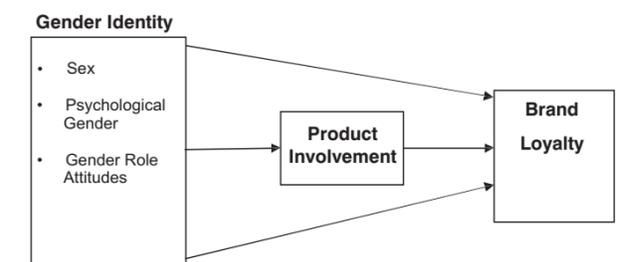
can generate strong gender-congruency effects with regards to brand loyalty. For example, consumers prefer goods or spokespersons that match their sense of masculinity and femininity (Fry, 1971; Worth et al., 1992). Consumers also seek gender cues from products and brands: Debevec and Iyer (1986) suggested that consumers label some products as either masculine or feminine, but not both at the same time, and that these determinations tended to be influenced by the gender of the spokesperson.

Therefore, gender identity influences consumer brand perceptions through creating brand meanings for consumers. McCracken's (1988) Model of Meaning Transfer asserts that meaning originates in the culturally-constituted word, moves into goods through fashion systems, word of mouth, reference groups, and the media, and finally moves from the goods to the consumers. The meaning embedded in the consumers' gender identities can become built into a product or brand as the product or brand allows consumers to build congruency between their gendered self-images and the product's or brand's image. The ability of a brand to express a consumer's self-image then leads to a stronger consumer/brand relationship (McCracken, 1988). In the meaning transfer process, consumer involvement serves as a motivation factor in the consumers' attitude-making: Gainer (1993) proposed that a consumer's product involvement is an intermediate step between the consumer's characteristics related to gender and the consumer's behavior toward a product or brand.

## RESEARCH FRAMEWORK AND HYPOTHESIS

Based on the literature review, the research model in Figure 1 is presented. This model illustrates the predicted relationship among gender identity, product involvement, and brand loyalty. It is also important to reiterate that gender identity is viewed herein as a multi-dimensional construct that include sex, psychological gender, and gender role attitudes.

FIGURE 1  
RESEARCH MODEL



This model was tested with Generation-Y consumers. Generation-Y has become the largest consumer group in the U.S. history and its members are actively involved in negotiating their gender identity and pursuing their

<sup>[1]</sup>Frostburg State University  
<sup>[2]</sup>Montana State University Billings

desired sexuality via their favorite products or brands (Alden, Steenkamp, and Batra, 1999; Backwell and Mitchell, 2003). For this generation of consumers, product and brand consumption is not just a simple purchase but also a method of self-expression. Furthermore, this model was tested in the personal-care-product sector. Personal care products are fairly ubiquitous in the sense that virtually all young consumers use them and young consumers – whether combating the challenges of skin problems or emulating pop star appearances – are traditional-targeted segments for personal care products. By definition, personal care products may facilitate self-expression without permanence and provide young consumers with the flexibility to select brand offerings that can change their image or be aligned with popular trends (Coulter, Price, and Feick, 2003). In the marketplace, personal care products are becoming more gender specific, making these products the perfect choice for gender identity construction. To fully test this model, four sets of hypotheses are proposed.

### Sex Differences

Although gender theories suggest that sex alone cannot explain complex gender phenomena, sex is the most-used variable to explain gender differences in consumer research. For example, women are traditionally considered responsible for household shopping: “Women are trained to shop – to shop around a lot. Men find the browsing aspect of buying boring.” (Fischer and Arnold, 1990: p. 336).

Women are generally viewed as more likely to regard shopping as an important task and become more involved with product and brand choices (Fischer and Arnold, 1994; Kempf et al., 1997). Furthermore, men and women are also viewed as differing in certain cognitive abilities and social behaviors: Meyers- Levey (1989) examined sex differences in the elaboration of message cues and suggested that men tend to use a selective and heuristic mode of information processing and make judgments on the basis of single cues while women are more likely to use a comprehensive processing mode on the basis of all available cues. It is likely that women and men emphasize different product and brand attributes, involve themselves with products and brands in differing ways, and carry differing brand perceptions. Thus:

*H1 (a): There is a difference between a man's and a woman's product involvement.*

*H1 (b): There is a difference between a man's and a woman's brand loyalty.*

### The Impact of Psychological Gender

Although much of marketing literature has used sex as the sole gender difference based upon the assumption that men are masculine and women are feminine, there is considerable evidence that an individual's psychological gender identity is not necessarily consistent with one's biological sex (Bem, 1981; Palan, 2001; Spence, 1993).

According to Gender Schema theory and Multifactorial Gender Identity theory, masculinity and femininity are orthogonal psychological traits and individuals will identify with each trait to varying degrees (Bem, 1974b; Spence, 1993).

Psychological gender, including masculinity and femininity, can affect consumers' product and brand choices (Fry, 1971; Jaffe, 1994; Vitz and Johnston, 1965; Worth et al., 1992). Under certain situation, such as gift shopping and art attendance, psychological gender may well explain more differences in consumer behavior than sex. Generally speaking, feminine gender identity is guided by a communal orientation whereas masculine is guided by an agency orientation (Bem, 1974a). Previous research suggests that femininity serves as a strong predictor of art involvement (Gainer, 1993), fashion consciousness (Gould and Stern, 1989), and Christmas gift shopping (Fischer and Arnold, 1990/1994). Similarly, masculine individuals are actively involved with the congruency between self-image and product/brand image: masculine individuals tend to choose a product or brand that presents a congruent masculine image and show preferences toward such a product or brand (Vitz and Johnston, 1965; Worth et al., 1992).

*H2 (a): There exists a positive relationship between femininity and product involvement*

*H2 (b): There exists a positive relationship between masculinity and product involvement*

*H2 (c): There exists a positive relationship between femininity and brand loyalty*

*H2 (d): There exists a positive relationship between masculinity and brand loyalty*

### The Impact of Gender Role Attitudes

In addition to sex and psychological gender, gender role attitude can independently explain gender-related consumer behaviors (Fischer and Arnold, 1990/1994; Palan, 2001). Gender role attitude refers to one's belief about socially-desirable roles for men and women (Spence, 1993), ranging from egalitarian to traditional. Egalitarian individuals believe that the same roles are acceptable for both women and men while traditional individuals believe that differing roles are appropriate for men (e.g. breadwinner) and women (e.g. child-care giver).

Spence (1993) suggested that role identity (i.e. gender-role attitudes) consists of self-images associated with an individual's position and how the individual would act in a social structure. As such, gender role attitudes would serve as motivational factors related to self-concept and self-esteem and would point to rewards and punishments earned through the enactment of roles. As such, egalitarian women are more likely to have careers in high-paying fields that require positive personal images and they are more likely to psychologically involve themselves with specific products for the purpose of self-expression (Fischer and Arnold, 1990; Schaninger and Buss, 1985).

Similarly, men with egalitarian attitudes consider shopping for themselves for grooming products to be acceptable behavior: such men purchase and use grooming products and would spend time and money shopping for a product or brand that struck the right self-image. Different from psychological gender, gender role attitudes might affect consumers' brand loyalty indirectly. Gender role attitudes is rooted in consumers' cognitions toward their social surroundings, and when consumers are conscious about their consumptions, product nature and type normally come first (e.g. perfume for men and for women). Previous studies suggest that psychological involvement is a necessary link between gender role attitudes and consumer perceptions (Gainer, 1993; McCabe, 2001), so it is hypothesized that there is a direct relationship between gender role attitudes and product involvement and an indirect relationship between gender role attitudes and brand loyalty:

*H3(a): There is a positive (inverse) relationship between egalitarian gender role attitudes and product involvement.*

*H3(b): Product involvement mediates the relationship between egalitarian gender role attitudes and brand loyalty.*

### Product Involvement and Brand Loyalty

Product involvement is an important construct in consumer behavior and it is viewed as a “cognitive state of activation” (Cohen, 1983). Zaichnowsky (1985) proposed that involvement is about personal relevance: if a product is highly personally relevant, this will result in a high level of involvement. It should be noted that the term product involvement is used throughout the paper for the sake of simplicity. In fact, consumers' enduring involvement or personal relevance with personal care product is discussed in the study.

Previous marketing literature suggests that a consumer's self-view leads to different levels of product involvement and that a consumer's product involvement influences his or her brand perception (Bloch and Richins, 1983; Ng and Houston, 2006). Gainer (1993) similarly proposed that consumer motivation for product involvement is an intermediate step between consumer gender related characteristics and loyalty behavior toward a product. Therefore:

*H4: There is a positive relationship between consumers' product involvement and brand loyalty.*

## METHODOLOGY

### Sample and Data Collection

The population of interest for this study is Generation-Y men and women (ages 18-30) who use personal care products in their daily life. A survey study was conducted to collect data from a sample drawn from this population. Survey respondents were asked answer a series of questions that mapped onto the dependent and independent variables used in the study. Since the

study points to brand perceptions, respondents were also asked to indicate their attitudes toward a personal care brand they have used most in the past 12 months. A total of 258 questionnaires were distributed to generation Y-aged consumers who enrolled in a southwestern metropolitan university. Invalid samples were eliminated, leading to a final sample size of 238 useful responses.

All respondents were between the age 18 and 30: 54.2% of the respondents were men and 45.8% were women. This sex ratio represents a relatively balanced participation.

### Measurement

Measurement scales for all variables in this study have been adapted from extant literature. The scales had been used in differing response formats, so to maintain consistency across anchor scales all scale items were converted into six-point Likert-type scale ranging from (1) “Strongly Disagree” to (6) “Strongly Agree.” The six-point format can ensure better reliability and force respondents to make directed choices rather than remain neutral (Oaster, 1989). It can also reduce the bias of response style (Baumgartner and Steenkamp, 2001).

Gender Identity: (a) Sex was measured as a demographic variable: specifically, as a nominal variable with the categories of male and female. (b) Psychological gender was assessed using the Barak and Stern (1986) scale. This scale was developed in the context of consumer behavior and has been shown to be more reliable than other scales for consumer research (Palan, 2001). The Barak and Stern (1986) scale was an abridged version of the Bem Sex Role Inventory (Bem, 1981). There were 10 masculine-scale items and 10 feminine-scale items and the two scales represented orthogonal constructs. Reliability for the femininity scale was 0.88 in the source study and 0.87 in this study, while reliability for the masculinity scale was 0.94 in the source study and 0.80 in this study. (c) The 15-item brief version of the gender role attitudes scale used was the one developed by Spence and Helmreich (1972). Reliability for this scale was 0.87 in the source study. Due to scale purification, 3 items were deducted from the current study and the reliability remained the same: 0.87.

Product Involvement and Brand Loyalty: (a) The product involvement measure was composed of 9 scales adapted from Higie and Feick (1989). The Cronbach's Alpha in the original study was 0.92 and it was 0.93 in the current study. (b) The scale used to measure brand loyalty was the three-item scale developed by Yoo and Donthu (2001). The Cronbach's Alpha pertaining to this scale was 0.88 in the source study and 0.79 in the current study.

TABLE 1  
DISCRIMINANT VALIDITY OF CONSTRUCTS

Construct	1	2	3	4	5
1. Femininity	0.87				
2. Masculinity	0.16	0.80			
3. Gender Role Attitudes	-0.39	-0.06	0.88		
4. Product Involvement	0.13	-0.11	0.12	0.93	
5. Brand Loyalty	0.13	0.13	-0.03	0.36	0.79

As a test of the convergent validity of constructs, item-total correlations were examined. All item-total correlations exceeded the recommended criterion of 0.40 (Jayanti and Becker, 1984), indicating acceptable convergent validity in this study. Furthermore, discriminant validity of the constructs was examined by checking whether the correlation between two scales is lower than the reliability of each of the scales independently (Gaski and Nevin, 1985). The results indicated in Table 1 suggest an adequate level of discriminant validity.

## RESULTS

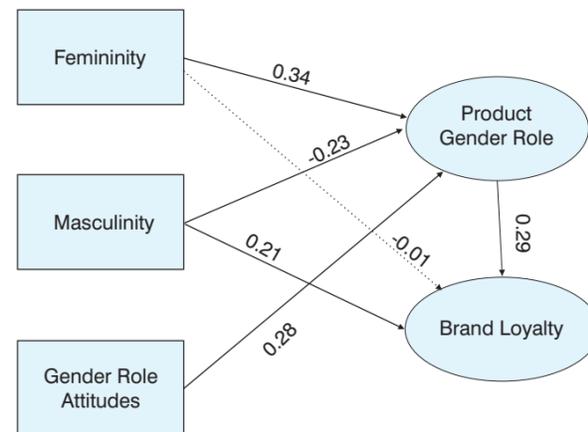
Hypotheses 1 was examined using an ANOVA analysis. The results suggested that males and females are significantly different in both product involvement ( $p < 0.01$ ) and brand loyalty ( $p < 0.03$ ). Female consumers were rated higher than male consumers in terms of both product involvement and brand loyalty. H1(a) and H1(b) were supported.

Path Analysis was used for testing hypothesis sets 2, 3, and 4. The path relationships are shown in Figure 2. In the path analysis, multiple indicators were summed together for each construct and the summated score was used to represent the construct in the model. This approach has become common in marketing literature when a small sample size restricts the use of full structural equation model (i.e. Chaudhuri and Holbrook, 2001; Li and Calantone, 1998). LISREL 8.14 was used to estimate the path model. The analysis resulted in the following fit statistics:  $\chi^2(1) = 1.49$ ,  $p = 0.22$ ,  $RMSEA = 0.046$ , Goodness-of-fit index (GFI) = 0.99, Adjusted goodness-of-fit index (AGFI) = 0.96, normed fit index (NFI) = 0.98, non-normed fit index (NNFI) = 0.93, and Comparative fit Index (CFI) = 0.99. Thus, the model overall represents a good fit to the collected data.

Standardized path coefficients for the model appear in Table 2. Except for the path between femininity and brand loyalty, all other paths were statistically significant (a t-value greater than 2.0 indicates significance at the 0.05 level). Another departure from expectations is that the relationship between masculinity and product

involvement is significant but negative (coefficient = -0.23). As diagrammed in Figure 2, these results indicate that femininity and gender role attitudes have an indirect impact on brand loyalty through product involvement, and masculinity has a negative relationship with product involvement but a positive relationship with brand loyalty. Thus, H2(a), H2(d), H3(a), H3(b) and H4 were supported, while H2(b) and H2(c) were not supported.

FIGURE 2  
SIGNIFICANT PATHS AND CORRELATIONS



## DISCUSSION

The empirical findings support the research proposition that sex, psychological gender, and gender role attitudes do have unique relationships with product involvement and brand loyalty. As hypothesized, individuals with stronger feminine identities tend to have greater psychological involvement with personal care products and this, in turn, can further lead to greater brand loyalty. In other words, femininity might influence brand loyalty through its positive impact on product involvement. Unexpectedly, individuals with stronger masculine dispositions are less likely to involve themselves with personal care products but they are more likely to remain a strong loyalty to a particular brand. There are two possible explanations for this finding. First, masculine individuals may consider personal care products to be traditionally women's territory and their involvement with such products would diminish a masculine self-image. Second, masculine individuals tend to build a strong relationship with a brand if the brand provides them a mirror for reflecting a desirable masculine self-image: this brand relationship may be especially important to them when they are using "women's territory" products.

There has been some debate as to whether femininity or masculinity, or both, should be studied for consumer behavior (Jaffe and Berger, 1988). This study contributes to the literature by confirming that both constructs should be included in gender-related consumer behavior studies as they appear to have unique and independent associations with consumer behavior.

This study also finds that individuals with more egalitarian gender role attitudes are more psychologically involved with personal care products. Consistent with Multifactorial Gender Identity theory, gender role attitudes play an important role in predicting consumer behavior. This study confirms that future studies related to gender perceptions and behaviors should include gender role attitudes as a measure.

There are deeper theoretical implications of this study. By examining gender from multiple perspectives, this study challenges sex/gender as an unambiguous construct. At a conceptual level, this study argues that sex and other gender-related constructs are unique and that it would be logical fallacy to assume sex alone can adequately measure all gender-related phenomena. At the empirical level, this study supports the assertion that both psychological gender and gender role attitudes have explanatory value in addition to sex.

To address managerial implications, this study points to the role of one's gendered-self in behavioral predictions. Self-expression is increasingly become a motivating factor leading to product and brand choices. A product or a brand that can help consumers express their gender identities and sexual orientations may have a more positive impact than those less clearly related to consumers' core gender-related traits. Furthermore, it may be important to have different positioning strategies for differing products and brands. Because feminine males and females tend to be more profitable targets for personal care products, managers should consider positioning personal care products as an expressive, emotional, and nurturing experience for the consumer. On the other hand, masculine consumers may emphasize brand images that are closely linked with masculine gender identity: a personal care product targeted at masculine males should likely focus on building a masculine brand image rather than on product features. Such a brand positioning may be achieved by emphasizing cerebral experiences with the brand.

Finally, this study indicates that increased consumer product involvement may lead to increased brand loyalty. Brand managers may take greater care to control "causal" variables that lead to increased product involvement. By modifying product features to relate differently to sub-groups of male and female consumers, brand managers can build a favorable brand image for differing consumer profiles and further build multiple loyal consumer groups.

## LIMITATIONS AND FUTURE RESEARCH

Although this study does provide some valuable insight, several potential limitations should be noted. First, this study focused on a single industry – the personal care sector – and thus the generalization of findings is limited. Second, some important variables associated with consumer brand perception, such as brand awareness and brand loyalty, were not included in the study. Third, because only one questionnaire was used to measure all constructs the study may have a common-method bias as one root cause of the discovered relationships (Chang and Chieng, 2006). Finally, the study involved a convenient student sample. However, college students are targeted Generation-Y consumers and, for theory-testing purpose, a student sample is deemed acceptable, as a homogenous sample has important advantages for theory-validation research (Calder, Phillips, and Tybout, 1981).

Despite these limitations, the findings of the study suggest some useful research directions. First, researchers can generalize the results by applying the research framework to a cross-product set of categories. Second, some moderating variables and some outcome brand perceptions variables could be added in future studies. Third, an experimental design might be conducted in the future to control certain variables, such as gender consciousness and product or brand experience. Finally, a cross-cultural study might provide more insight on the tested relationships.

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TABLE 2  
ESTIMATED STRUCTURAL PARAMETERS

Relationship	Hypothesis	Coefficient	T Value
Femininity → Product Involvement	H2 (a)	0.34	3.16*
Masculinity → Product Involvement	H2 (b)	(-0.23)	(-2*)
Femininity → Brand Loyalty	H2 (c)	(-0.01)	(-0.11)
Masculinity → Brand Loyalty	H2 (d)	0.21	2.09*
Gender Role Attitudes → Product Involvement	H3	0.28	2.82*
Product Involvement → Brand Loyalty	H4	0.29	5.2*

\*denotes a significant relationship (t value > 2)

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# Impact of Branchless Banking in Indian Rural Areas as a Part of Financial Inclusion

Vivek Srivastava<sup>[1]</sup>  
Dr. Durga Madhab Mahapatra<sup>[2]</sup>

## ABSTRACT

The Indian Government effort to build a more inclusive financial system focuses on lower income people who live in rural areas and who might have limited and infrequent needs for financial services. Private banks do not seek out poor people as customers because poor people typically do not figure into banks' business strategies to expand and improve their operational and financial performance. Over the last three years, the Reserve Bank of India (RBI) and the Government of India have adopted financial inclusion as a policy objective and have taken actions to move toward the goal of universal access to financial services. They have accepted branchless banking as a feasible proposition for acquiring clients and delivering services. On a global level, branchless banking has adopted both bank-based and nonbank-based models; however, only bank-based models are permitted to operate in India. This paper focuses on branchless banking models that can serve poor and marginalized section of Society.

**Key words:** Branchless banking, % growth of ATM, Modes of Branchless Banking.

## INTRODUCTION

Branchless banking is a distribution channel strategy used for delivering financial services without relying on bank branches. While the strategy may complement an existing bank branch network for giving customers a broader range of channels through which they can access financial services. Today, Indian banks seem to encourage clients to stay away from bank branches even as their clients continue to receive improved financial services. Services through ATMs, internet and mobile phones have made it possible to improve service quality, reduce the time spent by customers putting through transactions, and reduce traffic in branches. Branchless banking channels include (i) ATMs, (ii) electronic banking based on the Internet, (iii) banking correspondents and banking facilitators, and (iv) mobile banking. Prepaid instruments also are likely to be used in the near future, further extending the frontiers of branchless banking. In the context of banking the poor and achieving financial inclusion, the banking correspondent and facilitator models as well as the mobile telephony-based model are highly relevant. ATMs and Internet banking address the needs of the urban population, which has high incomes and little time to spend going to the bank, better than they address the needs of the rural poor. However, ATMs and Internet banking can also be used to improve access to financial services to the rural poor.

