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Research Perspective

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What Will a Fresh Graduate Choose???

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From the Editorial Board

The AIMT Journal of Management was developed with the aim to assist researchers to grow at all levels that includes research scholars, professors, post-docs and students who are seeking publishing opportunities for their research work. It gives us immense pleasure to share with our readers that AIMT journal of Management has been successful to larger extent in achieving its aim by including the research work of all categories of researchers. The Journal aims at disseminating knowledge, which ensures good practice of professional management and its focal point is on research and reflections relevant to academicians and practicing managers. Our Journal enjoys a pan India reach and has continued to expand in terms of publishing high-quality double blind peer-reviewed papers and has been successful in attracting a larger global audience of authors, academicians, research investigators, and scholars. We have further raised the standards of our journal and have become more rigorous in accepting papers.

We look forward to a productive, challenging, and a successful 2015 ahead. We also hope that our esteemed readers, patrons, and authors will continue to support our journal by contributing their work, reading, discussing, recommending, citing our journals and suggesting ideas for improving it further. In the spirit of continuous improvement, any constructive input on streamlining our processes is very welcome.

On behalf of AIMT, Greater NOIDA, I would like to wish all authors, patrons, and readers of our journals a very happy, harmonious, and prosperous New Year 2015.

With Best Wishes and Season's Greetings.

Dr. Pawan Gupta

Editor-in-Chief

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Dynamics of Time Varying Volatility of Indian Stock Market: Evidence from BSE & CNX Nifty

Prof. Shekhar Mishra*

Abstract

Volatility measures the variability and ascertains the unpredictable and uncertain behavior of asset price. As a concept and phenomenon it has remained central area of research in modern financial markets and academics. The importance of volatility in stock market can't be undermined in financial economics, as it plays a significant role in investment and risk management decisions. This paper attempts to examine the dynamics of time varying volatility of Indian stock market with reference to BSE and S&P CNX Nifty. Using daily observation data been taken for period of 2000-2014. To examine the characteristics of Indian Stock Market Volatility GARCH models are being employed. EGARCH and TARARCH are employed to look possibility of Asymmetry or Leverage effects in the market.

Keywords: *Volatility, Indian Stock Market, Financial Economics, Investment Risk Management divisions, GARCH, Asymmetry, Leverage effect, EGARCH, TARARCH*

Introduction

Volatility as a basic statistical risk measure has been used to measure the market risk of a single instrument or an entire portfolio. It may be calculated for all sorts of financial variables viz., interest rates, exchange rate, stock returns, market value of portfolio to name a few. We can simply say volatility is a conditional variance or standard deviation. Volatility of stock returns may be termed as conditional variance of the stock returns in time or standard deviation of stock return around the mean value. Investors rely on variance of returns changing over time to make optimal decisions regarding their investment strategies. So, it becomes imperative to model and forecast conditional variance. Volatility as a phenomenon as well as concept has always acquired centre stage to modern financial markets and academic fraternity as it forms the basis for efficient market discovery. Volatility measures the degree to which asset prices tend to fluctuate and thus ascertains

variability or randomness of asset price. Volatility may be termed as measure of risk.

With regards to reason behind volatility there have been divergent views by various sections of economists. Some believe that market volatility can be explained entirely by the information provided to the market. They believe that every new information in the market have impact on market volatility. While other sections of economists believe that any economic or external factor does not have any impact on market volatility. It is only the psychological or social belief of investors that influence the market volatility. Volatility may be termed as inevitable market experience as a result of close association or interactions between fundamental, information and market expectation.

Ascertaining volatility trends or modeling of volatility aids in efficient and effective investment strategies and portfolio

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management. Srinivasan and P. Ibrahim (2010) used GARCH class models ranging from Simple-GARCH (1,1) to relatively complex GARCH models like EGARCH and TGARCH for modeling the volatility and forecasting the conditional variance of BSE SENSEX-30. Aman Srivastava (2008) used GARCH- class models to two major Stock Exchanges of Indian Stock Market to analyze their characteristics of volatility and found significant ARCH effects. His study also demonstrated the existence of leverage and asymmetric effect in Indian Stock Market. Madhusudan Karmarkar (2007) investigated the Heteroskedasticity behavior of Indian Stock Market by using different GARCH models. He investigated the asymmetric volatility in Indian Stock Market by employing EGARCH. Karmarkar found that volatility is asymmetric function of past innovation rising proportionately more during market decline and was evidenced that return is not significantly related to risk.

Srinivasan et al (2010) used number of forecasting models like Random Walk, Linear Regression, Moving Average, and Autoregressive models on NSE daily returns to evaluate the forecasting performance of the same. To evaluate the same, they used two forecasting error statistics by considering the Root Mean Square Error (RMSE) and the Mean Absolute Percentage Error (MAPE) for testing the return characteristics. The findings suggested that according to RMSE statistics the autoregressive models and Linear Models rationally shared and ranked first for out of the sample forecasts in the linear models. In addition their findings also suggested that one cannot conclude that the success or failure of a particular type of forecasting model applied to one type of market carries over to different market because the size and liquidity of market can affect the quality of volatility forecasts.

R. Krishnan and Conan Mukherjee (2010) identified among GARCH models that best describe the Indian Stock Market Volatility by building Volatility models using traditional GARCH models that account for asymmetry and selecting a suitable model by nesting through Box-Cox Transformation a family of GARCH models. Their results confirmed the presence of leverage effect in the stock market. They also showed that it is the smaller shocks that affect the returns in Indian Stock Market and dominate the news impact curve that the large shocks. Another typical feature they showed that the on trading days has been found to be accounting for a sizeable portion of return variance contributing almost one fourth as much to volatility as any trading day.

Rakesh Kumar and Raj S. Dhankar (2011) investigated the asymmetric nature of U. S. Stock Market return and effect of heteroskedasticity on stock return volatility. They also analysed the relationship between stock return and conditional volatility and standard residuals. Their study applied GARCH (1,) AND

targarch (1,) to test the heteroskedasticity and asymmetric nature of stock market returns respectively. The study suggested the presence of non linearity, heteroskedasticity effect and asymmetric nature of stock returns. Their finding brought out the essential elements of modern investment theory that investors adjust their investment decision with respect to expected volatility, however they tend to earn extra risk premium for unexpected volatility.