### Branchless Banking Advantages

1. Economies of Large Scale Operations
2. Spreading of Risk
3. Economy in Cash Reserves
4. Diversification on Deposits and Assets
5. Cheap Remittance Facilities

6. Uniform Interest Rates
7. Proper Use of Capital
8. Better Facilities to Customers
9. Banking Facilities in Backward Areas
10. Effective Control

## ROLE OF GOVERNMENT AND RBI

The Government of India has established a vision for electronic payments and agents and aims to make a substantial investment to expand these capabilities across India. The Government of India recently released a task force report on a unified payments infrastructure linked to the biometric Aadhaar number. It recognizes the value of electronic payments to both cut costs for the government and bring convenience to the end recipients. It also sees G2P as a major flow of capital which can prime the pump, while recognizing that much more ought to flow over branchless banking channels. The Government of India also proposes to pay a 3.14% fee to banks for delivering G2P payments – a significant shift in the business case for banks. But these are all solvable challenges and the new momentum for branchless banking will shape the financial inclusion agenda in India in the coming months and years. The Reserve Bank of India has removed restrictions on agent (customer service point) exclusivity. Earlier restrictions limited one agent to transact on behalf of only one specific bank, but this has now been lifted. Customers can now transact at customer service points (CSP) of one bank even if their accounts are held at another bank. This allows the entire banking system to be more efficient by sharing customer service points and lowering overall costs.

It also brings agent interoperability on par with ATMs in India. Such interoperability is more consistent with the views of most other central banks around the world.

## MODES OF BRANCHLESS BANKING

There are following modes used in India that could substantially accelerate financial inclusion:

1. **A mobile payments switch:** To take full advantage of the banking network across India, public-private collaboration has built the Inter-bank Mobile Payment Service (IMPS). This new switch allows mobile phone-initiated transactions to pass from the bank account in one bank to an account at another bank. If fully leveraged across the banking network, it would counteract some of the barriers posed by India's size and regionally fractured banking presence.
2. **Unique identification:** The Unique Identification Authority of India has begun to roll out registration of the unique identification number with matching biometrics. As this becomes more widely available, it could ease KYC processes and reduce the friction of mass branchless banking operations.

## LITERATURE REVIEW

The Report of the Committee on Financial Inclusion (2012) reveals that, despite a large banking system and cooperative credit network, many poor households in India lack access to financial services. Approximately 25 percent of adults have credit accounts in the formal financial sector, and 82 percent of adults have savings accounts. While the government and Reserve Bank of India (RBI) have taken steps to establish a widely distributed presence of bank branches, India's large population has made it difficult to ensure financial services are accessible to all those who need them. Since 2011 practices have been put into place that make branchless banking possible beyond the automated teller machine (ATM) network. According to a 2012 survey, 62% of respondents said the Internet is their preferred banking method. Only 20% selected branch banking - a sharp decline compared with 2007 when 40% of respondents preferred to bank at a branch. The 2012 budget announced a plan to shift some public subsidies (such as \$12.5 billion in fertilizer annually) to a system where payments will be delivered directly into the beneficiaries' accounts. This change would funnel large payments volumes through branchless banking and, among other benefits, bring clients into a deeper banking relationship. This recent policy shift adds to ongoing state efforts to transfer National Rural Employment Guarantee Act wage payments electronically.

## OBJECTIVES

1. To study the percentage growth of ATM used by public sector banks, private sector banks and foreign banks.
2. To measure the performance of selected models of branchless banking

### Scope of the study

Data from March 2010 to March 2012 is taken in to consideration from banking sectors (selected parameters) for the research.

### Data sources

Secondary data has been collected from among the available sources such as journals, magazines, and website.

### Data analysis

The data collected from the research are classified and tabulated. Descriptive statistics such as percentages, dispersion charts, diagrams and graphs etc. are used for presentations.

## TRENDS IN BRANCHLESS BANKING

Branchless banking models directly operated by banks. ATMs have caught the fancy of both banks and clients. Most new private sector banks in India have more ATMs than branches. Ease of dealing with customers efficiently and the ability to account for transactions in real time has made ATMs an indispensable part of banking. Customer protection issues involving ATMs stem from both technology and fraud. While customer awareness could reduce, if not prevent, fraud, satisfactory solutions to deal with ATM failure still need to be created. Remote monitoring of ATMs, repeated cautionary messages to ATM users, and security-related screen prompts while using ATMs, etc., tend to reduce ATM-related problems for customers. Indian Bank has introduced biometric ATMs to overcome the traditional problems associated with ATMs. This is being tested in rural areas.

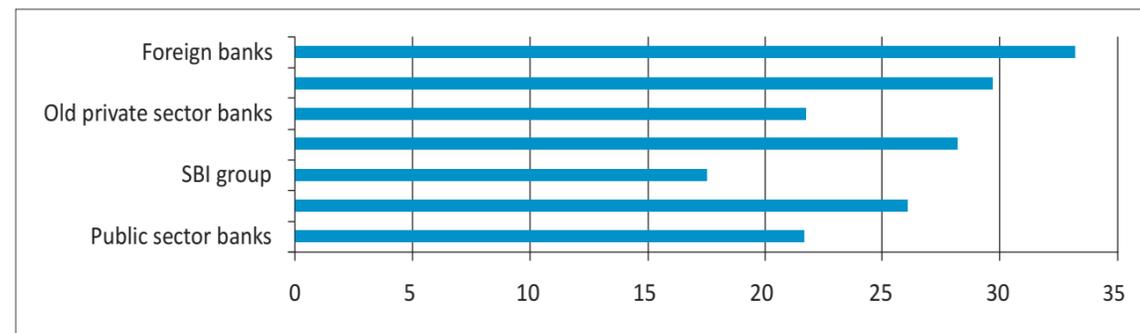
<sup>[1]</sup>Associate Professor, Gniot Group of Institutions, Greater Noida  
<sup>[2]</sup>Post Doctoral Fellow, PG Department of Commerce, Berhampur University, Odisha

**Table ATMs substitute for branches ATMs of Scheduled Commercial Banks (As at end-March 2010,2011,2012)**

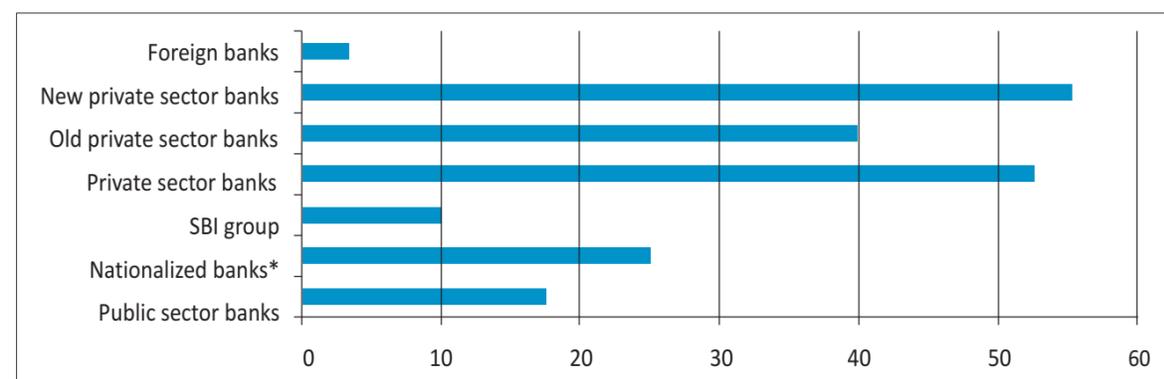
Sr. No	Bank Group	Total number of ATMs(on sites and off sites)2010	Total number of ATMs(on sites and off sites)2011	Total number of ATMs(on sites and off sites)2012	% Growth of Total number of ATMs(on sites and off sites) between 2010 2011	% Growth of Total number of ATMs(on sites and off sites)between 2011-2012
1	Public sector banks	40680	49487	58,193	21.64946	17.5925
1.1	Nationalized banks*	19702	24836	31,050	26.05827	25.02013
1.2	SBI group	20978	24651	27,143	17.50882	10.10912
2	Private sector banks	18447	23651	36,079	28.21055	52.54746
2.1	Old private sector banks	3390	4126	5,771	21.71091	39.86912
2.2	New private sector banks	15057	19525	30,308	29.67391	55.22663
3	Foreign banks	1026	1367	1,414	33.23587	3.438186
	All SCBs(1+2+3)	60153	74505	95,686	23.85916	28.42896

Note: \*: Excluding IDBI Bank Ltd.

**Graph-1 :% Growth of Total number of ATMs(on sites and off sites) between 2010-2011**



**Graph-2: % Growth of Total number of ATMs(on sites and off sites) between 2011-2012**



### Data analysis and Interpretations

There are following findings:

1. Automated Teller Machines (ATMs) have gained prominence as a delivery channel for banking transactions in India.
2. ATMs facilitate a variety of banking transactions for customers, their main utility has been for cash withdrawal and balance enquiry
3. Most banks prefer to deploy ATMs at locations where they have a large customer base or expect considerable use
4. ATM used continuously growing.
5. Foreign Banks maximum % increased ATM and % least old private banks.

### CONCLUSIONS

The Indian banking industry in India is in developing stage therefore there is an immediate need is required to embark on capacity building arrangements and modernize the banking system by employing the state of art technology being used anywhere in the world. Day by day improvements in import and export business, international trading and relationships, the current banking system is little bit short of providing efficient and dependable services. Therefore all operating banks in India should recognize the needs and introduce the new software and technologies like electronic banking, mobile banking, international banking services and more ATM machines. The government has to implement new policies and give free hands to their banks and then only it is possible to overcome the challenges.

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# An Analytical Study of Career Development and its Impact on Family Development

Dr. Gaurav Sankalp<sup>[1]</sup>

## ABSTRACT

People are social animals, lives in society and are influenced by it. The environment in which they take birth, they groom and learn. all this plays a vital role in developing an individual. Family for an individual is the platform on which she/he first learns the deeds of behavior, morale, values etc. This results in the other half of the persons life. To assess that whether his family is asset or liability for him- a family having good environment, independence to children and other members, quick decision making process, stability of both economic and behavior aspect adds strength to an individual and becomes asset for them. While the vice-versa enforces an individual to think the other way (liability). Thus this is very critical issue to analyse and the primary target of this paper is to reveal the various factors which had a impact on career development and also to analyze these factors in the success of an individual.

**Key Words:** Career development, Semantic differential scale, Exploratory and Descriptive,

## INTRODUCTION

An individual always try to get early promotion. Everyone wants to have a proper career growth.

The dictionary meaning of the term career is 'advancement in life specially advancement in profession'. However in common parlance career has a number of meanings; it can mean advancement (he is moving up in his career), a profession (he has chosen career in medicine), or stability over time (military career).

However, from the point of view of career development, Greenhaus has defined career as 'The pattern of work related experience that span the course of a person's life.'

Career development always brings new ideas, innovations and enhanced skills in an organization. This helps in enhancing motivational level of employee. An employee who gets promotion at right time is always a satisfied employee. This manages them to work hard and achieve higher goals.

People are social animals, lives in society and are influenced by it. The environment in which they take birth, they groom and learn. All this plays a vital role in developing an individual. Family for an individual is the platform on which she/he first learns the deeds of behavior, morale, values etc. This results in the other half of the person's life. To assess that whether his family is asset or liability for him- a family having good environment, independence to children and other members, quick decision making process, stability of both economic and behavior aspect adds strength to an individual as becomes asset for them. While the vice-versa enforces an individual to think the other way (liability).

## OBJECTIVE

The primary target is to reveal the various factors which had an impact on career development and analyze these factors in the success of an individual.

## MATERIAL AND METHODS

The present work is exploratory and descriptive research based on the primary data. A survey is conducted using questionnaire containing 16 questions related to the study. The sample unit consists of people who are working at the prime position in the organization both public and private firms. Convenient sampling technique is used for collection of the primary data. Sample size is 60 and the tool applied for analysis is the semantic differential scale, the area of the study is limited to the state of Uttar Pradesh in India.

## SEMANTIC DIFFERENTIAL SCALE

Semantic differential scale refers to any collection of rating scales anchored by bi-polar adjectives. It is a very flexible approach for obtaining measures of attitudes. The scale used for study is seven point rating scale for each attribute. The extreme points represent bipolar adjective with the central category representing neutral.

The attribute taken to test on semantic differential scale are

- Understanding with the family member
- Relationship of the family with society.
- Contribution of the family in career development
- Feeling of an individual when they are in with their family.
- Level of satisfaction.

## ASSUMPTIONS

There are three assumptions consider for the study.

- = Respondents whose parents are post graduate
- = Respondents whose parents are graduate
- = Respondents whose parents are education up to class

+3	+2	+1	0	-1	-2	-3

high secondary.

For

$$= +3+1+2+1+1= +8$$

$$= +1-1-1+2+1 = +2$$

$$= 0+2+1+0-2 = +1$$

## DISCUSSION

Following interpretation are drawn from the analysis

- People belonging to highly educated family had positive attitude towards career growth.
- People of group (+8) have excellent understanding with family and they feel that there family had contributed in their career development.
- People of group (+2) have very good feeling with their family, while relationship of their family with society and contribution towards career development is not good.
- People of group (+1) had good relationship with the society but their level of satisfaction is very less

## CONCLUSION

For class assumptions 1 is positively very high, 2 & 4 are moderate while assumptions 3 & 5 are high. Meaning their understanding with the family member is very high, relationship of the family with society in moderate, contribution of the family in career development is high, feeling of an individual when they are in with their family is moderate while high level of satisfaction.

For the respondents belongings to class assumptions 1&5 are moderate, 4 high and 2&3 are negatively moderate. Meaning Understanding with the family member & Level of satisfaction are moderate.

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Relationship of the family with society & contribution of the family in career development is negative and moderate, while feeling of an individual when they are in with their family is positive high.

For respondents of class assumptions 1 & 4 are neutral, 2 is high, 3 is moderate and 5 is highly negative. That is understanding with the family member & Feeling of an individual when they are in with their family are neutral. High relationship of the family with society. Moderate contribution of the family in career development and negative high level of satisfaction.

Family plays a vital role in ones' career development. People belonging to highly educated family have a positive mind frame. Those coming from less educated family feel that sometimes or the other the role of their family is not constructive, this gives them dissatisfaction. This dissatisfaction results in their work, creating stress and drains of both physical and mental energy.

People have no choice in selecting their family environment, but following steps can help them in building a sound environment, which optimize their competent and make them satisfied.

- There must be a balance between family and work. Proper work life balance is the need of present managerial functions.
- Stress should not be taken. Inculcating in employee's behavior that it's they who work and not their family will resolve the problem. Behavior modification tools are used if needed.
- Employees should take pride in discussing about their family background.
- Management should take measures in recruiting employees on their potential and not on their family background.
- Family should also try to understand and help individuals in his work and support them.

All the above points bring the optimum of employees and makes organization rich with the most valuable asset that is their employees. This is the essence of present global world. Maintaining their human resource in best manner. A proper career development reduces absenteeism, turnover, and organization politics. Organization change can easily be applied by a sound career development process. The organization should take prime concern in this matter and take a edge over their competitors. This is what human resource is a all about.

<sup>[1]</sup>Assistant Professor, Uttar Pradesh Rajrishi Tandon Open University Allahabad, Uttar Pradesh, India. Email: rajsankalp@rediffmail.com

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# Institutional Ownership and Firm Performance: Evidence from India

Dr. Vatsala Sharma<sup>[1]</sup>

## ABSTRACT

*Institutional investors with large ownership stakes have strong incentives to maximize their firms' value as their ultimate objective is to earn maximum return for their own shareholders. By virtue of their large stockholdings, they have the opportunity, resources, and ability to monitor, discipline and influence managers, which can force them to focus more on corporate performance and less on opportunistic or self-serving behaviour. Their active involvement in the corporate affairs can help overcome one of the principal-agent problems in the modern corporation as they have both the general interest in profit maximization and enough control over the assets of the firm to have their interest respected. Present study intends to establish the relationship between institutional holdings/constituents of institutional holdings and firm performance measured in terms of balance sheet data viz., return on capital employed and earning per share as well as market data in terms of Tobin's q and risk-adjusted excess return. The study documented that large size of institutional holdings in India do significantly influence the firm performance reported in terms of higher returns on capital employed, higher earnings and market capitalization. However, the mutual funds have failed conspicuously to deliver any impact over firm performance. The Banks, FIs and ICs have also not been successful to enhance the firm value substantially. But the substantial holdings of foreign institutional investors have improved firm performance better than other constituents.*

## INTRODUCTION

Institutional investors with large ownership stakes have strong incentives to maximize their firms' value as their ultimate objective is to earn maximum return for their own shareholders. By virtue of their large stockholdings, they have the opportunity, resources, and ability to monitor, discipline and influence managers, which can force them to focus more on corporate performance and less on opportunistic or self-serving behaviour. Their active involvement can help overcome one of the principal-agent problems in the modern corporations as they have both the general interest in profit maximization and enough control over the assets of the firm to have their interest respected. There has been an increased focus by regulators and researchers alike on their role in enhancing the firm's value. The present study is also an attempt to examine the impact of institutional holdings over the firm's performance.

Before we proceed ahead, it would be imperative to review the literature on the subject so as to sharpen our understanding of the same and identify the research gaps. The review will also be used to contrast the findings of this study with those of others.

## LITERATURE REVIEW

To date, research on the role of institutional investors in corporate monitoring has focused mainly on institutional investor activism. Less evidence has been presented on the impact of institutional ownership and monitoring on a firm's financial performance, and the results of such studies have been mixed. In general, two opposing views on the specific nature of the relationship between the ownership structure of the firm and its performance or value exist. On the one hand, various studies present evidence of the existence of a relationship between

ownership structure and firm value. While on the other hand, other studies doubt the effectiveness of institutional investors in being effective agents of corporate governance and denied the positive correlation between the two.

Holderness and Sheehan (1988) found that Tobin's q and accounting profits are significantly lower for firms with individual majority owners than for the firms with corporate majority owners. McConnell and Servaes (1990) found a strong positive relationship between the value of the firm and the fraction of shares held by institutional investors. They found that performance increases significantly with institutional ownership. Han and Suk (1998) found (for a sample of US firms) that stock returns are positively related to ownership by institutional investors, thus implying that these corporate owners are actively involved in the monitoring of incumbent management.

Majumdar and Nagarajan (1994) found that levels of institutional investment are positively related to the current performance levels of firms. However, a less-stronger, though positive, effect is established between changes in performance levels and changes in institutional ownership. Douma, Rejie and Kabir (2006) investigated the impact of foreign institutional investment on the performance of emerging market firms and found that there is positive effect of foreign ownership on firm performance.

Bhattacharya and Graham (2007) investigated the relationship between different classes of institutional investors (pressure-sensitive and pressure-resistant) and Firm Performance in Finland. It documented evidence that these institutional owners own stakes in multiple

firms across industries, leading to a possible two-way causality or endogenous problem between firm performance and ownership structure. It was also evidenced that institutional investors with likely investment and business ties with firms have negative effect on firm performance and the impact is very significant in comparison to the negative effect of Firm Performance on institutional ownership.

Wiwattanakantang (2001) enquired into the effects of controlling shareholders on corporate performance and found that presence of controlling shareholders in the firm is associated with higher performance, when measured by accounting measures like return on assets and the sales-asset ratio. The evidence also revealed that firms controlled by foreign investors as well as more than one domestic shareholder also have higher return on assets, relative to firms with no controlling shareholder.

Abdul Wahab et al. (2007) found that institutional investors have a positive impact on firm's Corporate Governance practices but not on the firm performance. Qiet et al. (2000) found little evidence in support of positive association between corporate performance and the proportions of tradable shares owned by domestic as well as foreign investors. Wahal (1996) observed that although institutional investors, particularly, activist institutions, have been successful in their efforts to affect the governance of targeted firms, these same firms have not demonstrated performance improvements.

Studies examining the relationship between Institutional Holdings and Firm Performance in different countries (mainly OECD countries) have produced mixed results. Chaganti and Damanpour (1991) and Lowenstein (1991), for instance, find little evidence that institutional ownership is correlated with Firm Performance. Seifert, Gonenc and Wright (2005) study does not find a consistent relationship across countries. They conclude that their inconsistent results may reflect the fact that the influence of institutional investors on Firm Performance is location specific. The above studies generally consider institutional investors as a monolithic group. However, Shleifer and Vishny's (1997) as well as Pound's (1988) theorizations and later empirical examinations by McConnell and Servaes (1990) suggest that shareholders are differentiable and pursue different agendas. Jensen and Merklings (1976) also show that equity ownerships by different groups have different effects on the Firm Performance. Agrawal and Knoeber (1996), Duggal and Miller (1999) find no such significant relation between Institutional Holdings and Firm Performance.