Sailesh Rastog and Vinay. K. Srivastava used time varying based GARCH process to capture change in volatility and study its impact on Indian Securities Market. They compared the change in volatility of Indian Stock Market with U.S. Stock Market. M. Selvam et.al. (2007) investigated the dynamic behavior of Stock Return of ten market indices from Asian countries using symmetric GARCH (1, 1) model for a period of one year from January 2006 to December 2006. Sharmila Jayasuriya et.al. (2009) estimated equity market volatility using an asymmetric power GARCH model. The magnitude of assignment volatility for several emerging and mature markets was estimated for three sub periods.

J. XU (1999) using Shanghai daily stock returns data, studied the models for stock market volatility by comparing GARCH, EGARCH, and GJR GARCH models. He found that the GARCH model that accounts for time varying volatility is a suitable model. Nicholas Apergis and Sophia Eleptherine (2001) investigated the volatility of Athens Stock excess returns over the period 1990-1999 through the comparison of various conditional Heteroskedasticity models. The empirical results indicated that there is significant evidence for asymmetry in stock returns which is captured by a quadratic GARCH specification model.

Saint Kuttu (2014) used multivariate VAR-EGARCH model to examine the return and volatility dynamics between their traded adjusted equity returns from Ghana, Kenya, Nigeria and South Africa. The findings suggested a reciprocal return spill over between Ghana and Kenya and between Nigeria and South Africa. Prashant Joshi (2010) investigated the stock market volatility in emerging stock markets of India and China using daily closing price from 1st January 2005 to 12th May 2009. The results detected the presence of non-linearity through BDSL test while conditional heteroskedasticity was identified through ARCH-LM test. The findings revealed that the GARCH (1,) MODEL successfully captures the non linearity and volatility clustering. Hojatallah Goudarzi and C. S. Ramnarayan (2010) estimated the volatility of BSE-500 stock index and its related stylized facts over 10 periods using ARCH models Their study concluded that GARCH (1,1) MODEL explains the volatility of Indian Stock Market and its stylized facts including volatility clustering, fat tail and mean reverting satisfactorily.

Wics Gunasinghe (2005) examined the integration behavior and volatility spillover transmission across the stock markets of Sri Lanka, India and Pakistan after liberalization policies were initiated in the early 1990's. He examined the ways in which two issues could relate to movement of stock prices and then investigated the impact of this on the corresponding stock markets using correlation analysis, a multivariate Co-Integration Test and Generalised Impulse Response (GIR) functions based on one factor model.

Jingle Xing (2011) empirically analysed the Chinese Stock Market behavior by choosing the data from Shanghai Composite Index and Shenzhen Stock Index. The study used ARIMA-EARCH-M (1, 1) and ARIMA-TARCH (1, 1) model to analyse the volatility of financial time series with the characteristics of clustering, asymmetry, and peak and fat tails. Giorgio Canarella and Stephen. K. Pollard (2007) used Markov Switching ARCH (SWARCH) model to document the presence of high volatility regimes in six Latin American countries consisting of Argentina, Brazil, Chile, Mexico, Peru and Venezuela. They found four high volatility episodes each associated with either a local (The Mexican Crisis of 1994, The Brazilian Crisis of 1998-1999, The Argentinian Crisis of 2001-2002) or a worldwide financial crisis (The Asian Financial Crisis of 1997). However it was revealed that the effects of each financial crisis are short lived and that between two and four months after each crisis, all market return to low volatility regimes.

Hakan Berument and Hall Kiyamaz (2001) studied the Day of the Week effect on stock market volatility by using S&P 500 market index during the period of January 1973 and October 1997. The findings showed that day of the week effect are present in both volatility and return equations. They observed the highest and lowest return on Wednesday and Monday and the highest and lowest volatility on Friday and Wednesday respectively. Curto et.al. (2009) discussed the alternative conditional distributive models for the daily returns of U.S., German and Portuguese main stock market indices, considering ARMA-GARCH Models driven by Normal Student's T and stable Pareto distributed innovations. They found that GARCH model with stable Pareto innovations fits returns clearly better than the more popular Normal Distribution and slightly better than Student's T Distribution. John. J. Binder and Malthias. J. Merges (2001) examined the ability of rational economic factors to explain stock market volatility. They proposed a simple model of the economy under uncertainty, which identified four determinants of stock market volatility viz. uncertainty about price level, the riskless rate of interest, the risk premium on the equity and the ratio of expected profits to expected revenues. Their results were useful in explaining the past behavior of stock market volatility and in forecasting future volatility.

Methodology of modeling the Volatility Trends

Financial time series like stock market returns have characteristics distinct from other economic series. They have a peculiar characteristics whereby large changes in series are followed by more large changes and small by small changes which are termed as Volatility Clustering. This is also termed as Autoregressive Conditional Heteroskedasticity (ARCH) in language of financial econometrics. Volatility Clustering as a characteristic of equity returns also mirrors the Leptokurtic (fat tails) in returns distribution with too many values near the mean and in the tails of the distribution as compared to normal distribution. In such series there lies a negative asymmetry in distribution of returns rather than normal distribution. The very objective of this paper is to examine the dynamics of time varying volatility of Indian stock market with reference to BSE SENSEX and CNX Nifty. The required daily return data are collected from official website of NSE, BSE and money control.com. GARCH class models viz. GARCH (1, 1), EGARCH (1, 1) and TGARCH (1, 1) have been employed to depict the capital market volatility and to produce evidence of time varying volatility.

General Auto Regressive Conditional Heteroskedasticity (GARCH)

For Volatility estimation, the GARCH (1,1) Model was proposed by Bollerslev (1986). The model for daily stock return is specified as under:

$$\begin{aligned} \text{Mean Equation:} \quad R_t &= c + et \\ \text{Variance Equation:} \quad s^2_t &= \omega + a_1 e^2_{t-1} + \beta_1 s^2_{t-1} \end{aligned}$$

Since s^2_t is the one period ahead forecast variance based on past information, it is called the conditional variance. The above specified conditional variance equation is a function of three terms : a constant term (ω), news about volatility from the previous period, measured as the lag of squared residual from the mean equation (e^2_{t-1}), and the last period's forecast variance (s^2_{t-1}). The GARCH (1, 1) Model assumes that the effect of a return shock on current volatility decline geometrically over time. The model is consistent with the volatility clustering where large changes in stock returns are likely to be followed by further large changes. The amplitude of daily stock returns change in both the markets. The magnitude of this change is sometimes large and sometimes small and is termed Volatility Clustering which is measured by GARCH Model. Many times we witness that volatility is higher when prices are falling than when prices are rising which means that negative returns are more likely to be associated with greater volatility than positive returns. This is termed as asymmetric Volatility Effect which is not captured by GARCH (1, 1) Model.

Exponential General Autoregressive Conditional Heteroskedasticity (EGARCH) model:

Nelson (1991) proposed Exponential GARCH Model which allows the conditional volatility to have asymmetric relation with past data. In EGARCH Model, the mean and variance specifications are:

Mean Equation: $R_t = c + \varepsilon_t$

Variance Equation: $\log(\sigma_t^2) = \omega + \alpha \log(\sigma_{t-1}^2) + \beta \left| \frac{\varepsilon_{t-1}}{\sigma_{t-1}} \right| + \gamma \frac{\varepsilon_{t-1}}{\sigma_{t-1}}$

The left hand side of above variance equation is the logarithm of the conditional variance. This implies that the leverage effect is exponential and that the forecasts of the conditional variance are guaranteed to be non negative. In EGARCH model α is the GARCH term that measures the impact of last period’s forecast variance. A positive α indicates volatility clustering implying that positive stock price changes are associated with further positive changes and the other way around. β is the ARCH term that measures the effect of news about volatility from previous period on current period volatility. ω is the measure of leverage effect. The presence of leverage effect may be tested by the null hypothesis that the coefficient of the last term in regression is negative ($\omega < 0$). The impact is asymmetric if this coefficient is different from zero. Ideally ω is expected to be negative implying that bad news has a bigger impact on volatility than good news of equal magnitude. The sum of the ARCH and GARCH coefficients, i.e. $\alpha + \beta$ indicates the extent to which a volatility shock is persistent over time. The stationary condition is $\alpha + \beta < 1$. Since the value of ω is non zero, the EGARCH model supports the existence of asymmetry in volatility of stock returns.

Threshold General Autoregressive Conditional Heteroskedasticity (TGARCH) Model:

To ascertain whether good news or bad news increases volatility, TGARCH Model was developed independently by Glosten, Jaganathan and Runkle (1993) and Zakoian (1994).

The specification for conditional variance in Threshold GARCH (1,1) model is:

$$\sigma_t^2 = \omega + (\alpha + \gamma I_{t-1}) \varepsilon_{t-1}^2 + \beta \sigma_{t-1}^2$$

Here the dummy variable I_{t-1} is an indicator for negative innovations and is defined by: $I_{t-1} = 1$ if $\varepsilon_{t-1} < 0$ and $I_{t-1} = 0$ if $\varepsilon_{t-1} \geq 0$. In this model, good news, $\varepsilon_{t-1} > 0$ and bad news $\varepsilon_{t-1} < 0$ have differential effects of on the conditional variance; good news has an impact of α , while bad news has an impact of $\alpha + \omega$. If $\omega > 0$, then bad news increases volatility, and we say that there is leverage effect. If $\omega < 0$, the news impact is asymmetric.

Finally the best suited volatility model is chosen by assessing the information criteria viz minimum Akaike Information Criterion (AIC) minimum Bayesian Information Criterion and Schwartz Information Criterion (BIC or SIC) and maximum Log likelihood values.

Empirical Results and Discussions

Descriptive Statistics of both BSE SENSEX and CNX Nifty show mean is close to zero. High Standard Deviation of 0.0159 of both BSE SENSEX and CNX Nifty indicate high level of fluctuation in Index Returns. Negative value of skewness for both BSE SENSEX and CNX Nifty indicate asymmetric tail extending more towards negative values than positive one. The Kurtosis value of 7.98 and 6.82 for BSE SENSEX and CNX Nifty respectively is much higher than 3 indicating that the return distribution is fat tailed or Leptokurtic. The series for both BSE SENSEX and CNX Nifty is non normal according to Jarque Bera Test which rejects normality at 1% level.

Figure 1, 2, 3 and 4 represent the daily closing price of returns series for BSE-SENSEX and CNX Nifty respectively. The plots of BSE SENSEX and CNX Nifty closing prices indicate the presence of Random Walk and Volatility Clustering which implies that volatility changes over time. The L-Jung Box statistics Q (29) for the returns series are highly significant at 1% level which indicates the presence of Auto-Correlation. ARCH LM Test is employed to ascertain the evidence of ARCH Effects and the same is also witnessed. The presence of volatility clustering could be attributed to high kurtosis values. Presence of ARCH effects justifies the use of GARCH type models for the conditional variance. Moreover ADF test and KPSS test were employed to test the stationarity of return series and the results are shown in Table 1. The summary statistics of the return series best describes the unconditional leptokurtic distribution volatility clustering and possess significant ARCH effects.

Table 1: Summary of Statistics

Descriptive Statistics	BSE-SENSEX	NSE CNX Nifty
Mean	0.000426010	0.000422576
Median	0.00106308	0.00107693
Minimum	-0.118092	-0.130539
Maximum	0.159900	0.163343
Standard Deviation	0.0159994	0.0159324
Skewness	-0.171483	-0.279197
Kurtosis	6.82642	7.98624
Jarque Bera Test (Probability)	6801.31 (0.000)	9317.35 (0.000)
ADF Test (No Constant, No Trend)	-11.4971	-10.726
ADF (Constant)	-11.6031	-10.8459
ADF (Constant and Trend)	-11.6026	-10.8443
KPSS Test	0.121387	0.102052
Ljung Box (Q) Statistic	23.5255	23.9121
Sample Size	3494.00	3489.00