Kaur and Gill (2007) established significant positive effect of institutional ownership on company profitability. It generated evidence for the fact that higher promoter's ownership (both Indian and Foreign) leads to higher corporate performance. Chhibber and Majumdar (1999) examined the relation between foreign ownership and performance in India after 1991, when the government

lifted foreign ownership restrictions, allowing foreign majority ownership of Indian enterprises. The study found that only when foreign owner's control exceeds 51 percent, do firms display superior accounting performance. Douma, George, and Kabir (2002) found the positive effect of foreign ownership on Firm Performance was substantially attributable to foreign corporations and not to foreign institutional investors.

Kumar (2004) provided evidence that equity shareholdings by institutional investors and managers do not affect Firm Performance linearly even after controlling for observed firm characteristics and unobserved firm heterogeneity. The study also found that equity shareholdings by foreign investors and corporate shareholders do not influence Firm Performance. Graham (2007) investigated the relationship between different classes of institutional investors (pressure-sensitive and pressure-resistant) and Firm Performance. It documented evidence leading to a possible two-way causality or endogenous problem between firm performance and ownership structure. Patibandla (2002) utilized the data for different Indian Industries in the post-reform period to study the impacts generated by foreign investments over the direct and indirect productivity at firm level. It did not find any evidence that foreign investments have any direct positive impact over firm-level productivity.

## Objective

The present study intends to examine the impact of institutional holdings over firm performance for empiricism in the Indian corporate sector. More precisely, it is focused on the following objectives:

- i) To study the relationship between institutional holdings and firm performance; and
- ii) To study the relationship between constituents of institutional holdings and firm performance.

## RESEARCH METHODOLOGY

### Hypotheses:

In order to achieve the objectives stated earlier, the present study conceptualized the following null hypotheses for validation of the relationship between institutional holdings and firm performance:

H<sub>01</sub>: Institutional Holdings and firm performance are very closely related to depict positive relationship between the two;

H<sub>02</sub>: Components of Institutional Holdings and firm performance are very closely related to depict positive relationship between the two.

### Sample Design and Data:

The present study follows a descriptive research design given the objectives as the findings describe the status of relationship between the institutional/its components holdings and identified measures of firm performance. Total institutional investors have been composed of three

<sup>[1]</sup> Asst. Professor, Institute of Marketing & Management, New Delhi

categories: Mutual Funds; Banks, Financial Institutions and Insurance Companies and Foreign Institutional Investors. Initially, the sample was intended to consist of all (group A) listed firms on the NSE. But in the process, a few of them were left out for non-availability of data consistently throughout the study period, financial year 2007-08 to financial year 2012-13 and thus, the sample comprised 200 companies. Data regarding institutional holdings and its different constituents have been collected from the official website of national stock exchange of India. While the same pertaining to the identified parameters of firm performance was compiled from the official website of national stock exchange, annual reports of sample companies and Prowess database compiled and maintained by the Centre for Monitoring Indian Economy (CMIE), Bombay under a licensing agreement. This data set was compiled on the average annual periodicity.

#### Firm Performance Parameters:

In order to study the relationship between Institutional Holdings and Firm Performance, different researchers have used different financial measures. Holderness and Sheehan (1988) have used Tobin's q and accounting profits, Han and Suk (1998) applied stock returns, Wiwattanakantang (2001) has taken return on assets and the sales-assets ratio as performance variables. In view of this, the present study identified four parameters of firm performance such as return on capital employed, earning per share, Tobin's q and risk-adjusted excess return. The former two were essentially based on balance sheet data while the latter two on the market data set. These were obtained as:

i) Return on capital employed:

$$\text{(Profit After Tax/Average capital employed)/100}$$

Capital employed represents the share capital plus reserves and long-term debt of a company. It is arrived as Equity Capital+Preference Capital+Reserves and Surplus-Revaluation Reserve-Miscellaneous expenses not written off+Total borrowing- (Bank Borrowing+Short-term commercial paper).

ii) Earning Per Share:

$$= \text{(Net Profit after tax/number of outstanding shares as on date)}$$

iii) Tobin's q:

$$= \{(\text{Market Capitalization} + \text{Book value of Debt}) / \text{Book value of assets}\} \times 100$$

Market Capitalization is obtained multiplying closing stock price and the number of outstanding shares as on date.

iv) Risk- Adjusted Excess Return:

$$= \{(\text{R}_i - \text{R}_m) / \beta_i\} \times 100, \text{ is a market return based measure of firm.}$$

Where in,  $R_i$  is the average annual return on the  $i$ th stock  $R_m$  is that on the market, NSE (Nifty 50),

$\beta_i$  is the measure of systematic risk of the  $i$ th stock.

#### Statistical Tools:

Firm Performance parameters and Institutional/Constituents Holdings obtaining above were regressed in the Software Package for Social Sciences (SPSS) for analytical parameters in terms of constant ( $\alpha$ ), (regression co-efficient), standard error (SE),  $R^2$  and  $t$ -values. In an offshoot to these analytical parameters Durbin-Watson,  $d$ -statistic is obtained as:

$$d = \frac{\sum_{t=2}^n (e_t - e_{t-1})^2}{\sum_{t=1}^n (e_t)^2}$$

where

$e_t$  = difference between the actual value and the fitted value

$e_{t-1}$  = lag in residuals one period

$e_t - e_{t-1}$  = difference between current residual and residual in the previous period

The results obtained in the stated framework are presented and analyzed in result and discussion section.

#### RESULTS AND DISCUSSION

As hypothesized ( $H_{01}$ ), substantial holdings by institutional investors are expected to result in better firm performance as their larger stakes induce the corporate managers to utilize the resources effectively, thereby, enhancing the firm value. The improved firm performance is expected to be reflected in the terms of accounting returns (return on capital employed and earning per share) and market-based returns (Tobin's q and risk-adjusted excess return). To witness the same, the regression results obtained for the study period (2008-2013) are reported in table 1.

The study found a significant and strong relationship between the parameters of firm performance and the institutional holdings for return on capital employed, earning per share and Tobin's q during the study period. However, weak relationship is observed between the institutional holdings and risk adjusted excess return. The institutional investors are able to improve return on capital employed. The assets have been utilized efficiently, thereby, earning good return on shareholders' funds and debt funds as well. Similarly, the impact is positive on earning per share as well due to good return on assets and possibly low financing costs. Hence, the institutional holdings have significant impact over the firm performance in terms of accounting returns. Similarly, institutional holdings have been successful in putting great positive impact over Tobin's q as well. Market Capitalization, book value of debt and book value of assets are the three constituents of Tobin's q measure, of these, book value of assets and book value of debt are

key constituents which are also reported as balance sheet data. As outlined earlier, substantial institutional stake have strong positive impact over tangible corporate performance reported as balance sheet data. Therefore, institutional holdings do effect firm performance in terms of market returns as well with the exception of risk-adjusted excess return.

As hypothesized ( $H_{02}$ ), substantial holdings by mutual funds, Banks, Insurance companies, Financial institutions and foreign institutional investors are expected to result in better firm performance as their ultimate objective is to earn maximum return for their investors so they compel the corporate managers manage the company resources enhancing the firm value. The improved firm performance is expected to be reflected in the terms of accounting returns (return on capital employed and earning per share) and market-based returns (Tobin's q and risk-adjusted excess return). To witness the same, the regression results obtained for the study period (2004-2008) are reported in table 2.

The study observed weak relationship between mutual funds holdings and the parameters of firm performance based on balance sheet data for return on capital employed and earning per share as well as market return data for Tobin's q and risk adjusted excess return. Hence, the mutual funds fail to deliver any impact over firm performance. The results are similar for the association between Banks, FI and IC holdings and firm performance except for earning per share. Thus, this category of institutional investors also does not significantly improve firm performance but their influence over the earnings for shareholders is positive. But the relationship between FI holdings and firm performance is relatively better as the association is strong for earning per share and Tobin's q. Hence, the substantial holdings of FIs do influence the earnings available for equity stakeholders as well as market capitalization.

Therefore, it is concluded that large size of institutional holdings in India do significantly influence the firm performance reported in terms of higher returns on capital employed, higher earnings and market capitalization. However, the mutual funds have failed conspicuously to deliver any impact over firm performance. The Banks, FIs and ICs have also not been successful to enhance the firm value substantially. But the substantial holdings of foreign institutional investors have improved firm performance better than other constituents.

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**Table 1: Institutional Holdings and Firm Performance, 2008-13**

i) Return on Capital Employed

Regression Parameters	2004	2005	2006	2007	2008
Constant,	7.61	9.75	8.98	9.19	9.58
Coefficient,	0.13	0.14	0.16	0.25	0.18
R <sup>2</sup>	0.02	0.02	0.02	0.06	0.03
S. E.	1.60	1.57	1.67	1.44	1.61
t-value	1.81	2.04*	2.27*	3.59*	2.62*
d-statistics	1.90	2.04	2.04	2.17	2.12

ii) Earning Per Share

Regression Parameters	2004	2005	2006	2007	2008
Constant,	6.51	9.81	12.45	10.96	12.59
Coefficient,	0.27	0.22	0.10	0.19	0.16
R <sup>2</sup>	0.07	0.05	0.01	0.03	0.02
S. E.	4.10	4.98	9.81	3.76	5.47
t-value	3.98*	3.21*	1.48	2.67*	2.23*
d-statistics	1.90	2.09	2.01	2.09	2.00

iii) Tobin's q

Regression Parameters	2004	2005	2006	2007	2008
Constant,	2.26	1.55	1.85	1.73	1.76
Coefficient,	-0.00	0.16	0.22	0.26	0.29
R <sup>2</sup>	0.00	0.03	0.05	0.07	0.09
S. E.	0.94	0.18	0.19	0.24	0.23
t-value	-0.07	2.33*	3.25*	3.78*	4.33*
d-statistics	2.04	2.10	2.11	2.11	1.94

iv) Risk Adjusted Excess Return

Regression Parameters	2004	2005	2006	2007	2008
Constant,	111.74	94.01	-2.56	3.43	-18.65
Coefficient,	-0.02	-0.12	0.16	-0.06	0.13
R <sup>2</sup>	0.00	0.01	0.03	0.00	0.02
S. E.	31.42	12.59	10.02	11.85	6.37
t-value	-0.31	-1.66	2.31*	-0.79	1.78*
d-statistics	2.10	1.90	2.12	1.83	1.89

Note: i) Predictor: Institutional Holdings for return on capital employed, earning per share, Tobin's q and risk adjusted excess return respectively.  
 ii) \*significant t<sub>0.05</sub> values at requisite degrees of freedom.

**Table 2.1 Mutual Fund Holdings and Firm Performance, 2008-13**

i) Return on Capital Employed

Regression Parameters	2004	2005	2006	2007	2008
Constant,	8.15	10.58	9.79	11.13	11.62
Coefficient,	0.12	0.13	0.15	0.17	0.09
R <sup>2</sup>	0.01	0.02	0.02	0.03	0.01
S. E.	1.42	1.34	1.44	1.27	1.40
t-value	1.74	1.85	2.18*	2.39*	1.29
d-statistics	1.91	2.02	2.04	2.17	2.08

ii) Earning Per Share

Regression Parameters	2004	2005	2006	2007	2008
Constant,	17.63	18.99	22.68	13.93	18.46
Coefficient,	0.03	0.07	0.01	0.15	0.08
R <sup>2</sup>	0.00	0.00	0.00	0.02	0.01
S. E.	3.78	4.34	8.50	3.27	4.74
t-value	0.38	1.03	0.18	2.16*	1.12
d-statistics	2.03	2.02	1.85	1.97	2.04

iii) Tobin's q

Regression Parameters	2004	2005	2006	2007	2008
Constant,	2.43	1.79	2.14	2.14	2.14
Coefficient,	-0.03	0.05	0.12	0.14	0.19
R <sup>2</sup>	0.00	0.00	.01	0.02	0.04
S. E.	0.83	0.16	0.17	0.21	0.20
t-value	-0.40	0.76	1.67	1.98	2.80*
d-statistics	2.03	2.14	2.28	2.07	1.88

iv) Risk Adjusted Excess Return

Regression Parameters	2004	2005	2006	2007	2008
Constant,	91.13	82.60	6.20	4.81	-13.39
Coefficient,	0.05	-0.04	0.11	-0.09	0.07
R <sup>2</sup>	0.00	0.00	0.01	0.00	0.00
S. E.	27.85	10.80	8.70	10.22	5.49
t-value	0.74	-0.63	1.55*	-1.22	0.95
d-statistics	2.09	1.88	2.13	1.85	1.86

Note: i) Predictor: Mutual Funds Holdings for return on capital employed, earning per share, Tobin's q and risk adjusted excess return respectively.  
 ii) \*significant t<sub>0.05</sub> values at requisite degrees of freedom.

**Table 2.2 Banks, FIs and ICs Holdings and Firm Performance, 2008-13**

i) Return on Capital Employed

Regression Parameters	2004	2005	2006	2007	2008
Constant,	11.03	12.29	11.51	11.58	10.47
Coefficient,	-0.10	-0.01	0.04	0.16	0.20
R <sup>2</sup>	0.01	0.00	0.00	0.03	0.04
S. E.	1.38	1.32	1.34	1.16	1.31
t-value	-1.48	-.163	0.54	2.31*	2.91*
d-statistics	1.89	1.99	2.03	2.14	2.11

ii) Earning Per Share

Regression Parameters	2004	2005	2006	2007	2008
Constant,	11.34	11.80	10.01	16.98	15.60
Coefficient,	0.22	0.27	0.20	0.07	0.16
R <sup>2</sup>	0.05	0.07	0.04	0.00	0.03
S. E.	3.58	4.09	7.65	3.02	4.46
t-value	3.25*	3.99*	2.93*	0.98	2.31*
d-statistics	2.06	2.10	2.03	2.06	1.98

iii) Tobin's q

Regression Parameters	2004	2005	2006	2007	2008
Constant,	2.57	1.87	2.25	2.24	2.25
Coefficient,	0.05	-0.00	0.07	0.11	0.15
R <sup>2</sup>	0.00	0.00	0.00	0.01	0.02
S. E.	0.81	0.15	0.15	0.19	0.19
t-value	-0.73	-0.04	0.92	1.59	2.18*
d-statistics	1.99	2.13	2.29	2.09	1.87

iv) Risk Adjusted Excess Return

Regression Parameters	2004	2005	2006	2007	2008
Constant,	118.77	86.14	7.03	5.66	-12.52
Coefficient,	-0.06	-0.09	0.12	-0.12	0.06
R <sup>2</sup>	0.00	0.01	0.01	0.01	0.00
S. E.	0.00	0.01	0.01	0.01	0.00
t-value	-0.85	-1.22	1.73*	-1.66	0.81
d-statistics	2.10	1.87	2.14	1.91	1.85

Note: i) Predictor: Banks, IC and FI Holdings for return on capital employed, earning per share, Tobin's q and risk adjusted risk return respectively.  
 ii) \*significant  $t_{0.05}$  values at requisite degrees of freedom.

**Table 2.3 FII Holdings and Firm Performance, 2008-13**

i) Return on Capital Employed

Regression Parameters	2004	2005	2006	2007	2008
Constant,	7.38	10.41	10.26	11.15	11.33
Coefficient,	0.24	0.15	0.13	0.18	0.18
R <sup>2</sup>	0.06	0.02	0.02	0.03	0.01
S. E.	1.27	1.30	1.40	1.22	1.38
t-value	3.42*	2.20*	1.83	2.58*	2.66*
d-statistics	1.91	2.01	2.03	2.16	2.09

ii) Earning Per Share

Regression Parameters	2004	2005	2006	2007	2008
Constant,	12.10	17.64	21.26	14.34	17.54
Coefficient,	0.24	0.11	0.03	0.15	0.10
R <sup>2</sup>	0.06	0.01	0.00	0.02	0.01
S. E.	3.34	4.21	8.21	3.15	4.67
t-value	3.54*	1.63	0.46	2.15*	1.45
d-statistics	1.98	2.01	2.02	1.79	2.05

iii) Tobin's q

Regression Parameters	2004	2005	2006	2007	2008
Constant,	1.90	1.58	2.00	1.98	2.05
Coefficient,	0.05	0.22	0.22	0.24	0.25
R <sup>2</sup>	0.00	0.05	0.05	0.06	0.06
S. E.	0.75	0.15	0.16	0.20	0.01
t-value	0.74	3.16*	3.25*	3.44*	3.66*
d-statistics	2.04	2.16	2.27	2.05	1.91

iv) Risk Adjusted Excess Return

Regression Parameters	2004	2005	2006	2007	2008
Constant,	107.31	86.90	6.90	-6.07	-15.78
Coefficient,	-0.01	-0.10	0.11	0.02	0.12
R <sup>2</sup>	0.00	0.01	0.01	0.00	0.01
S. E.	25.35	10.47	8.41	9.87	5.40
t-value	-0.20	-1.35	1.55	0.34	1.65
d-statistics	2.10	1.91	2.11	1.90	1.92

Note: i) Predictor: Banks, IC and FI Holdings for return on capital employed and earning per share, Tobin's q and risk adjusted risk return respectively.  
 ii) \*significant  $t_{0.05}$  values at requisite degrees of freedom.

## Appendix

### Name of Companies Selected for Analysis

Company Code	Name of Company	Company Code	Name of Company
1	Aarti Industries Ltd.	101	Jaiprakash Hydro-Power Ltd.
2	Aban Offshore Ltd.	102	Jaypee Hotels Ltd.
3	Aditya Birla Nuvo Ltd.	103	Jet Airways India Ltd.
4	Ador Welding Ltd.	104	Jindal Steel and Power Ltd.
5	Aegis Logistics Ltd.	105	JSW Steel Ltd.
6	Agro Dutch Industries Ltd.	106	Jubilant Organosys Ltd.
7	Alembic Ltd.	107	KCP Ltd.
8	Alfa Laval India Ltd.	108	Kajaria Ceramics Ltd.
9	Alps Industries Ltd.	109	Kansai Nerolac Paints Ltd.
10	Apar Industries Ltd.	110	Khaitan Electricals Ltd.
11	Apollo Hospital Enterprises	111	Lakshmi Machine Works
12	Arvind Remedies Ltd.	112	Larsen and Toubro Ltd.
13	Asahi India Glass Ltd.	113	LGB and Bros. Ltd.
14	Asian Electronics Ltd.	114	Liberty Shoes Pvt. Ltd.
15	Asian Hotels Ltd.	115	Lotte India Corporations Ltd.
16	Asahi India Glass Ltd.	116	Lumax Industries Ltd.
17	Ashok Leyland Ltd.	117	Lupin Chemicals Ltd.
18	Aurobindo Pharma Ltd.	118	Madras Cements Ltd.
19	Balaji Telefilms Ltd.	119	Malwa Cotton Spinning Mills Ltd.
20	Balmer Lawrie and Co. Ltd.	120	Mahindra and Mahindra Ltd.
21	BASF India Ltd.	121	Marico Ltd.
22	Bell Ceramics Ltd.	122	Maruti Suzuki India Ltd.
23	BEML Ltd.	123	Max India Ltd.
24	Berger Paints (I) Ltd.	124	Moser-Baer India Ltd
25	Bharat Electronics Ltd.	125	Nagarjuna Construction Co Ltd.
26	Bharat Forge Ltd.	126	Nahar Industrial Enterprises Ltd.
27	Bharat Heavy Electricals Ltd.	127	National Aluminum Company Ltd.
28	Bharat Petroleum Corporation Ltd.	128	Navneet Publications (India) Ltd.
29	Bharat Rasayan Ltd.	129	NEPC India Ltd.
30	Bhushan Steel and Strips Ltd.	130	Neyveli Lignite Corporation Ltd.
31	Bharti Airtel Ltd.	131	Nirma Ltd.
32	Biocon Ltd.	132	NTPC Ltd.
33	Birla Corporation Ltd.	133	OCL India Ltd.
34	Blue Star Infotech Ltd.	134	Oil Country Tubular Ltd.
35	Bombay and Burmah Trading Corporation Ltd.	135	Omax Autos Ltd.
36	Bombay Dyeing and Manufacturing Co. Ltd.	136	ONGC Ltd.
37	Britannia Industries Ltd.	137	Pantaloon Retail India Ltd.
38	Cadila Healthcare Ltd.	138	Petron Engg. Construction Ltd.
39	CCL Products (I) Ltd.	139	Petronet LNG Ltd.
40	Century Textiles and Industries Ltd.	140	Premier Ltd.
41	Chambal Fertilizers and Chemicals Ltd.	141	Patel Engg. Ltd.
42	Chemplast Sanmar Ltd.	142	Patspin India Ltd.
43	Chennai Petrochemical Corporation Ltd.	143	Radaan Mediaworks (I) Ltd.
44	Chesind Textiles and Industries Ltd.	144	Radico Khaitan Ltd.
45	Cipla Ltd.	145	Rajesh Exports Ltd.
46	Crompton Greaves Ltd.	146	Ramco Industries Ltd.
47	Cyber Media (I) Ltd.	147	Rane Holdings Ltd.
48	Dabur India Ltd.	148	Rashtriya Chemicals and Fertilizers Ltd.
49	Dalmia Cements (Bharat) Ltd.	149	Reliance Industries Ltd.
50	DCM Ltd.	150	Rico Auto Industries Ltd.