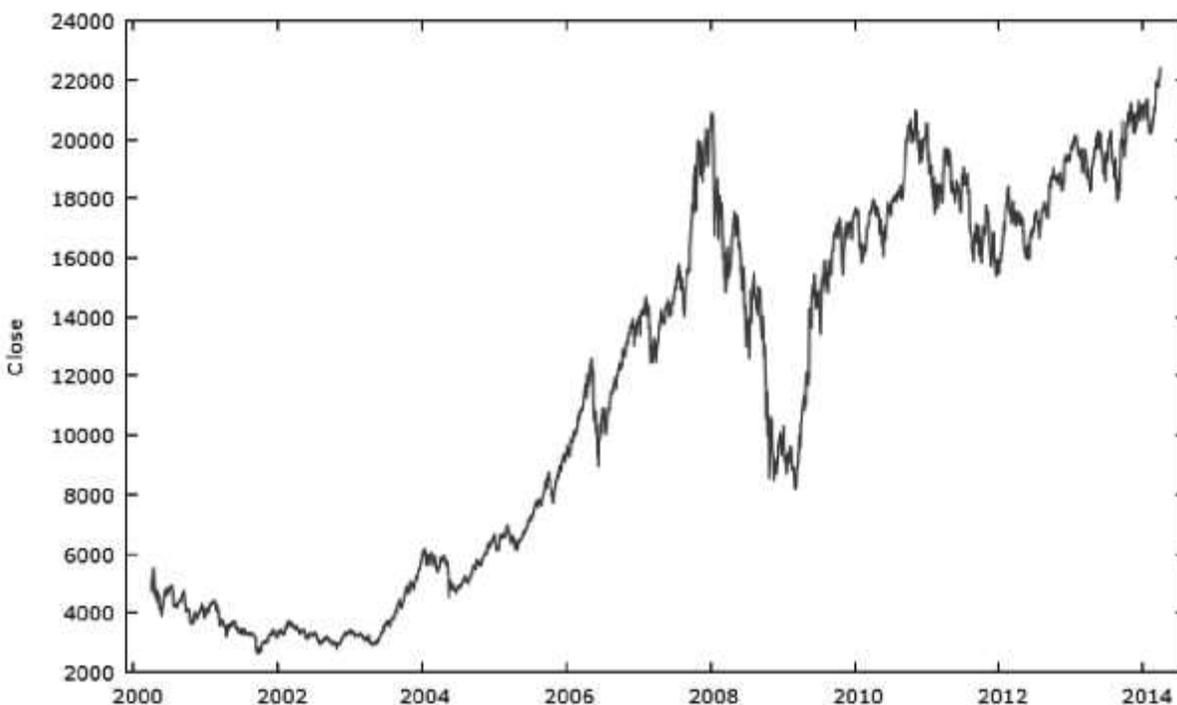


Figure 1: Time Series Plot for Close Price of BSE-SENSEX from year 2000 to year 2014

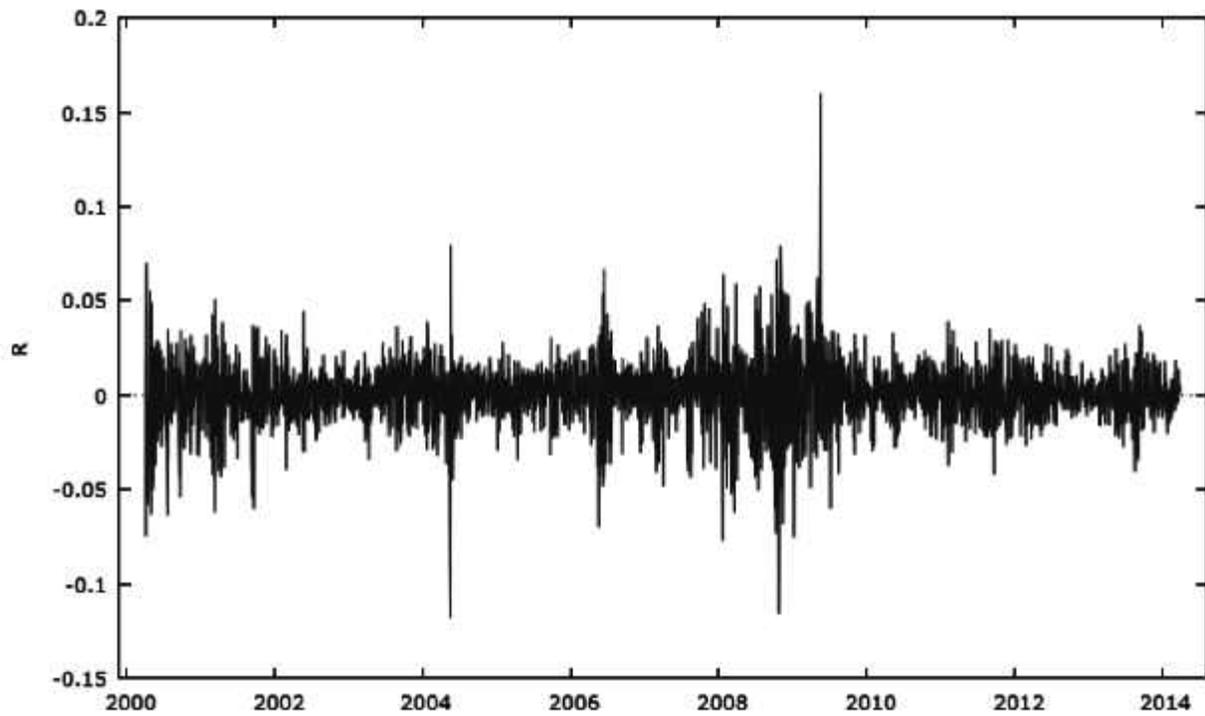


Figure 2: Time Series plot for Stock Returns for BSE SENSEX for year 2000 to year 2014



Figure 3: Time Series Plot for Daily Closing Price of CNX Nifty for year 2000 to year 2014

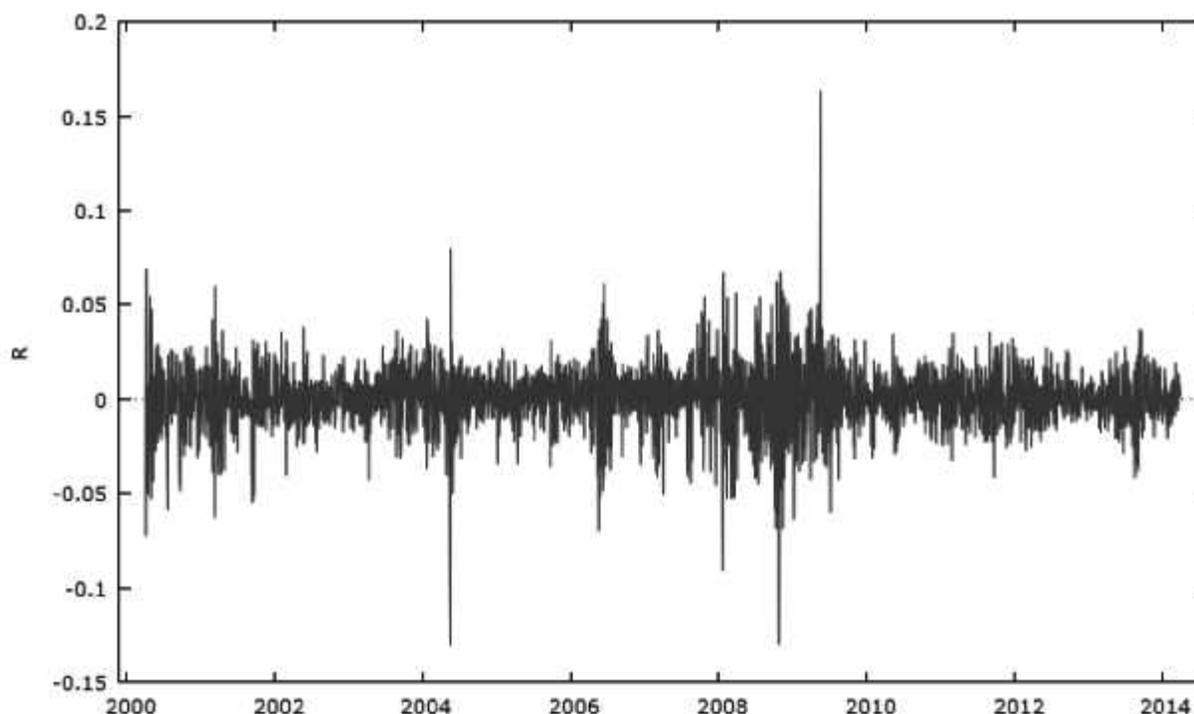


Figure 4: Time Series Plot for Stock Returns of CNX Nifty for year 2000 to year 2014

Table 2 and 3 shows the estimates of GARCH (1, 1), EGARCH (1, 1) and TGARCH or TARCH (1, 1) models for both BSE SENSEX and CNX Nifty respectively. Table 2 and 3 reveals that in case of GARCH (1, 1) Model for both BSE SENSEX and CNX Nifty the sum of ARCH and GARCH term i.e. $(\alpha + \beta)$ has been very close to one which indicates that the volatility shocks are very persistent and point towards the presence of covariance stationary model with

high degree of persistence and long memory in the conditional variance. Here it is clear that bulk of information come from previous day forecasts i.e. around 85% in case of both BSE SENSEX and CNX Nifty respectively. The new information changes this a little and the long run average variance has very small effect.

Table 2: GARCH (1, 1), EGARCH (1, 1) and TGARCH (1, 1) Models for BSE SENSEX

Model: GARCH (1, 1) [Bollerslev] (Normal)*				
Dependent variable: R				
Sample: 2000/04/04-2014/03/31 (T = 3494), VCV method: Robust				
Conditional mean equation				
	Coefficient	std. error	z	p-value
Const	0.000975998	0.000215007	4.539	5.64e-06***
Conditional variance equation				
	Coefficient	std. error	z	p-value
Omega	5.13537e-06	1.56004e-06	3.292	0.0010***
Alpha	0.126863	0.0199529	6.358	2.04e-010***
Beta	0.854089	0.0225750	37.83	0.0000***
Llik: 10085.36258			AIC: -20162.72517	
BIC: -20138.08996			HQC: -20153.93239	

Model: EGARCH (1, 1) [Nelson] (Normal)				
Dependent variable: R				
Sample: 2000/04/04-2014/03/31 (T = 3489), VCV method: Robust				
Conditional mean equation				
	Coefficient	std. error	z	p-value
Const	0.000515389	0.000260221	1.981	0.0476**
Conditional variance equation				
	Coefficient	std. error	z	p-value
Omega	-0.473319	0.0845245	-5.600	2.15e-08***
Alpha	0.234332	0.0270768	8.654	4.96e-018***
Gamma	-0.0855040	0.0170656	-5.010	5.43e-07***
Beta	0.966079	0.00874092	110.5	0.0000***
Llik: 10106.92574		AIC: -20203.85149		
BIC: -20173.05748		HQC: -20192.86051		

Model: TARCH (1, 1) [Zakoian] (Normal)				
Dependent variable: R				
Sample: 2000/04/04-2014/03/31 (T = 3494), VCV method: Robust				
Conditional mean equation				
	Coefficient	std. error	z	p-value
Const	0.000515104	0.000214975	2.396	0.0166**
Conditional variance equation				
	Coefficient	std. error	z	p-value
Omega	8.39995e-06	2.10843e-06	3.984	6.78e-05***
Alpha	0.128581	0.0156726	8.204	2.32e-016***
Gamma	0.395571	0.0754199	5.245	1.56e-07***
Beta	0.863816	0.0172745	50.01	0.0000***
Llik: 10105.67131		AIC: -20201.34263		
BIC: -20170.54861		HQC: -20190.35165		

Table 3: GARCH (1, 1), EGARCH (1, 1) and TGARCH (1, 1) Models for CNX Nifty

Model: GARCH (1, 1) [Bollerslev] (Normal)*				
Dependent variable: R				
Sample: 2000/04/04-2014/03/31 (T = 3489), VCV method: Robust				
Conditional mean equation				
	Coefficient	std. error	z	p-value
Const	0.000940610	0.000219153	4.292	1.77e-05***
Conditional variance equation				
	Coefficient	std. error	z	p-value
Omega	5.54463e-06	1.75236e-06	3.164	0.0016***
Alpha	0.126984	0.0209010	6.075	1.24e-09***
Beta	0.853162	0.0234635	36.36	1.75e-289***
Llik: 10042.90591		AIC: -20077.81182		
BIC: -20053.18234		HQC: -20069.02044		

Model: EGARCH (1, 1) [Nelson] (Normal)				
Dependent variable: R				
Sample: 2000/04/04-2014/03/31 (T = 3489), VCV method: Robust				
Conditional mean equation				
	Coefficient	std. error	z	p-value
Const	0.000539504	0.000264441	2.040	0.0413**
Conditional variance equation				
	Coefficient	std. error	z	p-value
Omega	-0.521224	0.0976176	-5.339	9.32e-08***
Alpha	0.242385	0.0282976	8.566	1.08e-017***
Gamma	-0.0921352	0.0184519	-4.993	5.94e-07***
Beta	0.961150	0.0102844	93.46	0.0000***
Llik: 10069.08070		AIC: -20128.16139		
BIC: -20097.37454		HQC: -20117.17217		

Model: TARCH(1,1) [Zakoian] (Normal)				
Dependent variable: R				
Sample: 2000/04/04-2014/03/31 (T = 3489), VCV method: Robust				
Conditional mean equation				
	Coefficient	std. error	z	p-value
Const	0.000540272	0.000214677	2.517	0.0118**

Conditional variance equation				
	Coefficient	std. error	z	p-value
Omega	9.53577e-06	2.41702e-06	3.945	7.97e-05***
Alpha	0.134023	0.0167241	8.014	1.11e-015***
Gamma	0.414067	0.0764776	5.414	6.16e-08***
Beta	0.855009	0.0186384	45.87	0.0000***
Llik: 10067.54609		AIC: -20125.09218		
BIC: -20094.30533		HQC: -20114.10296		

In case of EGARCH (1, 1) the sum of ARCH and GARCH coefficients i.e. $(\alpha + \beta)$ indicate the extent to which a volatility shock is persistent over time. Here since $(\alpha + \beta)$ for both BSE SENSEX and CNX Nifty has been greater than one i.e. 1.19 and 1.20 for BSE SENSEX and CNX Nifty respectively which points towards non stationary condition. Since $\omega > 0$, EGARCH model supports the existence of asymmetry in the stock return. A negative value of ω_i i.e. -0.0855 and -0.092 for BSE SENSEX and CNX Nifty respectively shows that bad news has a bigger impact on volatility than good news of same magnitude.