Company Code	Name of Company	Company Code	Name of Company
51	DCW Ltd.	151	RPG Cables Ltd.
52	Deepak Fertilizers Ltd.	152	R S W M Ltd.
53	Delta Magnets Ltd.	153	Ruchi Soya Industries Ltd.
54	D-Link India Ltd.	154	S Band T International Ltd.
55	Dharani Sugars and Chemicals Ltd.	155	Sah Petroleum Ltd.
56	Dr. Reddy's Laboratories Ltd.	156	Salora International Pvt. Ltd.
57	Eicher Motors Ltd.	157	Saksoft Ltd.
58	Elgi Equipments Ltd.	158	Sandesh Ltd.
59	Eurotex Inds. and Exports Ltd.	159	Saregama India Ltd.
60	Eveready Inds. Ltd.	160	Seamec Ltd.
61	Everest Industries Ltd.	161	Sesa Goa Ltd.
62	Exide Industries Ltd.	162	Shipping Corporation of India Ltd.
63	Fame India Ltd.	163	Shiva Texyarn Ltd.
64	F D C Ltd.	164	Sintex Industries Ltd.
65	Fertilizers and Chemicals Ltd.	165	S Kumars Nationwide Ltd.
66	Finolex Industries Ltd.	166	Sterlite Industries India Ltd.
67	Four Soft Ltd.	167	Sundaram Brake Lining Ltd.
68	Gabriel India Ltd.	168	Supreme Petrochemical Ltd.
70	Gas Authority of India Ltd.	170	Tata Coffee Ltd.
71	Geometric Ltd.	171	Tata Consultancy Services Ltd.
72	Godrej Industries Ltd.	172	Tata Power Company Ltd.
73	Grasim Industries Ltd.	173	Tata Tea Ltd.
74	GTN Industries Ltd.	174	Texmaco Ltd.
75	Gujarat Mineral Development Corporation Ltd.	175	Thermax Ltd.
76	Halonix Ltd.	176	Thirumalai Chemicals Ltd.
77	HCC India Ltd.	177	TIL Ltd.
78	HCL Technologies Ltd.	178	Tips Industries Ltd.
79	HEG Ltd.	179	Titan Industries Ltd.
80	Heritage Foods (I) Ltd.	180	Trent Ltd.
81	Hero Honda Motors Ltd.	181	TTK Prestige Ltd.
82	Hind Syntax Ltd.	182	TVS Motor Co. Ltd.
83	Hindalco Industries Ltd.	183	TV Today Network Ltd.
84	Hindustan Machine Tools Ltd.	184	Ultratech Cement Ltd.
85	Hindustan Organic Chemicals Ltd.	185	Unitech Ltd.
86	Hindustan Petroleum Corporation Ltd.	186	United Phosphorous Ltd.
87	Hitachi home and life solutions India Ltd.	187	Uttam Galva Steels Ltd.
88	IFB Agro Industries Ltd.	188	Usha Martin Ltd.
89	IFGL Refractories Ltd.	189	Vardhman Holdings Ltd.
90	Impex Ferro Tech Ltd.	190	VIP Industries Ltd.
91	India Glycols Ltd.	191	Voltas Ltd.
92	Indian Hotels Company Ltd.	192	VST Industries Ltd.
93	Infosys Technologies Ltd.	193	Welspun-Gujarat Stahl Rohren Ltd.
94	Indian Oil Corporation Ltd.	194	Wheels India Ltd.
95	IPCA Laboratories Ltd.	195	Wipro Ltd.
96	ITC Ltd.	196	Wyeth Ltd.
97	IVRCL Infrastructures and Projects Ltd.	197	Xpro India Ltd.
98	Jai Corporation Ltd.	198	Zee Entertainment Enterprise Ltd.
99	Jain Irrigation System Ltd.	199	Zenith Computers Ltd.
100	Jaiprakash Associates Ltd.	200	Zuari Industries Ltd.

# Measuring the Training Effectiveness Among Employees

Ruchi Tripathi<sup>[1]</sup>  
Dr. K. K. Chourasia<sup>[2]</sup>

## ABSTRACT

Training is an important factor of employee in all firm's business strategy, Training is effective only if it produces desired outcome. When the organization is implementing training programme, there should be an ideal forum on which the evaluation scheme can be build and assessment of effectiveness of training and development activities can be done.

This paper shows that training of employees is effective. Training effectiveness is measured with respect to key dimensions such as career development, earnings, adoption of new skills, flexibility or job security. Older employees also pursue less ambitious goals with their training participation. Training effectiveness among employees and managers is constantly looking for more cost-effective ways to deliver training to their employees. In addition, many expenses – booking training facilities, travel costs for employees or trainers, plus employee time away from the job.

Training is a critical component in any organization's strategy, but organizations don't always evaluate the business impact of a training program. Given the large expenditures for training in many organizations, it is important to develop business intelligence tools that will help companies improve the measurement of training effectiveness. These tools need to provide a methodology to measure, evaluate, and continuously improve training, as well as the organizational and technical infrastructure (systems) to implement the methodology. Cross-functional and reporting and learning analytics provide important connections between the measures of learning effectiveness offered by a learning management system (LMS) and the larger enterprise metrics that indicate whether learning is transferred and positively affects business results.

**Keywords:** Introduction of Training Effectiveness, Typical areas of employee training, Phases of Training Effectiveness, Measurement techniques

## INTRODUCTION OF TRAINING EFFECTIVENESS

In India, training as an activity has been going on as a distinct field with its own roles, structures and budgets, but it is still young. This field is, however; expanding fast but controversies seem to envelop any attempts to find benefits commensurate with the escalating costs of training. Training has made remarkable contributions to the improvement of all kinds. Training is essential; but doubts arise over its contribution in practice. Complaints are growing over its ineffectiveness and waste. The training apparatus and costs have multiplied but Unhappiness persists and is growing at the working level where the benefits of training should show up most clearly. This disillusionment shows in many ways - reluctance to send the most talented workforce for training, inadequate use of personnel after training, etc. greatly reduced.

Training effectiveness is a communication model that translates a humanistic ideology into a complete and consistent set of practical skills." A measurement of what a given student has learned from a specific course or training event.

Training is widely understood as communication directed at a defined population for the purpose of developing skills, modifying behavior, and increasing competence. Generally, training focuses exclusively on what needs to be known. Education is a longer-term process that

incorporates the goals of training and explains why certain information must be known. Education emphasizes the scientific foundation of the material presented. Both training and education induce learning, a process that modifies knowledge and behavior through teaching and experience. The research model described here pertains to both training and education. Therefore, in this document, "training" refers to both processes. In contrast to informal training (which is embedded in most instances of human exchange), formal training interventions have stated goals, content, and strategies for instruction. Our intent is to offer a general approach to intervention effectiveness research that addresses formal training across settings and topics. The model integrates primary and secondary data collection with qualitative and quantitative analyses so that the benefits of each research technique can be applied to the evaluation of training effectiveness. Training intervention effectiveness research is needed to (1) identify major variables that influence the learning process and (2) optimize resources available for training interventions. Logical and progressive study models are best suited to identify the critical elements and causal relationships that affect training effectiveness and efficiency. In training research, it is often difficult to arrive at definitive answers. Typically, many variables minimize effects and make

results difficult to interpret. Furthermore, the amount of variance attributed to any one variable is usually small. Therefore, if training is to be an essential component of planned interventions, a uniform system of research is needed to explain how training is made effective and to indicate how resources for training should be organized.

## TYPICAL AREAS OF TRAINING

- 1. Communications:** The increasing diversity of today's workforce brings a wide variety of languages and customs.
- 2. Computer skills:** Computer skills are becoming a necessity for conducting administrative and office tasks.
- 3. Customer service:** Increased competition in today's global marketplace makes it critical that employees understand and meet the needs of customers.
- 4. Diversity:** Diversity training usually includes explanation about how people have different perspectives and views, and includes techniques to value diversity.
- 5. Ethics:** Today's society has increasing expectations about corporate social responsibility. Also, today's diverse workforce brings a wide variety of values and morals to the workplace.
- 6. Human relations:** The increased stresses of today's workplace can include misunderstandings and conflict. Training can help people to get along in the workplace.
- 7. Quality initiatives:** Initiatives such as Total Quality Management, Quality Circles, benchmarking, etc., require basic training about quality concepts, guidelines and standards for quality, etc.
- 8. Safety:** Safety training is critical where working with heavy equipment, hazardous chemicals, repetitive activities, etc., but can also be useful with practical advice for avoiding assaults, etc.

## PHASES OF TRAINING EFFECTIVENESS:-

The training procedure comprises of three phases:

**Phase 1: Pre-training:** - This may also be called as the preparation phase. The process starts with an identification of the circumstances requiring more efficient performance. A firm's concern prior to training lie primarily in four areas: Clarifying the precise objectives of training and what the organization expects to make use of the participants after training; selection of appropriate participants; building favorable expectations and inspiration in the participants before training; and planning for any changes that improved task performance requires in addition to training.

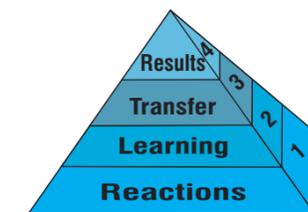
**Phase 2: Training:** - During the course of the training, participants focus their attention on the new impressions that seem useful, thought-provoking and engaging.

There is no guarantee that the participants will in fact learn what they have chosen. But the main reason remains; trainees explore in a training situation what interests them, and a training institution's basic task is to offer the required opportunities.

**Phase 3: Post-Training:** - This may be called as the "follow up" phase. When the trainees go back to job after attending the training, a practice of adapting change begins for each one participated. The newly acquired skills and knowledge undergo modification to fit the work condition. Participants may find their organizations offering support to use the training and also the support for continuing contact with the training institution. On the other hand, they may step into a quagmire of distrust. More effective behavior of people on the job is the prime objective of the training process conducted by an organization as a whole.

## MEASUREMENT TRAININGS:

Assessing training effectiveness is critical. Donald Kirkpatrick developed a four-level model of evaluation (Figure-1).



Kirkpatrick's Four Levels of Evaluation

Figure-1

- 1 Reactions:** Measures how participants have reacted to the training.
- 2 Learning:** Measures what participants have learned from the training?
- 3 Behavior:** Measures whether what was learned is being applied on the job.
- 4 Results:** Measures whether the application of training is achieving results.

Each successive level of evaluation builds upon the evaluations of the previous level. Each successive level of evaluation adds precision to the measure of effectiveness but requires more time consuming analysis and increased costs.

### Level 1 Evaluation - Reactions

This level measures how participants in a training program react to the training. Every program should at least be evaluated at this level to answer questions regarding the learners' perceptions and improve training. This level gains knowledge about whether the participants liked the training and if it was relevant to their work. Negative reactions reduce the possibility of learning.

<sup>[1]</sup> Assistant Professor Greater Noida Institute of Technology Greater Noida Email: ruchipathak15@gmail.com  
<sup>[2]</sup> Associate Professor G D Binani P G College Mirzapur

#### Evaluation tools:

- i) Program evaluation sheets
- ii) Face-to-face interviews
- iii) Participant comments throughout the training
- iv) Ability of the course to maintain interest
- v) Amount and appropriateness of interactive exercises
- vi) Ease of navigation in Web-based and computer-based training
- vii) Participants' perceived value and transferability to the workplace

This type of evaluation is inexpensive and easy to administer using interaction with the participants, paper forms.

#### Level 2 Evaluation - Learning

Level 2 evaluations are conducted before training (pre-test) and after training (post-test) to assess the amount of learning that has occurred due to a training program.

Level 2 evaluations assess the extent learners have advanced in knowledge, skills or attitude. Level 2 evaluation methods range from self-assessment to team assessment to informal to formal assessment.

#### Evaluation tools:

- i) Individual pre- and post-training tests for comparisons
- ii) Assessment of action based learning such as work-based projects and role-plays
- iii) Observations and feedback by peers, managers and instructors line forms.

#### Level 3 Evaluations - Transfer

Evaluations at this level attempt to answer the question of whether the training has been transferred back to the job. This evaluation is typically performed three to six months after training. The evaluator would ask questions such as "Are the newly acquired knowledge, skills or attitude being used in the environment of the learner"? This evaluation represents the truest assessment of a program's effectiveness but is costly.

It is often impossible to predict when changes in behaviour will occur. Careful planning decisions are needed for this level of evaluation in terms of when to evaluate, how to evaluate and how often to evaluate.

#### Evaluation tools:

- i) Individual pre- and post-training tests or surveys
- ii) Face-to-face interviews
- iii) Observations and feedback from others
- iv) Focus groups to gather information and share knowledge

#### Level 4 Evaluation- Results

This evaluation measures the success of the training program in term that executives and managers can understand such as increased production, increased sales, decreased costs, improved quality, reduced frequency of accidents, higher profits or return on

investment, positive changes in management style or in general behaviour, increase in engagement levels of direct ports and favourable feedback from customers, peers and subordinates. For example, after training in April 2005, the sales continued to increase throughout the year 2005 (Figure 2).

However, Level 4 evaluations are difficult to measure and correlate with training. For example, the increase in sales could be attributed to several factors such as training and product promotions.

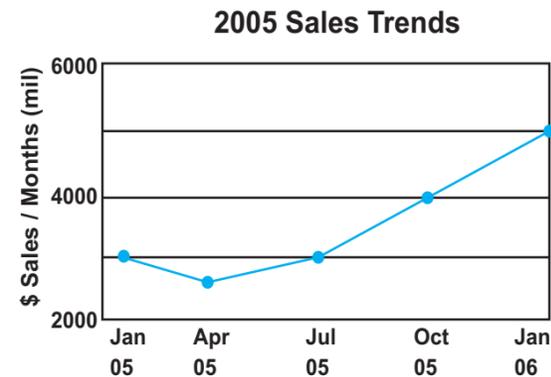


Figure 2

#### Evaluations:

- i) **Quality training.** Measure a reduction in number of defects.
- ii) **Safety training.** Measure reduction in number or severity of accidents.
- iii) **Sales training.** Measure change in customer retention, sales volume, and profitability on each sale after the training program has been implemented.
- iv) **Management training.** Measure increase in engagement levels of direct-reports.
- v) **Technical training.** Measure reduction in time to complete tasks, forms and reports; reduced calls to the help desk; or improved use of software or systems.
- vi) **Other:** Measure changes in staff turnover, number of complaints, growth, attrition, wastage, failures, non-compliance, and quality ratings, achievement of standards and accreditations and customer retention.

#### CALCULATE RETURN ON INVESTMENT (ROI):-

The calculation of ROI in training effectiveness or HRD begins with the basic model, where sequential steps simplify a potentially complicated process. The ROI process model provides a systematic approach to ROI calculations.

The step-by-step approach keeps the process manageable so that users can tackle one issue at a time. The model also emphasizes that this is a logical process

that flows from one step to another. ROI calculation to another provides consistency, understanding, and credibility.

Calculate the ROI using the program benefits and costs. The BCR is the program benefits divided by costs:

- i)  $BCR = \text{program benefits} / \text{program costs}$
- ii) (Sometimes this ratio is stated as a cost/benefit ratio, although the formula is the same as BCR).

The net benefits are the program benefits minus the costs:

- i)  $\text{Net benefits} = \text{program benefits} - \text{program costs}$

The ROI uses the net benefits divided by programs costs:

- i)  $ROI (\%) = \text{net benefits} / \text{program costs} \times 100$

Use the same basic formula in evaluating other investments where the ROI is traditionally reported as earnings divided by investment. The ROI from some training programs is high. For example, in sales training, supervisory training, and managerial training, the ROI can be quite large, frequently over 100 per cent, while ROI value for technical and operator training may be lower.

#### Collecting Post-Program Data

Data collection is central to the ROI process and is the starting point of the ROI process. Although the ROI analysis is (or should be) planned early in the training effectiveness, the actual ROI calculation begins with data collection.

The HRD staff should collect both hard data (representing output, quality, cost, and time) and soft data (including work habits, work climate, and attitudes). Collect Level 4 data using a variety of the methods as follows:

- i) **Follow-up Questionnaires** – Administer follow-up questionnaires to uncover specific applications of training. Participants provide responses to a variety of types of open-ended and forced response questions.
- ii) Use questionnaires to capture both Level 3 and Level 4 data. The example below shows a series of level 4 impact questions contained in a follow-up questionnaire for evaluating an automotive manufacturer's sales training program in Europe, with appropriate responses. HRD practitioners can use the data in an ROI analysis
- iii) **Program Assignments** – Program assignments are useful for simple, short-term projects. Participants complete the assignment on the job, using the skills or knowledge learned in the program. Report completed assignments as evaluation information, which often contains Level 3/Level 4 data. Convert Level 4 data to monetary values and compare the data to cost to develop the ROI
- iv) **Action Plans** – Developed in training and development programs, action plans on the job should be implemented after the program is completed. A follow-up of the plans provides

evaluation information. Level 3/Level 4 data are collected with action plans, and the HRD staff can develop the ROI from the Level 4 data.

- v) **Performance Contracts** – Developed prior to conducting the program and when the participant, the participant's supervisor, and the instructor all agree on planned specific out-comes from the training, performance contracts outline how the program will be implemented. Performance contracts usually collect both Level 3/and Level 4 data and are designed and analyzed in the same way as action plans.
- vi) **Performance Monitoring** – As the most beneficial method to collect Level 4 data, performance monitoring is useful when HRD personnel examine various business performance records and operational data for improvement.

The important challenge in this step is to select the data collection method or methods that are appropriate for both the setting and the specific program and the time and budget constraints.

#### ISOLATING THE TRAINING EFFECTIVE:

Isolating the effects of training is an often overlooked issue in evaluations. In this step of the ROI process, explore specific techniques to determine the amount of output performance directly related to the program. This step is essential because many factors influence performance data after training. The specific techniques of this step will pinpoint the amount of improvement directly related to the program, increasing the accuracy and credibility of the ROI calculation. Collectively, the following techniques provide a comprehensive set of tools to tackle the important and critical issue of isolating the effects of training.

- i) **Control Group** – use a control group arrangement to isolate training impact. With this technique, one group receives training while another similar, group does not receive training. The difference in the performance of the two groups is attributed to the training program. When properly set up and implemented, control group arrangement is the most effective way to isolate the effects of training.
- ii) **Impact Estimates** – When the previous approach is not feasible, estimating the impact of training on the output variables is another approach and can be accomplished on the following 4 levels.
- iii) **Participants** – estimate the amount of improvement related to training. In this approach, provide participants with the total amount of improvement, on a pre- and post-program basis, and ask them to indicate the percent of the improvement that is actually related to the training program.
- iv) **Supervisors** – of participants estimate the impact of training on the output variables. Present supervisors with the total amount of improvement, and ask them to indicate the percent related to training.

v) **Senior Managers** – estimate the impact of training by providing an estimate or adjustment to reflect the portion of the improvement related to the training program. While perhaps inaccurate, having senior management involved in this process develops ownership of the value and buy-in process.

vi) **Experts**—estimate the impact of training on the performance variable. Because these estimates are based on previous experience, experts must be familiar with the type of training and the specific situation.

Customers sometimes provide input on the extent to which training has influenced their decision to use a product or service. Although this approach has limited applications, it can be quite useful in customer service and sales training.

### CONVERTING DATA TO MONETARY VALUE:

A number of techniques are available to convert data to monetary values; the selection depends on the type of data and the situation.

- i) Convert output data to profit contribution or cost savings. With this technique, output increases are converted to monetary value based on their unit contribution to profit or the unit of cost reduction. These values are readily available in most organizations and are seen as generally accepted standard values.
- ii) Calculate the cost of quality, and convert quality improvements directly to cost savings. This standard value is available in many organizations for the most common quality measures (such as rejects, rework, and scrap).
- iii) Use the participants' wages and employee benefits as the value for time in programs where employee time is saved. Because a variety of programs focus on improving the time required to complete projects, processes, or daily activities, the value of time becomes an important and necessary issue. The use of total compensation per hour provides a conservative estimate for the value of time.
- iv) Use historical costs when they are available for a specific variable. In this case, use organizational cost data to establish the specific value of an improvement.
- v) Use internal and external experts, when available, to estimate a value for an improvement. In this situation, the credibility of the estimate hinges on the expertise and reputation of the individual.
- vi) Use external databases, when available, to estimate the value or cost of data items. Research, government, and industry databases can provide important for these values. The difficulty lies in finding a specific database related to the situation.
- vii) Ask participants to estimate the value of the data item.

For this approach to be effective, participants must understand the process and be capable of providing a value for the improvement.

viii) Require supervisors and managers to provide estimates when they are willing and capable of assigning values to the improvement. This approach is especially useful when participants are not fully capable of providing this input or in situations where supervisors or managers need to confirm or adjust the participant's estimate.

Converting data to monetary value is very important in the ROI model and is absolutely necessary to determine the monetary benefits from a training program. The process is challenging, particularly with the conversion of soft data, but can be methodically accomplished using one or more of the above techniques.

### TABULATING PROGRAM COST:

The other part of the equation in a cost/benefit analysis is the cost of the program. Tabulating the costs involves monitoring or developing all of the related costs of the program targeted for the ROI calculation. Include the following items among the cost components.

- i) Cost to design and develop the program, possibly prorated over the expected life of the program
- ii) Cost of all program materials provided to each participant
- iii) Cost for the instructor/facilitator, including preparation time as well as delivery time.
- iv) Cost of the facilities for the training program.
- v) Cost of travel, lodging and meals for the participants, if applicable.
- vi) Salaries, plus employee benefits of the training function, allocated in some convenient way.

In addition, specific cost related to the needs assessment and evaluation should be included, if appropriate. The conservative approach is to include all of these costs so that the total is fully loaded.

Comparison of Test Performance

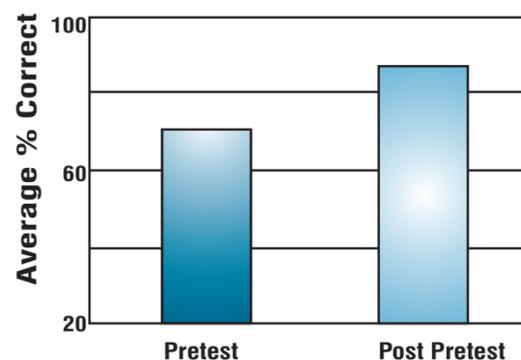


Figure 3

### CONCLUSION

The Kirkpatrick model provides one technique for appraisal of the evidence for any reported training program and could be used to evaluate whether a training program is likely to meet the needs and requirements of both the organization implementing the training and the staff who will participate.

Training as a profession is deeply concerned about issues of individual and organizational learning, change and success, and how, through its professional roles and activities, it can benefit people and organizations as they pursue various goals and interests. This intrinsic commitment means we have a driving obligation to use training tools and processes—including the selection and use of evaluation models and frameworks—in a manner that is ethically thoughtful and sound. Although there have been a number of conceptual and methodological criticisms of Kirkpatrick's model, few have evaluated the model from an ethical perspective. The goal of this article is to reflect on the assumptions and use of Kirkpatrick's model in an effort to respond to a fundamental ethical question about training evaluations.

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# Meta Competency Analysis: A Conceptual Framework

Jose Mathews<sup>[1]</sup>

## ABSTRACT

*Competency as a behavioral process is differentially understood both by practitioners and researchers. A frequent tendency is to treat competency as an offshoot of behavioral process which is not entrenched in personality sourcing deeper tendencies. This tendency gives competency the stature of an unstable dimension as stated in the paper that tries to overcome some of the major limitations of the existing models of competency. The meta competency frame work suggested here attempts to understand the intricacies of managerial success from the underlying dimensions of personality process competency, motivational competency, emotional competency, behavioral competency, social competency and cognitive competency all of which are presumed to provide a stable groundwork of managerial success.*

## INTRODUCTION

Competency in general implies the state of being in possession of abilities, skills, aptitudes, talents and capabilities that are expressed in the organizational processes. General competency of a person can be in the general state of life where it has a wholistic significance with no specifically identifiable area of operation, whereas in specific situations of life, it refers to performance capability in a chosen area of operation, more appropriately, the managerial context. Unlike other behavioral processes, competency implies a mixture of intraindividual processes and an acquired or crystallized process which are in relation to person-situation interaction along the lines of an expected pattern of behaviors that are to maximize the productive outcomes.

Different approaches to disentangle the entangled competency process may be found in the literature (for example, Sanghi, 2007). It may be noted that most of the approaches treat competency at the peripheral level of personality processes without sourcing the core tendencies that are to be established in the true competency processes. In this paper an attempt is made to understand the competency process from a more fundamental-intraindividual perspective that interprets competency as an internal construct giving rise to the pattern of successful managerial behavior. Moreover the intraindividual construct is related to situational facets of favorableness.

## NATURE OF COMPETENCY: A GENERAL REVIEW

It is not surprising that there is less agreement among researchers and practitioners as to what constitutes competency (Langdon and Whiteside, 2004) considering the varied and multiple domains of the application of the terms competent or competency (Shippman, et al 2000). Some of the important definitions available in the literature are:

A pattern of underlying characteristics causally related to effective job performance (Boyatzis, 1982).

A varied combination of knowledge, skills, abilities, motivation, beliefs, values and interests (Fleshman, et al 1995).

Competency is an entanglement of motives, traits, self-concepts, attitudes or values, content knowledge or cognitive behavior skills that differentiate superior from average performance (Spencer, et al 1994).

Competencies are mobilized from internal resources relating to knowing how to act, knowing how to do or attitudes and it changes from situation to situation (Le Boterf, 1998).

Competency is an expression of ability in terms of behavior (Selby, et al, 2000).

In the competency framework, there exist a number of models all of which try to explain the same phenomena from different angles. Generic competency model is devised to explain the competency required for general situations of organizational processes and specific competency model is applicable in specific situations of organization like marketing, production or strategy formulation (Sanghi, 2007). Sanghi (2007) lists several models of competency measurements like job competency model (differentiation based on critical incidents), flexible job competency model (for effective performance under different conditions of organization), accelerated competency model (competencies that specifically support the production of output) and systems method of competency (what exemplary performers do now or what they will do in future).

In the Onion Ring model (Rajasekaran, 2001) competency stems from encircled drivers ranging from the most significant and determining to the observable facets of competency. The causal drivers conceptualized as motives, aptitudes and personal values occupy the core of the onion. Motives of a person are to do with the goal-directed behavior that seeks both intrinsic and extrinsic rewards. Motives further change and energize the person with the required drive to accomplish goals set and to obtain the rewards. In other words motives make a

person a go-getter. Aptitudes represent the endowed capacities and the ease with which an act can be done. Aptitudes as a differential trait vary from person to person and personal values like commitment, devotion to work and importance attached to goals further solidify the nature of the competency.

All the basic causal drivers drive to determine the attitudes, the prime driver of competencies, which encircles the next ring of the onion. Attitudes have three components-affective, behavioral and cognitive. These ABC's of attitudes can be used to differentiate between strong vs. weak and favorable vs. unfavorable attitudes. These components generate specific pattern of emotions, system of thoughts and beliefs and behavioral tendencies to goals, persons or issues. Thus the learned predisposed tendencies shape the overt and the covert behavior, changing the behavior of a person in a relatively stable and lasting way. Once the person has favorable attitude to skills and knowledge, the same may be acquired making him competent in a certain way. Both knowledge and skills are equally important in the development and manifestation of competency. Knowledge and skill, the key supporting drivers are placed in the next ring of the onion, making it the ring that forms the outer most ring of actions and behaviors. The drivers starting from the causal ones to prime drivers to key support drivers, all accentuate, determine and shape the observed competencies of managers.

It may be stated that the ripples generated at the causal drivers finally give way to the type of competency that a person has in his managerial capacity. This coil-shaped structure of competency is thus rooted in the core nature of the person.

In the Iceberg Competence Structure observable knowledge and skills constitute the first layer of the iceberg competence structure (Spencer and Spencer, 1993). These are peripheral, easily learned and not long lasting expressions of competency. Just as it is learned in a training programme for a specific situation with minimum amount of time and effort, it is easily replaced by other skills. These so-called rolling skills do not get imprinted in the learning history of a person.

The second layer implies a group of traits which are generated in nature and pertinent to jobs in the areas like decision-making skills, leadership skills, communication skills and problem solving skills.

The third layer of the iceberg competence structure consists of personal values, standards and morals of the person. This structure defines the ways and manner of accomplishing competency over and above the general commitment to competency in managerial activity.

And the fourth layer represents personal characteristics of deeper significance that underlie the basic behavioral processes of a person. These deeper personality constructs programme the behavioral pattern of a person in the direction of competency outcomes. The interrelatedness of these constructs makes it

inaccessible to direct measurement. However the interrelated pattern of traits that are expressed point to the deeper organization of the inner processes.

In the Cul-de-sac model competency is considered to be an outcome of multi-traits all of which partially or completely, when translated into behavior, becomes the manifest aspect of competency. The aggregation of traits takes different forms in different situations so as to be competent in various situations. In analyzing entrepreneurial competency, Chawala and Bultare (2005) dealt with components that constitute competency of an entrepreneur. Some of the components that have direct relevance to managers are initiative, persistence, information seeking, concern for high quality work, commitment to work contract, efficiency orientation, systematic planning, problem solving, self-confidence, assertiveness, persuasion and the use of influence strategies.

Behavioral indicators to achieve higher levels of performance as suggested by Anand and Yadav (2004) include personal drive, analytical power, strategic thinking, and creative thinking. Decisiveness, commercial judgment, interpersonal skills, ability to communicate, ability to adapt and cope with change and pressures and ability to plan and control projects.

These assorted patterns of traits determine the competency of a manager. Rather than proceeding in a graded manner or by degrees of depth, this collection of skills and/or abilities acts randomly so as to make the manager appear to be competent.

In the Arena model, competencies are specified in different arenas of behavior. Related traits or processes in a specified arena make competency a composite structure. Some of the arenas differentiated include conceptual, behavioral (Shrivastava, 2005), affective competence, intellectual competence, and action-oriented competence (Kanungo and Menon, 2004) and motivational competency.

McClelland (1973) identified five competencies critical for people to become successful managers: specialised knowledge, intellectual maturity, entrepreneurial maturity, interpersonal maturity and on-the-job maturity.

Boyatzis (1982) identified twenty-one competencies that differentiate competent managers from non-competent managers. These twenty-one competencies are organized into six competency clusters: Goal and action management cluster (efficiency orientation, productivity, diagnostic use of concepts, concern with impact), Leadership cluster (Self-confidence, use of oral presentations, logical thought, conceptualization), Human resource cluster (Use of socialized power, positive regard, managing group processes, accurate self-assessment) Directing subordinates cluster (developing others, use of unilateral power, spontaneity) Focus on customers cluster (self-control, perpetual objectivity, stamina and adaptability, concern with close relationships), Specialized knowledge cluster (Memory and specialized knowledge).

<sup>[1]</sup> Senior Lecturer, Gaeddu College of Business Studies, Royal University of Bhutan, Bhutan Email id:josmathews@gmail.com

In the Lancaster model, (Burgoyne and Stuart, 1976) managerial success is dependent on basic knowledge and information (possession of basic facts and professional knowledge), skills and attributes (analytical, problem solving, decision-making skills, etc) and meta qualities (creativity, mental agility, etc.).

Kanungo and Misra (Kandula,2006) differentiated competencies from meta competencies, in which competencies encompass ability to(1) engage in overt behavioral sequences or systems, (2) handle routine and programmed tasks and established procedures, (3) cope with demands of the environment,(4) perform specialized tasks and (5) engage in a behavior that is contextually efficient. Meta competencies are (1) engaging in activities that require functional intelligence, (2) engaging in non-routine and non-programmed tasks,(3) coping with complex and volatile aspects of environment,(4) thinking analytically and capacity to engage in generalized and variety of tasks and (5) being non-specific and the capacity to lead.

The models discussed so far show that research on managerial competency has been narrowly focused (Cheng,et al.2003) at the level of surface and source traits which force us to conclude that the existing models are the results of a heterogeneous approach and different conceptualizations of the same phenomena. The models of competency treat the competency processes in the aggregate form of traits that function at the peripheral and deeper levels and researchers and practitioners frequently interchange between surface traits, and deeper traits for the explanation of the same phenomenon. It is a foregone conclusion that interpreting competency at the level of surface traits will lead us nowhere and clubbing the surface and source traits together in a competency model is against the objectivity considerations of deriving a model of competency, based on true and underlying dimensions that have both primary factor value and predictability considerations. It implies that the innermost - underlying processes of competency is to be sourced not among knowledge or attitudes but among the true forces that give rise to productive outcomes. It is towards this end that a meta analytic model of competency that interprets the dimensions of cognition, motivation, behavior, social processes, emotion and personality processes giving rise to a true model of competency that has explanatory, parsimonious and predictive value in theory and practice is suggested. The integrative framework of competency draws upon different competency models, that meta competency conceptualizations and the higher order processes make the meta analytic model of competency highly reliable and valid in the measurement of the competency processes.

## COMPETENCY: A META ANALYTIC FRAMEWORK

### Theoretical Assumptions

These diverse definitions, according to Draganidis and Mentzas (2006) bring to the point that competency can be understood in terms of (a) category, a clustering of homogeneous processes (b) competency, a descriptive name for a pattern of behavior, (c) definition, competency statements that bring out the nature of the competency, (d) demonstrated behavior, overt expression of this specific competency.

It means that over and above these verbal classifications, overlapping approaches and low-level conceptualizations, competency like most of the behavioral processes has an innate and an acquired dimension which can be effectively utilized to understand the competency dynamics. That is competency as an effective and efficient behavioral segment of execution (that has both overt and covert components) is to be understood as an interactional construct. The Fig. 1 makes it clear. Competency as a behavioral construct

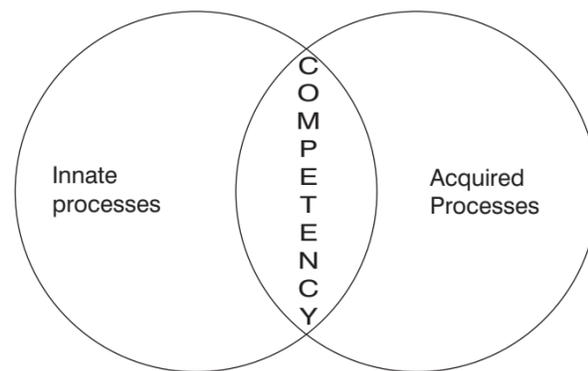


Fig.1. Competency Development

develops in the context of specific innate processes and acquired behavioral characteristics of learning. Here competency acquires the status of an independent behavioral construct that has many dimensions. Conceptualizing competency as an independent behavioral construct enables the researcher to overcome many problems confronted in the heterogeneous conceptualizations. However in the broad domain of the applications of competency, the contribution of innate processes and acquired characteristics vary.

In a meta analytic framework of competency different source layers of behavior are to be specified, in which each of the layers contributes to the emergence of the competency process. The underlying assumption behind the model is that competency is conceptualized as a system that is composed of different subsystems of interdependent and interacting nature which leads to assuming that competency is not an assorted group of independent traits acting in disconcerted manners. Related subsystems in specified arena make competency a composite structure. Some of the arenas differentiated include conceptual, behavioral (Shrivastava, 2005) affective, intellectual, action oriented

(Kanungo and Menon, 2004) and motivational competencies. In a meta analytic framework competency is not rolled into a disparate group of traits all of which presumably contribute to the emergence of competency. In a meta analytic framework competency is conceptualized and operationalised at the basic source psychological processes that give rise to the emergence of competency in different situations, that is competency emerge from an underlying composite structure.

Successful managerial enactment alias competency is differentially understood owing to the multiple conceptualizations of the same outcome that is the managerial effectiveness and efficiency in the accomplishment of organizational and individual goals. This diverse nature of the conceptualization of the efficient and effective enactment that stems from competency sources hinders the understanding of the phenomenon (Kanungo and Misra, 1992).The significant point is that skills cannot be equated with competency as the latter takes an independent ability process structure in that competency belongs to a higher dimension or spectrum of ability. Competency is to be considered in the way of pure, distinct processes and an evolved form of behavioral enactment in relation to situation. Kanungo and Misra (1992) suggest a framework that distinguishes between managerial skills and competencies. It may be stated that the present frame works of competency lack depth and comprehensiveness as long as it limits itself to the so-called overt behavioral expressions, ring modes of differentiation and the clubbing of assorted processes.

The differentiation made between competencies and meta competencies by Kanungo and Misra (Kandula, 2006) clearly identifies the drawbacks of existing models. Competencies are considered at the surface level at one end and at the other end it is considered at the level of source processes. If we rely on the existing models, competency either becomes a skill based processes or it becomes a purely inferred construct devoid of identifiable dimensions due to the absence of an inherent logical relation. It is this lacuna in the existing theory that draws us to a model that has integrative, theoretical, meta analytic and practical value.

In furthering this analysis, Brown (1994) differentiates between competence and metacompetence. Accordingly metacompetence implies higher order abilities that have to do with being able to learn, adapt, anticipate and create. In Brown's (1994) scheme of analysis competencies are skill and knowledge based and meta competencies, evolved from higher cognitive faculties, set the context and the content for different managerial talents like sharp judgments, intuition and acumen.

In this framework competency may be approached from observable and meta components that have a direct and interrelated structure. This integrative identification of true competency processes brings forward the exact construct and operational definitions of competency.

The construct definitions is centered on the underlying innate, stable, source and acquired dimensions of competency whereas the operational definition is centered on the measurable processes of competency, both of which are missing in the existing models in the integrative sense.

The construct definition used in the model draws upon the existing models of competency as well as suggesting new facets of underlying or source dimensions. Competency is thus subsumed in the (1) identification of fluid or functional intelligence and ability to think along non-programmed, analytical and innovative tasks all of which suggest a strong presence of cognitive resources, (2) a strong motivation to lead and accomplish individual and organizational goals, (3) a reasoned self-related and interpersonal affectivity,(4) and a transformative and relational processes of behavioral arena.

Managerial competency as managerial distinctiveness and managerial resourcefulness thus involves a higher order functioning which is not exactly skill-based and surface-based that have clear action components. It means that programmed, repetitive, divisive and peripheral processes do not come in the strict sense of competency. All the processes that are non-programmed, non-repetitive, unstructured, wholistic and system-oriented require higher analysis and complex mental processes that come under the definition of managerial competency or managerial resourcefulness. Kanungo and Misra (1992) rightly points out that competencies stemming from basic generic cognitive resources are to be managerial resourcefulness. Managerial resourcefulness is thus dependent on the utilization of underlying resources. Competency, which is otherwise interpreted as observable and peripheral patterns of behavior, can now be based on core psychological processes of cognition, motivation, affectivity, personality, social distinctiveness and behavior. According to Boyatzis(2008) emotional, social and cognitive-intelligence competencies predict effectiveness in professional, management and leadership roles.

Competency can now be represented on a continuum Fig.2 that ranges from simple observable, surface expressions to underlying processes. Here competencies are observed at the surface level of behavior and it represents peripheral level of competency which in the negative sense implies incompetence and in the positive sense low level competency. Mixed model competencies contain generic and specific traces which lack integration in the understanding of competency. Differentiating generic and specific competencies confuse the nature of basic competency structure.



Fig.2.Competency Continuum

In this line of understanding competency can never be considered as an independent psychological process that leads to efficiency and effectiveness. Meta competency structure deals with the basic and underlying competency process that are relevant in a wide spectrum of situations. In this line of understanding, competency processes are rather pure processes, the growth and development of which is made possible in the environmental interaction. Competency can now be understood in the growth and development of pure processes of ability and related psychological functions. These analyses are brought to viewing competency construct operationalised and conceptualized at different levels Fig.3. The consideration of meta competency solves much of the problems related with the heterogeneous conceptualizations of competency in multiple domains of applications. And that competency as an independent behavioral construct is rooted in stable underlying psychological processes that have innate and acquired status.

**A Meta Competency Structure**

Figure 4 explains the nature of the meta analytic framework of competency. Meta competency as an independent behavioral construct has a composite character and the underlying constituents are motivational competency, cognitive competency, emotional competency, behavioral competency, social competency and personality process competency. The confusion that prevails in the definitions, approaches and conceptualizations of competency can now be considered to be solved as the existing views fit in one of the levels depicted in the figure.