In TGARCH or TARCH (1, 1) model, the good news has an impact of $\alpha = 0.1285$ and $\alpha = 0.134$ on volatility of BSE SENSEX and CNX Nifty respectively. Bad news has an impact of $(\alpha + \omega) = 0.51$ and 0.54 on the volatility of BSE SENSEX and CNX Nifty respectively. Since $\omega > 0$, it can be concluded that the news impact is asymmetric and there is presence of leverage effect. The Value of $(\alpha + \beta + \omega/2)$ has been 1.190183 and 1.196066 for BSE SENSEX and CNX Nifty respectively which shows that the conditional variance is not stationary. On the basis of Akaike Information Criterion (AIC), Bayesian Information Criterion or Schwartz Information Criterion (BIC or SIC) and Maximum Likelihood ratio (Llik), EGARCH (1, 1) models is the most fitting model with minimum AIC, BIC or SIC and maximum Llik for both BSE SENSEX and CNX Nifty respectively.

Conclusion

Forecasting and Modelling Volatility has become an important area of research in financial markets. Characteristics of Indian Stock Market Volatility have been similar to many other major developed and emerging stock markets. It has witnessed auto correlation and negative asymmetry in daily returns. It is shown that asymmetrical GARCH Models have outperformed symmetrical GARCH Models. As shown in EGARCH (1, 1) and TARCH (1, 1) Model, negative news have greater impact have greater impact on volatility of Indian Stock Market as compared to good news of equal magnitude. The Conditional Variance in both BSE SENSEX and CNX Nifty has been non stationary.

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Motivating and Hygiene Factors with Respect to Retention and Attrition in Indian IT Companies

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Abstract

Hertzberg's (1959) two-factor model of motivation suggested that satisfaction was related to intrinsic work ("motivating") factors, while dissatisfaction was associated with extrinsic ("hygiene") factors. This independence of the determinants of satisfaction and dissatisfaction would be expected to extend from perceptions to actions. In particular, retention/attrition should mirror the motivating/hygiene dichotomy. The present study proposes to examine the motivating/hygiene dichotomy with respect to attrition in Indian information technology (IT) companies. The study would help Indian IT companies formulate strategies to control attrition and to enhance retention.

Keywords: *Hertzberg's two-factor theory, motivating/hygiene dichotomy, attrition/retention.*

Introduction

Employee motivation, as an area of research and practice, has an important role in the field of management. At the practical level, it is integral to employee performance, and, at the theoretical level, it provides a foundation for theories of effective management practices (Steers, et al., 2004). For managers, the concept of employee motivation plays a role in catalyzing employees' ability and attitude in optimizing employee performance (Moorhead and Griffin, 1998). This is of particular concern in today's changing work environment, characterized by increased competition and globalization. In such a competitive business environment, a motivated workforce is a powerful source of competitive advantage.

The two-factor model, proposed by Herzberg et al (1959), was a theoretical departure from the traditional continuum concept of motivation by suggesting that job satisfaction and job

dissatisfaction operated on different continua and were independent of each other. The model asserts that satisfaction is related to intrinsic work ("motivating") factors, whereas dissatisfaction to extrinsic ("hygiene") factors. Since then, the two-factor model has received both widespread support and criticism (Blum and Naylor, 1984).

Several studies have attempted to test the validity of Herzberg's model. The empirical evidence is contradictory in nature, but it provides partial confirmation of the theory. Many studies show a mixing of intrinsic and extrinsic factors (Ewen, 1964; Blum and Naylor, 1984; Dash et al, 2008). In fact, Dash et al (2008) reported overall conformance with Hertzberg's theory, though with increased emphasis on work relationships, performance, and recognition as motivating factors. This independence of the determinants of satisfaction and dissatisfaction would be expected to extend from perceptions to actions. In particular, retention/attrition should mirror the motivating/hygiene

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dichotomy. Attrition has several serious direct and indirect impacts on organizations. Hence it is important for organizations to understand and manage attrition. Managing attrition does not only mean reducing attrition; it also means mitigating the negative effects of attrition and enhancing the positive effects of attrition, using appropriate retention and talent utilization strategies.

There are several factors that affect an individual's decision to leave a job, and these can be classified into individual-related factors, role or job-related factors, organization-related factors, family-related factors, and society-related factors (Porter and Steers, 1973; Adhikari, 2009; Kasmji, 2011). The individual-related factors affecting retention/attrition are rooted fundamentally with career growth, and are related to economic aspirations, professional aspirations, family aspirations and all kinds of aspirations and ambitions. This includes aspirations in relation to salary and perks, housing, quality of living, need for savings, and so on. Often, either organizations don't grow at the pace at which the individual career aspirations grow or other organizations grow at a pace that matches the individual, causing individuals to move. Thus, organizations need to appreciate the growth and mobility and understand attrition as a natural phenomenon, rather than be agitated about it. On the other hand, if the organization can do something to create new opportunities that meet the growing aspirations of competent people, it should certainly be attempted.

Some individual-related factors stem from personality. Some people have a high need for variety. They are highly achievement-driven and want to achieve new heights in the shortest time. They need to change their job or what they are doing at periodic intervals. Some may have a different motivation or value profile which may not be matched by the current job or the company and hence the decision to leave.