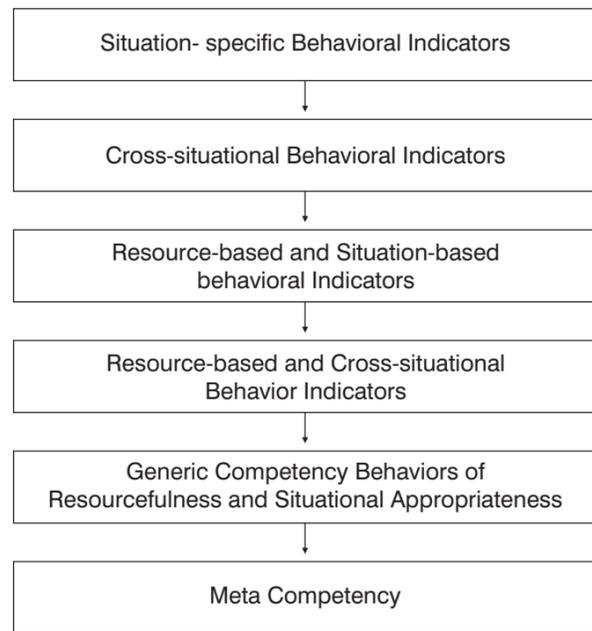


Fig.3 Competency Levels

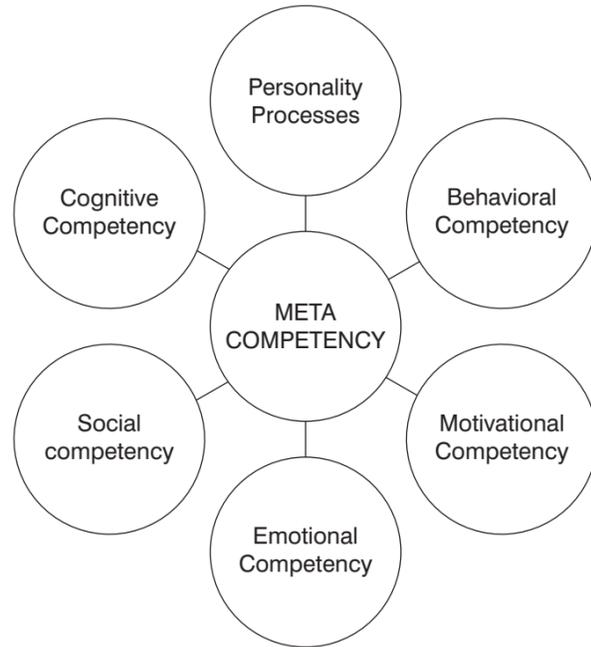


Fig.4.Meta Competency Structure

**Meta Components of Competency: Personality Process Competency**

One of the most explicit utilization of the psychological processes in interpreting competency can be derived from personal characteristics of the person. The attributes of personality, apart from the specific subsystems identified here, largely determine the extent and depth of competency of a person as attributes emanate from deeper structures. The personality constructs giving rise to attributes are shaped in the long years of experience of confronting the managerial and non-managerial environment. These are clearly identifiable personality processes that differentiate a competent manager from a non-competent manager. The four personality constructs identified that have a pertinent relation to competency/resourcefulness are locus of control, self-efficacy, achievement motivation and proactive personality.

Locus of control as a generalized expectancy involves the perception of causal relationships between behaviors and reinforcing experiences that get channelised into an external and internal orientation (Lefcourt, 2000). Persons with an external locus of control perceive events and experiences as controlled by the arrangement of external stimulus conditions. In the generalized expectancy of internal control, individuals believe that the events, outcomes and experiences reflect the efforts, personal characteristics and actions carried out by them. Individuals who believe that outcomes are dependent upon their actions and efforts make a competent manager. Managerial competency may be traced to this

construct of locus of control in that executives who believe in their efforts act decisively bringing in greater outcomes.

Achievement motivation is the persistent inclination on the part of the individual to accomplish some task-related outcomes that have personal significance and which meets a standard of excellence. Individuals with this need systematically plan and execute activities which are target-centered and time-bound. It is the use of cognitive resources and the effort-dominated behavior directed towards goals which are clear, realistic and rewarding that make a person achieving. Persons with activated need for achievement outperform and become competent in the activity.

Achievement-oriented individuals are differentiated by the readiness to face uncertainty, calculating risk, undertaking personal responsibility and solving problems (Saggie, 1999). Tolerance for ambiguity and the willingness to risk losses for greater returns are so characteristic of individuals with high need for achievement as against low need. Such individuals show greater willingness to assume responsibility for completing tasks that offer challenges and intrinsic satisfaction. Further perceived competence is shown to be a direct predictor of achievement goals (Cury, et al. 2006).

Self-efficacy is the individual's belief that by personal effort and exertion, a task or behavior can be enacted in a given condition. Bandura (1986) distinguishes between two components of self-efficacy that is related to competency: an efficacy expectation and an outcome expectation. Efficacy expectation implies the conviction that the person himself can successfully enact a sequence of behavior that eventually leads to an outcome. An outcome expectation involves the belief in the contingent relation between the given behavior and the outcome. If the given behavior is believed to lead to an outcome, it is not necessary that the person must have the same belief in enacting the performance. The perceived self-efficacy of accomplishing goals set thus influences the managerial competency. In a study by Bandura and Locke (2003) it is shown that perceived self-efficacy enhances motivation and performance attainment. High self-efficacy contributes to managerial excellence whereas low self-efficacy results in low competency.

**Motivational Competency**

Motivation may be defined as the inner-energizing process that direct the individual to certain general/specified goals, which in a sense trigger the drive reduction behavior. Motivation as an inferred internal construct combines the physiological and psychological mechanisms leading to the initiation of a motivated behavior. The motivated behavior, according to Mitchell and Daniels (2003) stems from three general psychological processes: arousal, direction and intensity. Arousal caused by an extrinsic or intrinsic

source, that is sourced at a reward or internal need deprivation or generated expectation sets the setting of motivation that energizes the individual to action whereas the second related processes of directing provides the path or the roadmap and the final processes of intensity defines the strength of the motivational processes.

Mitchell and Daniels (2003) states that four processes are required from the person in terms of specific behaviors, which ultimately characterize the motivated processes. In the first of these processes motivation focuses and forces attention on people, issues or objects related to the arousal that has a directional nature, the specific effort produced from the motivational processes, the persistent behavior shown and lastly the formation of performance enactments leading to goal accomplishment sourced at the arousal processes.

Motivational processes that is the levels of arousal, intensity and direction, vary from person to person resulting in different motivational activation that leads to differential competency of successfulness and unsuccessfulness in managerial behavior. Motivational competency is thus defined as the inner arousal state that is sustained over a long period of time so as to accomplish the goals set.

The motivational competency model as suggested here implies the motivational mechanism that underlies the competency processes. The motivational processes involved in the person and the motivational context are of significant importance in arousal, direction and intensity components in that both contribute to the goal accomplishment.

The motivational context is derived from the physical, work and social environments. The environments are described motivational to the extent that it contains sources of stimuli that have intrinsic and extrinsic value as far as the motivational processes are concerned. Motivationally enriched environment is one that has forceful effects on the motivated mechanism leading to the formation of motivational competency structure.

Process theory explanations of motivation refer to the perceived reward-probability relationship and instrumentality of efforts resulting in outcomes. Accordingly motivation is a function of expectancy, instrumentality and valence. Expectancy is the belief that one's effort result in performance, instrumentality refers to the perceived relation that performance leads to outcomes and valence is the perceived value and the intrinsic worth of rewards. Motivation that stems from these cognitive processes in the context of arousal finally decides the nature of motivation.

An important aspect in the competency model of motivation is the goal setting. Edwin Locke (1968) stated that goals trigger motivated behavior in individuals. The basic facet of the goal setting theory is that motivation can be strongly influenced by goals (Baron,2001). Goals are based upon the basic and peripheral processes of individuals, which means that values, evaluations,

emotions and desires give shape to goals (Luthans,1995). Goals are thus a product of individual processes and environmental determinants. The cognitive and affective properties of goals give it the nature of target specificity, attractiveness, realistic orientation and time boundedness. Goals set are most effective in boosting the goal –oriented behavior when goals are perceived as challenging, specific, attainable (Baron,2001). Intrinsic goals or goals which are intrinsically satisfying and which are self-generated improve learning, performance and persistence (Vanstnkiste,etal,2004).Goals provide clear direction and clarity to the individual besides enhancing performance through its energizing mechanism (Judge and Illies,2002).

### Behavioral Competency

It is the competency observed in the interpersonal situations of work, making it productive and that moves in the direction of goal accomplishment. In the competency models discussed, behaviors are outer expressions of inner stable psychic tendencies. The consistency and systematic patterns of behavior is an indication of underlying stable dispositions and organizations of the psychological processes giving rise to behavioral acumen.

Behavioral competency is to be characterized by the pattern of distinct behavioral phenomena that reflects upon the strength and versatility of behavioral repertoire of the manager particularly with reference to the social interactions. The group centered effective behavior of the manger is to bring in new interpersonal mosaic of relations making the group and the organization vibrant always.

The repertoire of competent behaviors may be understood in the following dimensions of reactivity-proactivity, inhibition-flexibility, passivity-activity, simple-complex, withdrawal-enactment, non-controlled behaviors-self-regulated behaviors (Mathews, 2009).

The predominant part of the managerial competency/resourcefulness is constituted by the behavioral competency expressed in leadership behaviors. The apparent distinction between a leader and a manger is mainly based on the administrative vs. goal oriented approach. A manger stresses the procedural and administrative aspects while a leader through his influence processes accomplishes the objectives and goals set for the organization and the individual. Leadership processes and managerial functioning form an inextricable part of behavioral competency. Leading and managing are but two identifiable facets of the behavioral competency dimension (Luthans, 1995).

The critical components identified in the context of the available empirical and theoretical studies are the effective social exchanges executed, the leader's structural configuration, the blend of task orientation and relationship orientation and the transformational relationship orientation of the leader.

Effective social exchanges incorporate rewarding relationships in the group and the direct/indirect mutual influences developed in the leader-member exchange processes. In the structural configuration influences of leadership, the positional influence process of a leader implies the levels of structure where the authority is exercised. The leader-structure relationship has to be so configured that there is optimum centralization-decentralization, responsible delegation and empowerment of members. The bureaucratic structure is to be replaced by a delayed structure of member centeredness thereby the leader tends to be in a position of easy influence and exchange relationships.

The dichotomous leadership styles of task-orientation and relationship orientation, in fact differentiate, two patterns of leader behavior, which are the observable patterns of influence. This purely behaviorist approach to leadership has become redundant in the modern day approach to organizing, that rises above the traditional patterns of line influences (Mathews, 2006).The behavioristic approach to leadership is to be replaced by an approach where the leader combines the head and the heart that results in empowerment, transformational influence, futuristic exercises and the relational model of influence in which the leader exercises the influence horizontally and vertically cutting across the bureaucratic paths.

In the theoretical explanation of behavioral competency, the relational model of influence and the transformational model of leadership bring forward the underlying mechanisms of a competent/resourceful manager. The transformational-relational model is to be the underlying framework of a competent manger in which there is the maximum utilization of member resources and organizational resources resulting in productive outcomes. It may be noted that the traditional notions of competency refer to the transactional activities that are of short-term focused whereas the practice of transformational-relational model is empowerment and relational centered in both current and futuristic sense. In the combination of empowerment and relational activities, the members and the leader accomplish the organizational and individual goals. And in the practice of transformational leadership, there is the emergence of member identity that gets translated into the integration of organizational and individual pursuits.

### Social Competency

As a component structure of meta competency social competency implies the ability to conduct social, group and organizational relations in an efficient and effective manner. This dimension of competency is manifested in three levels of relations-interpersonal, group and organizational levels. More than the levels of competency, what is important is the constituent elements of social competency in the formation of meta competency. Moreover competency is to be understood in relation to the social processes which are dynamic and

that may become unpredictable in certain times. The changing social processes that managers are to confront have the characteristics of conflicts, opposing forces, heterogeneous composition and collective strength. Conflicts and opposing forces are the perennial nature of group processes. A socially competent manager is to undertake the task of limiting conflicts and opposing forces in the organization. The development of conflicts and opposing forces being a natural tendency in the social functioning, the manager is to have the antidote to it.

Heterogeneous composition and collective strength pose a problem in terms of confronting diverse group of individuals in the execution of managerial tasks. Diversity in itself may become unmanageable and the collective strength of the members may weaken the managerial position if the manager fails to be socially competent. The important ways in which the manager is to exercise his social competency include the following.

The first constituent element of social competency is assertiveness. Managerial assertiveness is the ability to see through the fine tuned programmes of change, action and strategy in the face of opposition. Here assertiveness is to be seen in relation to the group processes that include confronting pressure groups, opposition and other negative reactions.

A second constituent of social competency is the ability to manage interpersonal, group and organizational conflict. Conflict that erupts in the event of incompatible and inadequate resources result in dysfunctional processes. Managing conflict is both an art and science that demands specific managerial behaviors involving the resolution of the conflict. The practice of conflict resolution strategies pertain to understanding the interpersonal and group dynamics of the participants involved in conflict besides the use of persuasion and influence techniques.

A third social competency constituent is that of the use of negotiation in different organizational situations. Not only in conflict situations but also in dealing with external agencies, negotiation comes into the picture. Negotiation involves knowledge or expertise, persuasive communication, persistence and will power to sail through the stiff opposition presented by the members.

The fourth facet of social competency is group decisionmaking. The key aspect of successful group decision-making is that of ensuring the consensus of all the members. Compared to individual decision-making, group decision-making demands greater social participation and involvement of the members that in turn leads to the possibility of ineffective decisions. Making effective decisions is the difficult task that the manager is to execute in his social competency expression. It has been found that successful managers exploit key relationships to the advantage of the firm (Maitlis,2004) and that participative style improves functioning (Somech, 2006).

### Emotional Competency

The emotional competency model suggested is based on the twin foundations of emotional intelligence as envisaged in the Mayer-Salovey-Caruso ability model and the interpersonal model of emotional intelligence propounded by Goleman (1995). In the ability-based model of emotional intelligence (Daus and Ashkanasy, 2005), the four different branches identified, perceiving and identifying emotions, assimilating and using emotions, understanding emotions and managing emotions, point to how EI as a construct is developed. The construct/ability is constituted by emotion as a perceived entity in self and others, emotion enhanced thought patterns, comprehension of the emotional processes and regulating and managing self-related and other related emotions. The use of cognitive resources in emotional dynamics changes the very nature of felt and expressed emotions giving rise to what is known as emotional competency in organisational situations. The use of cognitive resources imparts reason and clarity to emotions thereby the cognitive resources enhances the quality of emotions in better ways of work relations. The ability model thus goes a long way in making the managers intelligent in the emotional competency framework.

The interpersonal emotions or the mixed model of emotional intelligence as conceived by Goleman (1995) is an elaborate framework that explains excellent performances in work situation. In this framework, the five dimensions of emotional intelligence, knowing one's emotions (self-awareness), managing emotions (self-regulation), motivating oneself, recognizing emotions in others (empathy), handling relationships (social skills) (Goleman,1995;1998) are translated into twenty-five emotional competencies. The model is called a mixed or interpersonal because it largely encompasses processes that lie outside the pure ability definition of emotional intelligence. The inclusion of non-cognitive, personality and social processes in the domain of emotional intelligence makes it a model that consists of mixed traits of interpersonal nature. The twenty-five emotional competencies in relation to interpersonal processes outlined by Goleman (1998) offer an exhaustive list of work-related management of emotional dynamics.

Emotional competency is thus conceived in two streams of ability model and interpersonal or mixed model. The ability model banks upon the dimensions more akin to pure and endowed facets of personal functioning, a stable construct rooted in the person's own core functionings. The interpersonal model draws upon a variety of social and interpersonal processes and skills expressed in a wide variety of situations that include influencing the emotions of other workers to achieve individual and organizational goals. As against the individualistic orientation emphasized by the ability model, in the interpersonal model, it is the management of emotions in collective settings that make it more related

to organizational competency. Emotional competencies thus spring from reasoning with individual emotions and reasoning with group emotions.

### Cognitive Competency

It is known that cognition leads to action (Thomas, et al. 1993) and better cognition leads to better managerial functioning. It implies that effective and efficient managerial action is derived from a subsystem of processes which are interrelated so as to constitute the meta analytic structure of competency. Cognitive competency means the strategic use of cognitive resources in the execution of work. Cognitive competency implies the strategic application of cognitive resources to understand relationships among objects, ideas and processes and the use of knowledge in relevant situations besides ability to classify patterns, ability to modify behavior adaptively. Ability to reason deductively, and inductively, ability to develop and use conceptual models and ability to understand (Nickerson, et al. 1985) leading to effectiveness and efficiency in organizations. In the triarchic approach to intelligence, Sternberg et al. (1995) identified three types of intellectual functioning. Componential or analytic intelligence implies the ability to engage in analytical and critical functions of cognition. Experiential or creative intelligence involves the ability to formulate new ideas, models or solutions to problems of unique type. The third process of intelligence, contextual or practical intelligence refers to adapting the intellectual functioning to practical and day-to-day problems of organization and management.

Overriding the classification of intelligence into distinct types, a three factor interactive model may be suggested in the managerial context of general functioning: Contents, Operations and Products, Table 1. The three factors of the model are based on the Guilford's model (1967) that has given 120 factors of intelligence. In this three factor model, three facets of Operation Products and Contents explain how managerial competency is derived from cognitive (intellectual) resources in which Contents refer to the nature of the cognitive competency expressed in response to the organizational activities of written, oral and behavioral nature. The Contents that the manager uses are with reference to the inputs received and further it is contingent upon the situation. Regardless of the type of the input processed, what is important is the situational appropriateness of content received and to be effective and efficient, the manager is to have suitable contents. The situational factors that govern the suitability of contents include the level of employment, education, experience, etc. Cattell's, (1987) fluid intelligence is expressed in reasoning, memory and information processing capabilities, which is thus devoid of bias and negative thinking leading the person in the unfolding of true and genuine intellectual processes, marking off the deployment of cognitive resources in different tasks. Managerial competencies more particularly, the cognitive competencies are represented by fluid and crystallized

intelligence. The latter is the form of intelligence people acquire over different forms of work experiences.

**Table.1.Three Facets of Cognitive Competency**

CONTENTS	OPERATIONS	PRODUCTS
Oral Written Behavioral	Planning, Coordinating, Leading, Organising, Controlling, Motivating, Decision-making, Communicating	Planning-made, Decision-taken, Structural arrangements, Controls, Motivation Strategies, Controls, Communication

Even though the managerial Operations/functions are too well known, it requires elaboration at the cognitive platform since the specific content of cognitive resources being effectively used for cognitive competency processes differs when considered against the general nature of the managerial context. The managerial Operations/functions are planning, organizing, controlling, coordinating, leading, motivating, and decision-making and communicating (Wehrich and Koontz, 1994).

Planning as an 'intellectually demanding process' involves bridging the gap between the present insufficient state and the future sufficient state that is attained through a series of considerations of rational steps and sequential activities. As a wholly rational activity, the cognitive resources of reasoning, creative and innovative thinking accompanies every stage of planning in which the sequential activities take precedence over random activity.

Organizing as a process of managerial Operation identifies and orders the activities so that it is classified under a category named and assigned to a particular individual of the organizational hierarchy. Organising is based on the principle of similarity of tasks and the combination of task and the combination of tasks leads to functional departmentation. Rational and sensible organization of tasks forms the basis of strategic and effective utilization of human resources so as to exploit the facility conditions of the organization.

Controlling as an intellectual process involves predicting the deviations from the established standards of performance, accuracy and quality dimensions so that effective and corrective measures may be taken. Simulation and modeling are the ways of preventing deviations from the predicted path of operations in a firm.

Leading as an intellectual operation implies working out a leader-member strategy that leads to organizational productivity and member satisfaction. Motivating encompasses setting the perceived conditions of obtaining intrinsic and extrinsic rewards in the goal-directed behavior. Decision making involves a series of intelligent activities that draw upon the resources of reasoning, analysis, evaluation and judgment. Communication as a process involves encoding the message, transmitting the message and decoding the message, all of which are characterized by the cognitive operations of comprehension and transferring of the same to understandable messages.

The Products are the cognitive outcomes following the intensive operations carried out on the informational stimuli received by the manager in the competency context. Products chiefly include the decisions taken in different areas of management, the goals set, the recruitments made, the compensation allotted, the marketing strategy formulated, the budgeting of available resources, growth and expansion plans, etc. Products being the end-results of cognitive competency, it becomes the final criteria of evaluating the cognitive competency of a manager.

Cognitive competency can thus become the vision, the mission, goals and the corporate strategy at the higher level of the organization, at the middle level it becomes the procedures and activities executed and at the lower level it represents the operational efficiency decisions. In the collective sense, cognitive competency is enveloped in the entire spectrum of managerial thinking and understanding, which means the effective and efficient use of cognitive resources.

### OTHER DERIVATIONS OF THE MODEL

The meta competency process model is to be interpreted not only with reference to the basic competency structure but also in the context of specific work/organizational processes (Sandberg, 2000). The general nature of the competency outlined in the model sources competency at stable and theoretically sound constructs of behavioral, motivational, affective, social and cognitive processes of the (competent) manager or person. The outlined core processes of competency in a sense constitute the five pillars of competency, without which competency can never be analyzed or understood.

In this model, a useful distinction may be made between meta competency and the situational competency Fig.5. The structural-functional facets of the meta competency refer to the five forces of competency that lead to the conceptualization of the model. The structural-functional facets are the underlying or core mechanisms of meta competency whereas the situational competency refers to the competency manifested in response to specific situations of production, marketing, financial or human resources arena as the figure depicts. The core structural-functional processes activate the competency processes

with reference to a situation of organization, which means that competency encompasses generic and specific organizational processes. In other words the structural-functional competency contributes to ninety percent of competency outcomes and ten percent is contributed by

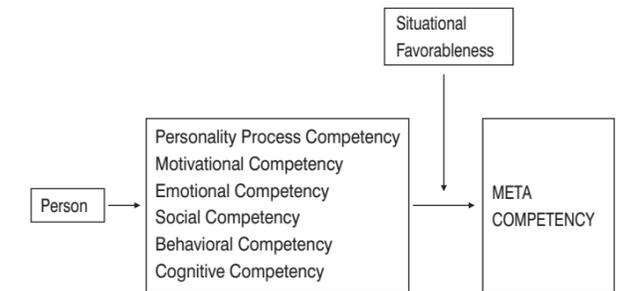


Fig.5.Situational Competency

situational processes that are the favorableness of the situation.

The meta competency model may be described in terms of comprehensiveness, explanatory and predictive values. Overriding other current models that treat competency at the peripheral or surface level of understanding, this model delves into the depths of competency so that no stone is left unturned in the explication of competency. This conceptualization may not be the last answer in competency theory and research as it still suffers from certain limitations from other angles.

### CONCLUSIONS

The metacompetency model of competency process is postulated to provide a strong foundation for understanding the intricate dynamics that make a competent manager in the face of conflicting or less conflicting environmental challenges. It is shown that competency cannot be easily explained away by considering certain pattern of observable behaviors that stand out in comparison to normal process of behavior. The depth and the complexity of the process can only be brought out by probing and conceptualizing the entire arena of or the framework that contribute to competency. Competency is thus determined by a complex dynamic of processes of meta competency dimensions. The competency is thus derived from forces of cognition, motivation, affectivity, personality, social processes and behavioral processes. These underlying dimensions of competency are thus firmly entrenched in the innate and acquired tendencies leading to the emergence of meta competency.

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# Study of Factors for brand positioning of automotive lubricant for four wheeler segment customers

Gautam Srivastava<sup>[1]</sup>  
 Dr Neeraj Anand<sup>[2]</sup>  
 Dr Arvind Kumar Jain<sup>[3]</sup>

## ABSTRACT

This research paper focuses on the need of brand positioning for PSUs lubricant in Indian market. This study represents an approach of factor analysis to determine the effect of brand positioning of lubricant on consumer perception. An empirical study has been conducted in Delhi region to find out the perceptions of consumers towards the PSUs lubricants. Survey has been conducted with the help of structured questionnaire to determine the different attributes responsible for brand positioning lubricant oil. Factor analysis has been done to reduce the number of factors and identifying only the important factors for brand positioning of automotive lubricant of PSUs for four wheeler segments. Further, reliability test has been conducted to test the reliability of the important factors.

**Key words:** PSUs, Perception, Reliability, Brand Positioning.

## INTRODUCTION

The demand of lubricant in India is third largest in the world after USA and China. In the decade of 1990s the Indian lubricant market was dominated by PSUs (IOCL, BPCL and HPCL). India produce around 8 to 10 percent of the total global lubricant production. The demand of lubricant in India is around 9.6% of the total global lubricant demand. The Indian lubricant market changed after 1992 when liberalization took place. After liberalization too many private lubricant manufacturers enter into the Indian market. Later on Indian government dismantled the administered pricing mechanism and free pricing policy allowed in the Indian lubricant market. The deregulation policy of Indian government encouraged so many foreign lubricant manufacturers expand their business in India. Entry of multinational companies imposed too much competition between PSUs and Private players which benefitted the end consumers. Lubricant oil is very essential for automobile sector. Indian Oil SERVO continues to be the dominant player in the Indian lubricant sector backed by cutting edge product development, high quality customization and extensive blending and distribution network. Mak lubricant of Bharat Petroleum offers a full range of Automotive Engine Oils, Gear Oils, Transmission oils, Specialty Oils and Greases. HP Lubes is an integral part of Hindustan Petroleum Corporation Limited, one of India's frontline oil majors, committed to providing energy and fueling growth in every significant area of development.

Before the liberalization of the Indian economy, the public sector oil companies dominated the Indian lubricant industry with a market share of 90 per cent. The lubricants produced were simple blends based on low and medium

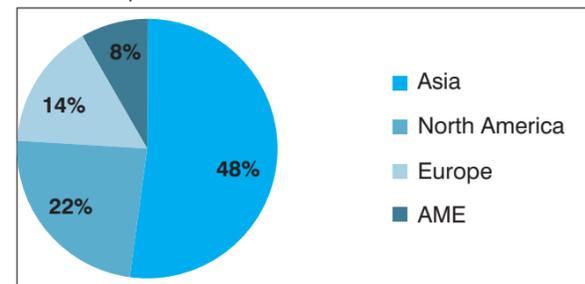
level technologies. More sophisticated lubricants were imported and these accounted for a relatively small market share.

There are total 1380 lubricant manufacturer world wide. Earlier the percentage share of lubricant was very less for oil companies. But now a day's lubricant business play a crucial role for oil companies to increase their profits. Out of 1380 around 180 oil companies are manufacturing lubricants. There are 1200 lubricant companies where core business are is only manufacturing lubricants. These independent lubricants manufacturer generally purchase the raw materials from the open market. The lubricant manufacturer spent a very small amount of money on their research and development.

There are some important facts of the future of lubricants market.

### Types of Lubricant

Lubricants are mainly classified into two parts: Automotive lubricants and Industrial lubricants. Industrial lubricants are further classified into two parts first is Industrial specialties and second one is industrial oils.



Source: Lubricant and Their Market (Theo Mang)

Presented and Expected Consumption of Lubricant 2004 - 2020 in Kb)

Year	Consumption (in KB)
2004	265
2005	267
2006	272
2007	281
2008	264
2009	250
2010	270
2011	273
2015	282
2020	284

## LITERATURE REVIEW

A comprehensive literature review has been conducted to determine the different variables for brand positioning of automotive lubricant.

According to Philip Kotler brand positioning is defined as the act of designing the company's offer so that it occupies a distinct and valued place in the mind of the target customers.

According to David Aaker brand positioning is defined as the part of brand identity and proposition of value that is communicated to the target customers.

Bovee et al defined brand positioning as the 'Process of creating a mental impressed in the mind of the consumers in comparison to the competitors.

The brand positioning can be mainly determine to answer the following four questions:

- 1 Why (What extra benefits consumers will get in the new brand)
- 2 When (Determine the correct opportunity time for the new brand).
- 3 For whom (Identify the target customers).
- 4 Against whom (Identifying the competitors in the market).

A literature review has been done to identified that whether brand positioning is consumer perspective or a marketer perspective (Kalafatis and Blankson 2004). From the company perspective point of view brand positioning is the process of identifying the target consumers and create a positive perception of the brand in the mind of the consumers. The company desire is to create an association in the mind of the consumers. From consumers perspective point of view brand positioning is a process that how consumers perceive to a particular brand. The brand positioning is a complex combination of feelings, thoughts, Impressions and beliefs that consumers map in their mind (Harley, Kerin and Ellson 2004). According to Aaker, Myers and Batra (1992) perceived positioning is a set of associations that a consumer feels about the brand. The associations may

be represents by physical attributes of the product, occasional use of the product, user image etc. A brand positioning a concept of relativity in consumers mind that target consumers assess that how a particular brand is similar or different from the other competitors. Imagine that every consumer have a mental map of the different category of the products. The location of a particular brand in the mental map of the consumers relative to the competitors represents the position of that particular brand and the position of all the other brands in the mental map of the consumers represents the associations of the brand to the consumers. The perceived positioning is dependent on the perception of each and individual target consumers because consumers interpret same information in a different way. The association of consumers to a brand can also be effected by some external factors are media, promotional activity, competitors, word of mouth etc. Brand positioning is based on the perceptions of the consumers.

Relationship between Intended Brand Positioning, Actual Brand Positioning and Perceived Brand Positioning

## RESEARCH OBJECTIVE

To determine the important factors for brand positioning of automotive lubricant oil in India for four wheeler segment consumers.

## RESEARCH METHODOLOGY

### Research Design

The research is exploratory cum descriptive in nature. The method of research used is that of quantitative analysis through results obtained from questionnaires.

### Sources of Data collection

#### Primary data:

Primary data of Four wheeler segment consumers has been divided into the following strata

- i) Non commercial four wheeler (petrol)
- ii) Non commercial four wheeler (diesel)
- iii) commercial four wheeler (petrol)
- iv) commercial four wheeler (diesel)

The above strata has been further classified using following demographic variables:

- i) Income
- ii) Age
- iii) Gender

### Sampling

Sample size = 400

<sup>[1]</sup> Research Scholar, University of Petroleum and Energy Studies, Dehradun.  
<sup>[2]</sup> Sr. Associate professor, University of Petroleum and Energy Studies, Dehradun.  
<sup>[3]</sup> Associate Professor, University of Petroleum and Energy Studies, Dehradun.

### Area of Sampling

The sample has been collected from the Delhi region. Sample size has been divided into the ratio of commercial and non commercial four wheeler vehicles which are registered in Delhi. Four wheelers are further classified on the basis of the ratio of petrol and diesel four wheeler vehicles.

### DATA ANALYSIS AND FINDING

Following variables of brand positioning of automotive lubricant has been identify by pilot survey:

Packaging, Advertising, Purchasing, Availability, Superiority, Promotion, Credibility, Innovativeness, Reliability, Reputation, Commitment, Quality, Experience, Extra Benefits, Longitivity

### Factor Analysis

Factor analysis has been used to determine the important factors:

The Kaiser Meyer Olkin's measuring of sampling adequacy and Bartlett's Test of Spherity.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.702
	Approx. Chi-Square	2090.789
Bartlett's Test of Sphericity	df	120
	Sig.	.000

The value of Kaiser Meyer Olkin is greater than 0.5 i.e. ( 0.702 ) so it is acceptable.

The significance level of Barlett's Test is .000. It means that R- matrix is not an identical matrix and there are some relationships between different variables.

### Factor Extraction

#### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.015	18.845	18.845	3.015	18.845	18.845	2.971	18.571	18.571
2	2.618	16.363	35.208	2.618	16.363	35.208	2.408	15.048	33.619
3	1.956	12.226	47.434	1.956	12.226	47.434	2.110	13.186	46.804
4	1.604	10.024	57.458	1.604	10.024	57.458	1.655	10.346	57.151
5	1.177	7.358	64.816	1.177	7.358	64.816	1.226	7.665	64.816
6	.947	5.920	70.736						
7	.885	5.530	76.266						
8	.730	4.561	80.828						
9	.611	3.817	84.645						
10	.504	3.152	87.797						
11	.472	2.949	90.745						
12	.436	2.722	93.467						
13	.346	2.163	95.630						
14	.259	1.620	97.250						
15	.234	1.460	98.710						
16	.206	1.290	100.000						

Extraction Method: Principal Component Analysis.

The above table gives the list of Eigen values associated with each linear component (factor) before extraction, after extraction and after rotation. SPSS has identified 16 linear components within the data set The Eigen values associated with each factor represent the variance explained by that particular linear component and SPSS also displays the Eigen values in terms of the percentage of variance explained so as to factor explained (so, factor 1 explains 18.845 % of total variance). It should be clear that the first few factors explain relatively large amount of variance whereas subsequent factors explain only small amount of variance. SPSS then extracts all factors with Eigen value greater than 1, which leaves us with 5 factors. The Eigen values associated with these factors are again displayed in the columns labeled extraction sum squared loadings. The values in this part of the table are the same as the value before extraction, except that the values for the discarded factors are ignored. In the final part of the table, the Eigen values of the factors after rotation are displayed. Rotation has the effect of optimizing the factor structure and one consequence for these data is that the relative importance of the five factors is equalized.

### Component Matrix

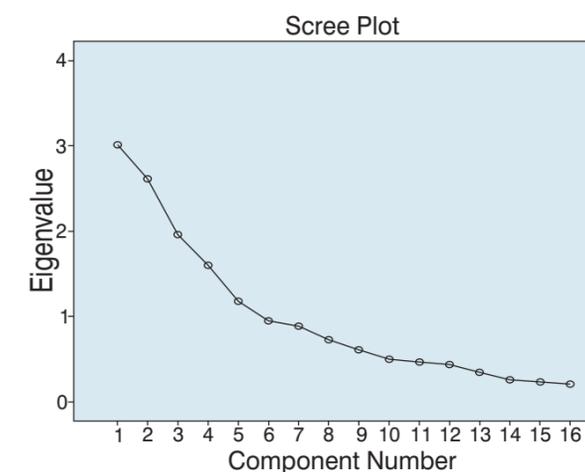
	Component Matrix <sup>a</sup>				
	1	2	3	4	5
Price	.154	.062	.164	.762	.115
Packaging	.157	.504	.616	-.289	-.010
Advertising	-.022	.472	.599	-.175	.025
Purchasing	.088	-.122	.442	.531	.073
Availability	.035	.209	.297	.650	.081
Superiority	.278	.687	-.478	.060	-.108
Promotion	.078	.506	.574	-.258	-.023
Credibility	.798	-.186	.035	-.076	.182
Innovativeness	.814	-.362	.040	-.115	-.018
Reliability	.225	.718	-.430	.178	-.108
Reputation	.797	-.149	-.033	.063	-.185
Commitment	.880	-.114	.045	-.044	.081
Quality	.324	.690	-.202	-.042	-.113
Experience	-.065	.383	-.195	.127	.537
Extra Benefits	.073	-.054	.093	-.216	.623
Longitivity	.006	.094	-.266	-.115	.603

Extraction Method: Principal Component Analysis.

a.5 components extracted.

This matrix contains the loadings of each variable onto each factor. By default SPSS displays all loadings; however we requested that all the loadings less than 0.5 be suppressed in the output. At this stage SPSS has extracted seven factors. Factor analysis is an exploratory tool and so it should be used to guide the researcher to make various decisions.

### Scree Plot



The scree plot shows the point of inflexion on the curve. The curve begins to tail off after five factors. Therefore it is justify retaining five factors.

The different factors after factor analysis are as follows:

Factors	Variables	Correlation Coefficient	Factor Name	Cronbach a
Factor 1	Credibility	0.798	Product Trustworthiness	0.874
	Reputation	0.797		
	Innovativeness	0.814		
	Commitment	0.880		
Factor 2	Quality	0.690	Product Quality	0.830
	Superiority	0.687		
	Reliability	0.718		
Factor 3	Advertising	0.599	Marketing Strategy	0.760
	Packaging	0.616		
	Promotion	0.574		
Factor 4	Price	0.762	Accessibility	0.673
	Availability	0.650		
	Purchasing Location	0.531		
Factor 5	Experience	0.537	Extra Advantages	0.638
	Extra Benefits	0.623		
	Longitivity	0.603		

Researcher consider only those factors whose Cron Bach Alpha is greater than 0.60. The Cron Bach Alpha of Factor Extra Advantages is 0.238 so researcher do not consider this factor.

## CONCLUSION

In this research, there are four factors identified by researchers. First factor is product trustworthiness which is a combination of variables credibility, reputation, innovativeness and commitment. Second factor is product quality which is a combination of variables quality, superiority and reliability. Third factor is marketing strategy which is a combination of variables advertising, packaging and promotion. Fourth factor is accessibility which is a combination of variables price, availability and purchasing.

All these factors have been found to be key for brand positioning of automotive lubricant for four wheeler segment customers.

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# Impact of Work-family Spillover on Burnout

Dr. Luxmi<sup>[1]</sup>

## ABSTRACT

The main objectives of this paper were to study work family spillover and burnout of employees, to find the impact of work family spillover on burnout, to see the association of work family spillover and burnout vis-a-vis demographic factors and to find the relationship between sub-scales of work family spillover and burnout of employees in a few selected public and private sector banks. The scope of the study was public and private sector banks in and around Chandigarh. The sample comprised of 120 respondents drawn from four public and private sector banks. The results revealed a very significant positive correlation between work family spillover and burnout. Almost all the hypotheses concerning work-family spillover and burnout and their sub-scales vis-à-vis failed to be rejected.

**Key Words:** Work-Family Spillover, Burnout and Banking Sector Organizations

## INTRODUCTION

Work family spillover is when factors at the workplace affect family functioning and vice-versa. Positive spillover refers to situations in which the satisfaction, energy, and sense of accomplishment derived from one domain transfers to another. On the contrary, negative spillover is the derived problems being carried over from one domain to another. Work family spillover creates a conflicting situation at home as well as work. Conflict between work and family is important for organizations and individuals because it is linked to negative consequences. For example, conflict between work and family is associated with increased absenteeism, increased turnover, decreased performance, and poorer physical and mental health.

Conceptually conflict between work and family is bi-directional. Most researchers make the distinction between what is termed work-family conflict, and what is termed family-work conflict. Work-to-family conflict occurs when experiences at work interfere with family life like extensive, irregular, or inflexible work hours, work overload and other forms of job stress, interpersonal conflict at work, extensive travel, career transitions, unsupportive supervisor or organization. Family-to-work conflict occurs when experiences in the family interfere with work life like presence of young children, primary responsibility for children, elder care responsibilities, interpersonal conflict within the family unit and unsupportive family members. Although these two forms of conflict-work interference with family (WIF) and family interference with work (FIW) are strongly correlated with each other, more attention has been directed at WIF more than FIW. This may be because work demands are easier to quantify; that is, the boundaries and responsibilities of the family role is more elastic than the boundaries and responsibilities of the work role. Also, research has found that work roles are more likely to interfere with family roles than family roles are likely to interfere with work roles.

## LITERATURE REVIEW

Cook & Minnotte (2008) suggested that gender interacts with the percentage of women in an industry predicting coworker support and supportive work-family culture. Gender also interacts with the percentage of women in an occupation predicting family-to-work conflict. Premeaux et al., (2007) found that a positive work-family culture may be perceived by employees to not only support the integration of their work and family lives, but also to value work-family integration. Studies have found that the age and number of children in a family affects work-family conflict. Family friendly policies availability will be positively related to job satisfaction, affective commitment, and continuance commitment. Frone, M.R. (2003) suggested that a mapping of behavioral and psychological involvement to specific dimensions of external and internal work family interference appears to be important when examining the general relation of role involvement to work-family interference.

Hammer et al., (2003) demonstrated that work-to-family conflict is primarily caused by work-related stressors and characteristics and that it predicts family-related affective and behavioral outcomes, while family-to-work conflict is caused by family related stressors and characteristics and predict work-related outcomes. Carlson & Frone (2003) suggested that both psychological and behavioral involvement factors influenced work interference with family. To reduce both internal work interference with family and internal family interference with work, individuals may need to be taught how to moderate their level of psychological investment in work and family. Marchese et al., (2002) found that companies and managers are confronted with work and family issues every day. Failure to resolve these conflicts has negative consequences for employees, their families, and organizations.

Grzywacz, et al., (2002) studied alternative conceptualizations and operationalizations of work-

family spillover that attenuate different types of measurement error. Although also reliant on self-report data, researchers have used co occurring stresses or the transmission of stress across life domains as more objective indicators of negative spillover. Negative spillover between work and family and the prevalence of work and family stress would increase across adulthood through midlife and then decline in the later stages of workforce participation as children are launched and parents die.

Yang et. al. (2000) argued that role-related self-conceptions not only moderate the relationship between demand and conflict but also have a direct impact on demand within a domain. Edwards & Rothbard (2000) emphasized that there can be a number of spillovers. Mood, values, behavior from one domain may affect the other domain, both positively as well as negatively. Resources such as time, attention, and energy are finite and those expended in one domain are unavailable for other. This constraint yields a negative direct relationship between work and family resources. Thompson C.A. (1999) examined that both work-family benefit availability and supportive work-family culture were positively related to affective commitment and negatively related to work-family conflict and intentions to leave the organization. In addition, the three culture dimensions were found to have unique relationships with these behaviors and attitudes. Scandura & Lankau (1997) found that conflict between work and family roles diminish employees' perceptions of quality of work life and the quality of family life which, in turn, can impact organizational outcomes such as productivity, absenteeism and turnover.