The job-related factors influencing attrition include the inability to use ones' competencies, lack of challenge, boss and his styles, lack of scope for growth in terms of position and salary, status and other factors, role clarity, job stress or role stress or role stagnation, lack of independence or freedom and autonomy, lack of learning opportunities, and lack of excitement and innovation/novelty in the job. These factors may be intrinsic and job-related or extrinsic and job chemistry-related. Intrinsic factors are the factors related to the characteristic of the job. Extrinsic factors are factors like role clarity, independence and autonomy, bad boss, wrong chemistry of the team, work conditions that can be changed easily, lack of respect shown to the individuals, and so on. An important consideration in job-related factors is that of equity. Employees often make comparisons with peers, batch, age

group, organization, first job, city, and so on. There are many dimensions on which comparisons can be made. Any perceived difference, intrinsic or extrinsic, can be a potential cause of attrition. Family-related factors also have an influence on attrition. Sometimes the desire to be with the close ones also pushes the person to move. This includes factors such as mobility of partner, fatigue, family reasons like having to look after old parents, closeness to kith and kin, and many others.

Data and Methodology

The methodology for the study follows that of Dash et al (2008), extended to the context of retention/attrition. The data for the study was collected from a sample of eighty-eight employees in information technology (IT) organizations situated in Bangalore, India. The data was collected from the respondents using a structured questionnaire.

The respondents were asked to determine, in their opinion, which of the factors were 'motivating factors' in the sense that the presence of the factor would lead the respondent to feel satisfied with the organization and would result in their continuing with the organization, and which of the factors were 'hygiene factors' in the sense that the absence of the factor would lead the respondent to feel dissatisfaction with the organization and would result in their quitting the organization.

In terms of gender, 79.5% of the respondents were male, and 20.5% were female. In terms of age, 26.1% of the respondents were less than 25 years of age, 69.1% were between 25 and 30 years of age, and 4.5% were more than 30 years of age. In terms of income, 5.7% of the respondents earned less than Rs. 3 lakh p.a., 52.9% earned between Rs. 3 lakh and Rs. 5 lakh p.a., and 41.4% earned more than Rs. 5 lakh p.a. In terms of marital status, 70.5% of the respondents were single/unmarried, and 29.5% were married. In terms of managerial level, 34.9% of the respondents were entry-level, 46.5% were junior-level management, and 18.6% were middle-level management.

Analysis and Interpretation

The findings from the survey are presented in the table 1.

Table 1: Motivating and Hygiene Factors

FACTORS	MOTIVATION	HYGIENE
Team Incentives	90.6%	9.4%
Job Variety & Rotation	81.6%	18.4%
Training	80.2%	19.8%
Empowerment/Autonomy	79.3%	20.7%
Team Productivity	78.8%	21.2%
Cafeteria	78.4%	21.6%
Challenging Jobs/Tasks	77.3%	22.7%
Performance Rating	76.5%	23.5%
ESOPs	76.3%	23.7%
Promotion	75.9%	24.1%
Relations With Superiors	75.9%	24.1%
Flexi-time	72.4%	27.6%
Career Growth & Opportunities	67.0%	33.0%
Company Location	64.7%	35.3%
Organization Culture	64.4%	35.6%
Travel Allowance	62.1%	37.9%
Sabbaticals	60.5%	39.5%
Recognition & Awards	55.7%	44.3%
Peer Support	54.7%	45.3%
Fixed Salary	53.5%	46.5%
Working Conditions	43.7%	56.3%
Role Clarity	43.0%	57.0%

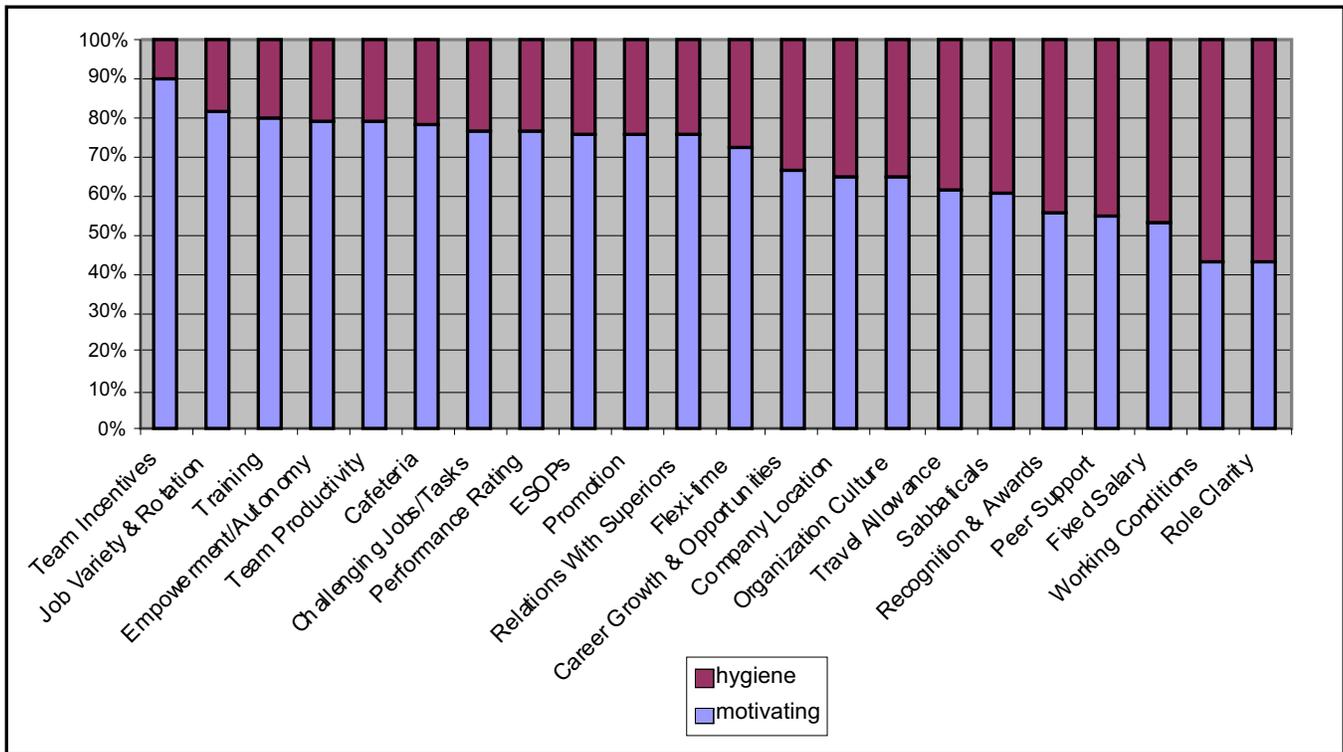


Figure 1: motivating and hygiene factors

It was found that 90.6% of the respondents perceived team incentives to be a motivating factor. Moreover, there was no significant difference in the perception of team incentives as a motivating/hygiene factor across gender, age, and income groups. However, there were significant differences in the perception of team incentives as a motivating/hygiene factor between marital status groups ($\chi^2 = 10.284$, $p = 0.001$) and at different levels of management ($\chi^2 = 6.290$, $p = 0.043$): 96.8% of the respondents who were single perceived team incentives to be a motivating factor, while only 73.9% of the respondents who were married perceived team incentives to be a motivating factor (in fact, only 66.67% of the married men respondents perceived team incentives to be a motivating factor); 100% of the respondents at entry level perceived team incentives to be a motivating factor, 93.8% of the respondents at middle-level management perceived team incentives to be a motivating factor, while only 82.1% of the respondents at junior-management level perceived team incentives to be a motivating factor.