Burnout is a psychological term for the experience of long-term exhaustion and diminished interest. Research indicates general practitioners have the highest proportion of burnout cases. Maslach and Jackson (1981) conceptualised employee burnout as having three components:

1. Emotional exhaustion - feelings of being over extended and unable to cope;
2. Depersonalisation - the tendency to treat human beings as things; and
3. Reduced personal accomplishment - declining one's feelings of achievement in work.

Employee burnout can be thought of as a psychological process -a series of attitudinal and emotional reactions - that an employee goes through as a result of job related and personal experiences. Often the first sign of burnout is a feeling of being, emotionally exhausted from one's work. When asked to describe how she or he feels such an employee might mention feeling drained or used up, at the end of the rope, and physically fatigued. Waking up in the morning may be accompanied by a feeling of dread at the thought of having to put in another day on the job. Halbesleben and Buckley (2004) say that burnout is a psychological response to work stress that is

characterized by emotional exhaustion, depersonalization, and reduced feelings of personal accomplishment. Burnout has significant costs in terms of health and organizational consequences (International Labour Office, 1993). The increasing proportion of long-term disability-claims filed by workers as a result of burnout, have led to significant burdens for employees, employers and insurers worldwide (Maslach et al., 2001). In their paper, they review the burnout literature from 1993 to present, identifying important trends that have characterized the literature. They focus attention on theoretical models that explain the process of burnout, the measurement of burnout, means of reducing burnout, and directions for the future of burnout research.

Lee and Ashforth (1990) talked about the meaning of Maslach's three dimensions of Burnout. They examined the dimensionality of Maslach's (1982) 3 aspects of job burnout—emotional exhaustion, depersonalization, and personal accomplishment, among a sample of supervisors and managers in the human services. The 3 aspects were found to be differentially related to other variables reflecting aspects of strain, stress coping, and self-efficacy in predictable and meaningful ways. The variables most strongly associated with the Emotional Exhaustion and Depersonalization dimensions were generally negatively worded, whereas those most strongly associated with the Personal Accomplishment dimension were generally positively worded. Because depersonalization represents a defensive means of coping with the erosion of emotional energy, they predicted that depersonalization would be associated with a second defensive means of coping, *escape*. Escape, however, was not significantly associated with any of the burnout dimensions. The two means of coping may function as substitutes or complements, thus leading to an unstable set of associations

Cordes and Dougherty (1993) say that burnout is a unique type of stress syndrome, characterized by emotional exhaustion, depersonalization, and diminished personal accomplishment. The article 'Prevention of burnout: New perspectives' by Maslach and Goldberg (1998), proposes two new approaches to the prevention of burnout that focus on the interaction between personal and situational factors. The first approach, based on the Maslach multidimensional model, focuses on the exact opposite of burnout: increasing engagement with work by creating a better "fit" between the individual and the job. The second approach draws from the decision-making literature and reframes burnout in terms of how perceptions of the risk of burnout may lead to suboptimal choices that actually increase the likelihood of burning out. These new approaches provide a more direct strategy for preventing burnout than typical uni-dimensional "stress" models because these new approaches (1) specify criteria for evaluating outcomes and (2) focus attention on the relationship between the person and the situation rather. Veerle (2001), explored that the depression was significantly related to

<sup>[1]</sup>Senior Assistant Professor, University Business School, Panjab University, Chandigarh E-Mail: luxmimalodia@yahoo.com

superiority, whereas no link was observed between the core symptom of burnout (i.e., emotional exhaustion) and superiority.

Jackson and Schuler (1983) believe that employee burnout has some extremely serious consequences for employees and employers. Fortunately there are a number of things that the personnel department can do such as implementing participatory management programs like quality circles or conducting organizational surveys - to prevent employee burnout. Maslach and Leiter (2005) suggest that to fix burnout individuals first need to identify the areas in which their mismatches lie and then tailor solutions to improve the fit within each area. There are two paths to banishing burnout: the individual path and the organizational path. A good understanding of burnout is essential to keep the flame of compassion and dedication burning brightly. The authors believe that burnout is not a problem of individuals but of social environment in which they work. Workplaces shape how people interact with each other and how they carry out their jobs. Schaible & Gecas (2010) found that that value dissonance only exhibited independent effects on burn out rooted in depersonalization, whereas effects of emotional dissonance varied depending on the type of burn out under consideration.

Madhavi and Vimala (2011) examined that the work family issues significantly influenced all the dimensions of role stress except RE (Role Erison), PI (Personal Inadequacy), SRD(Self role distance), and RIN (Role inadequacy). Lambert et al., (2009) examined that strain-based conflict, behavior-based conflict, and family on work conflict all had positive associations with job burnout. Time-based conflict had a non-significant relationship with job burnout. Ramasundaram and Ramasundaram (2011) attempted to study the relationship between the work-thought interference as an antecedent, job stress as a consequence, and work life conflict as a mediator. Statistical analytical tools were administered to study the direct relationship and the indirect relationship through the work life conflict. It was found that all the variables were significant except work-thought interference and job stress and work family conflict behavior and job stress. The covariance matrix among the standard errors was significant between the variables. The model that produces an estimated covariance matrix that is within sampling variation of the observed covariance matrix is generally thought of as a good model and would be said to be fit. Then, the covariance among three dimensions of work life conflict was found to be significant.

Westman et al., (2001) investigated that sense of control was found to have a negative impact on burnout and on the spouse's undermining behavior and a positive impact on the spouse's sense of control. Perrewe and Hochwarter (2001) found that work interference with family frustrates the attainment of values in the family domain, and family interference with work frustrates the attainment of values in the work domain. Reducing

conflict in the workplace and at home is key in attaining one's personal and work values. Deckard et al., (1994) established that organizational measures, specifically, evaluative ratings of Workload/Scheduling and Input/Influence were the strongest predictors of emotional exhaustion. Bacharach et al., (1991) found that work-specific role stressors, such as work-based role conflict, ambiguity, overload, serve as predictors of job burnout and satisfaction. Maslach and Jackson (1981) examined public sector professionals inherently view their work environment, and, in turn, the relationship between work and family life, differently than their peers in the private sector, thus resulting in the possibility of a substantial self-selection effect. Malik et al., (2010) found that there was no significant effect of burnout at work, work life balance and work life conflict on doctors' turnover intentions. There was no significant affect of burnout at work on doctors' work life balance whereas it had a significant effect on the work life conflict and job satisfaction of doctors.

## METHODOLOGY

### Present Study

The above mentioned and other similar studies made the plot for the present study. This study is exploratory in nature. The present study is confined to cover two dimensions i.e. work family spillover and burnout. In order to conduct the study, top four banks were selected namely State Bank of India, Punjab National Bank, ICICI bank and HDFC Bank. A total of 120 respondents were taken (30 from each bank).

### Research Objectives

- To study the level of work family spillover and burnout of employees in a few selected public and private sector banks.
- To see the association of work family spillover and burnout of the employees with demographic factors i.e. age and total work experience in a few selected public and private sector banks.
- To investigate the impact of work-family spillover on burnout of employees in a few selected public and private sector banks.
- To find the relationship between sub-scales of work family spillover and burnout of employees in a few selected public and private sector banks.

### Hypotheses

- H<sub>1a</sub>** There is high level of work family spillover and burnout in few selected public and private sector banks.
- H<sub>2a</sub>** There is an association of work family spillover and burnout with age of employees in few selected public and private sector banks.
- H<sub>3a</sub>** There is an association of work family spillover and burnout with total work experience of employees.

**H<sub>4a</sub>** Work-family spillover has negative and significant impact on the level of burnout of employees in few selected public and private sector banks.

**H<sub>5a</sub>** There is significant correlation between sub-scales of work-family spillover and burnout of employees in few selected public and private sector banks.

## SCOPE AND METHODOLOGY

The research conducted at initial stages is exploratory in nature. This was done through secondary data collection through reviewing the previous research done relating to work family spillover and burnout. The purpose of the exploratory research is to progressively narrow down the scope of the research topic and to transform discovered problems into defined ones, incorporating specific research objectives. Since it is a correlational research, hence the scope of the research is to find out the extent of relationship between work family spillover and burnout of employees. The present examination was conducted on the data collected from few selected public and private sector banks.

## DATA COLLECTION TOOLS

Primary data was collected through preliminary interviews and questionnaires. The first part of the questionnaire focused on the work family spillover. The Questionnaire developed and validated by Netemeyer (2005) was used to undertake the study. This scale is covering two dimensions i.e. work family conflict and family work conflict. The second part of the questionnaire focused on burnout of the employees. The Maslach Burnout Inventory (MBI) developed by Christina Maslach and Susan E. Jackson was used to undertake the study. The scale is multidimensional, suggesting three subscales as follows:

- Emotional Exhaustion** subscale describes feelings of being emotionally overextended and exhausted by one's work. An example is: "I feel burned out from my work"
- Depersonalization** subscale describes an unfeeling and impersonal response towards recipients of one's care and service. For example: "I worry that my job is hardening me emotionally"
- Personal Accomplishment** contains eight items that describe feelings of competence and successful achievement in one's work with people. In contrast to the other two subscales, lower mean scores on this subscale correspond to higher degrees of experienced burnout.

**The cronbach alpha coefficient of the scales was found to be 0.897 and .703 (Work Family Spillover and Burnout respectively).**

## DATA ANALYSIS

Preliminary Analysis: Data were examined for outliers and possible errors prior analysis, and none were detected.

The data also were screened for possible violations to assumptions of normality and linearity. No violations were found.

Table 1: Tests of Normality

		Burnout	Work Family Spillover
N		120	120
Normal Parameters <sup>a,b</sup>	Mean	3.8407	3.4508
	Std. Deviation	.79468	1.08186
	Absolute	.118	.075
Most Extreme Differences	Positive	.118	.075
	Negative	-.095	-.036
Kolmogorov-Smirnov Z		1.293	.822
Asymp. Sig. (2-tailed)		.071	.509

The p value for both the variables was found to be p (Burnout) = .071 and P (Work Family Spillover) = .509. These results indicated that the data was normally distributed. Based on these results it was decided that the data was suitable for parametric tests.

## ANALYSIS OF DATA

To arrive at pertinent analysis, the collected data was put to statistical analysis using SPSS package. The tools, which were employed to test the drafted hypothesis for analysis included: Descriptive Statistics, Independent t-test, Analysis of Variance (ANOVA), Correlation and regression. After scoring the questionnaire the data was tabulated for each variable being studied separately.

## HYPOTHESIS TESTING

**H<sub>1a</sub>** *There is high level of work family spillover and burnout in few selected public and private sector banks.*

Table 2: Descriptive Statistics

Dimensions	N	Minimum	Maximum	Mean	Std. Deviation
WF Spillover	120	1.20	6.10	3.4508	1.08186
WFC	120	1.00	7.00	3.8383	1.28215
FWC	120	1.00	6.40	3.0633	1.40515
BURNOUT	120	1.09	6.41	3.8407	.79468
EMOEXH	120	1.00	9.33	3.2250	1.42950
PERACCOM	117	1.00	3.50	2.0994	.68200
DEPRSON	120	1.00	6.40	2.8067	1.36362
Valid N (listwise)	117				

The table-1 represents the means scores of work-family spillover and burnout as well as all their sub-dimensions i.e. work-family spillover – work-family conflict and family-work conflict; burnout - emotional exhaustion, depersonalization and personal accomplishment. The means scores of work-family spillover and burnout as well as their sub-dimensions i.e. work-family spillover – work-

family conflict and family-work conflict; burnout - emotional exhaustion are above the scale mean (3). The level of Work-family spillover among employees is high with a mean of 3.45. The level of sub-dimension i.e. work-family conflict is highest with mean 3.83, followed closely by family-work conflict (3.06). This shows that the employees exhibit high work-family spillover. The overall level of burnout is 3.84. With regards sub-scales of burnout; the level of emotional exhaustion is the highest with a mean of 3.22, followed by depersonalization (2.80) and the lowest is personal accomplishment with a mean of 2.09. This shows that the first hypothesis is partially accepted.

**H<sub>2a</sub> There is an association of work family spillover and Burnout with age of employees in few selected public and private sector banks.**

**Table 3: ANOVA**

Dimensions		Sum of Squares	Df	Mean Square	F	Sig.
WFC	Between Groups	34.828	3	11.609	8.375	.000
	Within Groups	160.795	116	1.386		
	Total	195.624	119			
FWC	Between Groups	6.773	3	2.258	1.148	.333
	Within Groups	228.185	116	1.967		
	Total	234.959	119			
WF Spillover	Between Groups	18.018	3	6.006	5.745	.001
	Within Groups	121.262	116	1.045		
	Total	139.280	119			
BURNOUT	Between Groups	3.858	3	1.286	1.794	.152
	Within Groups	83.173	116	.717		
	Total	87.031	119			

The results of ANOVA (table 3) suggested a significant difference in the work family spillover and the sub-scale of work family spillover i.e. work family conflict, among different age levels (below 18, 18-25, 25-30, 30-35, above 35), getting p- value less than .05 (p equals to .001 and .000 respectively). Therefore the second hypothesis (H<sub>2a</sub>), that there is an association of work family spillover and the sub-scale of work family spillover i.e. work family conflict, among different age levels, is rejected. The results further suggested no significant difference in the burnout and the sub-scale of work family spillover i.e. family work conflict, among different age levels (below 18, 18-25, 25-30, 30-35, above 35), getting p- value more than .05 (p equals to .152 and .333 and .000 respectively). Therefore the second hypothesis (H<sub>4a</sub>), that there is an association of burnout and the sub-scale of work family spillover i.e. family work conflict, among different age levels, is not rejected or may be accepted.

**H<sub>3a</sub> There is an association of work family spillover and Burnout with total work experience of employees in few selected public and private sector banks.**

**Table 4: ANOVA**

Dimensions		Sum of Squares	Df	Mean Square	F	Sig.
WFC	Between Groups	18.810	3	6.270	4.114	.008
	Within Groups	176.813	116	1.524		
	Total	195.624	119			
FWC	Between Groups	13.555	3	4.518	2.367	.074
	Within Groups	221.404	116	1.909		
	Total	234.959	119			
WF Spillover	Between Groups	14.162	3	4.721	4.377	.006
	Within Groups	125.118	116	1.079		
	Total	139.280	119			
BURNOUT	Between Groups	13.096	3	4.365	6.849	.000
	Within Groups	73.935	116	.637		
	Total	87.031	119			

The results of ANOVA (table 4) suggested a significant difference in the burnout, work family spillover and the sub-scale of work family spillover i.e. work family conflict, among different experience levels (0-1 yr, 1-3 yrs, 3-5 yrs, above 5 yrs), getting p- value less than .05 (p equals to .001 and .000 respectively). Therefore the third hypothesis (H<sub>3a</sub>), that there is an association of burnout, work family spillover and the sub-scale of work family spillover i.e. work family conflict, among different total experience levels, is rejected. The results further suggested no significant difference in the sub-scale of work family spillover i.e. family work conflict, among different experience levels (0-1 yr, 1-3 yrs, 3-5 yrs, above 5 yrs), getting p- value more than .05 (p equals to .074). Therefore the third hypothesis (H<sub>3a</sub>), that there is an association of the sub-scale of work family spillover i.e. family work conflict, among different experience levels, is not rejected or may be accepted.

**H<sub>4a</sub> Work-family spillover has negative and significant impact on the level of burnout of employees in few selected public and private sector banks.**

**Table 5: Correlations**

Dimensions		WF Spillover	Burnout
WF Spillover	Pearson Correlation	1	.296**
	Sig. (2-tailed)		.001
	N	120	120
BURNOUT	Pearson Correlation	.296**	1
	Sig. (2-tailed)	.001	
	N	120	120

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

Pearson's Correlation coefficient was used to test the hypothesis, and the results show that there is significant positive correlation (r = .296, p = .001) between work-family spillover and burnout of employees. It implies that the employees with high level of work-family spillover exhibit high level of burnout towards the organisations they are employed in.

In order to examine the impact of work-family spillover on burnout linear regression technique was used. Table 6 reports the strength of the relationship between the model and the dependent variable. The table displays R, R squared (R<sup>2</sup>) and adjusted R<sup>2</sup>. R, the multiple correlation coefficient, which is defined as the linear correlation between the observed and model-predicted values of the dependent variable. R square, the coefficient of determination which is the squared value of multiple correlation coefficient is also illustrated in Table 6. It can be seen that regression model explained 29% of the variance in the burnout.

**Table 6: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.170 <sup>a</sup>	.029	.021	.78643

a. Predictors: (Constant), WFSpillover

Table 7 summarizes the results of Analysis of Variance. The objective of ANOVA table is to test the acceptability of the model from the statistical perspective. The sum of squares, degree of freedom and mean square are displayed for two sources of variation, regression and residual. The regression row displays information about the variation accounted for by the model. The residual row displays information about variation that is not accounted for by the model i.e. error term.

**Table 7: ANOVA<sup>b</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2.170	1	2.170	3.509	.064a
Residual	72.980	118	.618		
Total	75.150	119			

a. Predictors: (Constant), WFSpillover  
b. Dependent Variable: BURNOUT

It was found the regression sum of squares is less than the model explained residual sum of squares, which indicated that most of the variation, is not explained by the above work family spillover dimensions. The significance value of F statistic is more than 0.05, which means that the variation explained by the model is due to chance.

From the above results it can be concluded that the hypothesis H<sub>4a</sub> is supported. Thus, the hypothesis (H<sub>4a</sub>) that work-family spillover have negative and significant impact on the level of burnout of employees is not rejected or may be accepted.

**H<sub>5a</sub> There is a significant correlation of sub-scales of work-family spillover with burnout of employees in few selected public and private sector banks.**

**Table 8: Correlations**

Dimensions		WFC	FWC	WFSpillover	BURNOUT
WFC	Pearson Correlation	1	.295**	.784**	.172
	Sig. (2-tailed)		.001	.000	.061
	N	120	120	120	120
FWC	Pearson Correlation	.295**	1	.824**	.299**
	Sig. (2-tailed)	.001		.000	.001
	N	120	120	120	120
BURNOUT	Pearson Correlation	.172	.299**	.296**	1
	Sig. (2-tailed)	.061	.001	.001	
	N	120	120	120	120

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

The results of Karl Pearson's Correlation (table 8) suggested a correlation between the sub-scales of work family spillover i.e. family work conflict (r = .299, p = .001) and work family conflict (r = .172, p = .061) and the level of burnout. Therefore the fifth hypothesis (H<sub>5a</sub>), that there is a significant correlation between the sub-scales of work family spillover and burnout of employees in few selected public and private sector banks is not rejected or may be accepted.

## FINDINGS & CONCLUSION

With increasing work pressure from family as well as work, employees are finding it difficult to manage the family as well as their work life simultaneously. This ultimately leads to burnout of employees. This study measured the correlation between work family spillover and the level of burnout of employees and tried to find the factors which attribute to the relationship between work family spillover and burnout of employees.

One way ANOVA was applied to study the effect of age on work family spillover and level of burnout of employees. The results of ANOVA showed that work family spillover is different among different age groups. Age is related to work family conflict but does not have any significant effect on family work conflict. The study also showed that burnout is not related to different age groups meaning that all the age groups experience burnout irrespective of their age.

One way ANOVA was applied to study the effect of Total work experience on Work Family Spillover and level of Burnout of employees. The study showed that there is a significant difference in the burnout, work family spillover and the sub-scale of work family spillover i.e. work family conflict, among different total experience levels (0-1 yr, 1-3 yrs, 3-5 yrs, above 5 yrs). The results further suggested no significant difference in the sub-scale of work family spillover i.e. family work conflict, among different age levels (Below 18, 18-25, 25-30, 30-35, above 35).

The results of Karl Pearson's Correlation suggested a significant correlation of burnout with work family spillover (r = .296, p = .001) and the sub-scales of work family spillover i.e. family work conflict (r = .299, p = .001) and work family conflict (r = .172, p = .061), which was expected as with increasing pressure from family as well as work, employees are finding it difficult to maintain a balance between the two. Hence it ultimately leads to burnout of the employees.

## LIMITATIONS OF THE STUDY

- i) Some respondents were quite unwilling to complete the questionnaire because of lack of time on their part.
- ii) This research was limited only to lower level employees working in banking sector. Employees of the top level were not included in the research.
- iii) Because of lack of time or other reasons, many respondents have a tendency to mark the answers randomly.

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