It was found that 81.6% of the respondents perceived job variety/rotation to be a motivating factor. Moreover, there was no significant difference in the perception of job variety/rotation as a motivating/hygiene factor across age, income, marital status, and management level groups. However, there was a difference in the perception of job variety/rotation as a motivating/hygiene factor between gender groups ($\chi^2 = 3.376$, $p = 0.066$): 85.5% of the men respondents perceived job variety/rotation to be a motivating factor, while only 66.7% of the women respondents perceived job variety/rotation to be a motivating factor.

It was found that 80.2% of the respondents perceived training to be a motivating factor. Moreover, there was no significant difference in the perception of training as a motivating/hygiene factor across gender, age, and income groups. However, there were significant differences in the perception of training as a motivating/hygiene factor between marital status groups ($\chi^2 = 13.152$, $p = 0.000$) and the between different levels of management ($\chi^2 = 5.170$, $p = 0.075$): 88.7% of the respondents who were single perceived training to be a motivating factor, while only 53.8% of the respondents who were married perceived training to be a motivating factor (in fact, only 42.9% of the married men respondents perceived training to be a motivating factor); 90.0% of the respondents at entry level perceived training to be a motivating factor, 81.3% of the respondents at middle-level management perceived training to be a motivating factor, while only 67.5% of the respondents at junior-management level perceived training to be a motivating factor.

It was found that 79.3% of the respondents perceived empowerment/autonomy to be a motivating factor. Moreover, there was no significant difference in the perception of empowerment/autonomy as a motivating/hygiene factor across any of the demographic groupings (viz. gender, age, income, marital status, management level): in all demographic groups, more than 78% of the respondents perceived empowerment/autonomy to be a motivating factor.

It was found that 78.8% of the respondents perceived team productivity to be a motivating factor. Moreover, there was no significant difference in the perception of team productivity as a motivating/hygiene factor across gender, income, marital status, and management level groups. However, there was significant difference in the perception of team productivity as a motivating/hygiene factor across different age groups ($\chi^2 = 6.629$, $p = 0.036$): 85.5% of the respondents who were more than 25 years of age perceived team productivity to be a motivating factor, while only 60.9% of the respondents who were less than 25 years of age perceived team productivity to be a motivating factor.

It was found that 78.4% of the respondents perceived cafeteria to be a motivating factor. Moreover, there was no significant difference in the perception of cafeteria as a motivating/hygiene factor across gender, income, marital status, and management level groups. However, there was significant difference in the perception of cafeteria as a motivating/hygiene factor across different age groups ($\chi^2 = 9.162$, $p = 0.010$): 100% of the respondents who were more than 25 years of age perceived cafeteria to be a motivating factor, while only 73.4% of the respondents who were more than 25 years of age perceived cafeteria to be a motivating factor.

It was found that 77.3% of the respondents perceived challenging jobs/tasks to be a motivating factor. Moreover, there was no significant difference in the perception of challenging jobs/tasks as a motivating/hygiene factor across gender, age, and marital status groups. However, there were significant differences in the perception of challenging jobs/tasks as a motivating/hygiene factor between income groups ($\chi^2 = 6.857$, $p = 0.032$) and at different levels of management ($\chi^2 = 7.464$, $p = 0.024$): 85.4% of the respondents with income less than Rs. 5 lakh p.a. perceived challenging jobs/tasks to be a motivating factor, while only 58.6% of the respondents with income more than Rs. 5 lakh p.a. perceived challenging jobs/tasks to be a motivating factor; 93.3% of the respondents at entry level perceived challenging jobs/tasks to be a motivating factor, while only 70.0% of the respondents at junior-level management perceived challenging jobs/tasks to be a motivating factor, and 62.5% of the respondents at middle-

level management perceived challenging jobs/tasks to be a motivating factor.

It was found that 76.5% of the respondents perceived performance rating to be a motivating factor. Moreover, there was no significant difference in the perception of performance rating as a motivating/hygiene factor across income groups. However, there were significant differences in the perception of performance rating as a motivating/hygiene factor between gender groups ($\chi^2 = 7.026, p = 0.008$), age groups ($\chi^2 = 4.901, p = 0.086$), marital status groups ($\chi^2 = 4.265, p = 0.039$) and at different levels of management ($\chi^2 = 4.139, p = 0.126$): 100% of the women respondents perceived performance rating to be a motivating factor, while only 70.1% of the men respondents perceived performance rating to be a motivating factor; 91.3% of the respondents who were less than 25 years of age perceived performance rating to be a motivating factor, while 71.0% of the respondents who were more than 25 years of age perceived performance rating to be a motivating factor; 82.3% of the respondents who were single perceived performance rating to be a motivating factor, while only 60.9% of the respondents who were married perceived performance rating to be a motivating factor; 89.3% of the respondents at entry level perceived performance rating to be a motivating factor, while only 69.2% of the respondents at junior-level management perceived performance rating to be a motivating factor, and 68.8% of the respondents at middle-level management perceived performance rating to be a motivating factor.

It was found that 76.3% of the respondents perceived ESOPs to be a motivating factor. Moreover, there was no significant difference in the perception of ESOPs as a motivating/hygiene factor across gender, age, income, and management level groups. However, there were significant differences in the perception of ESOPs as a motivating/hygiene factor between marital status groups ($\chi^2 = 12.889, p = 0.000$): 86.4% of the respondents who were single perceived ESOPs to be a motivating factor, while 52.4% of the respondents who were married perceived ESOPs to be a hygiene factor (in fact, 62.5% of the married men respondents perceived ESOPs to be a hygiene factor).

It was found that 75.9% of the respondents perceived promotion to be a motivating factor. Moreover, there was no significant difference in the perception of promotion as a motivating/hygiene factor across gender, age, income, and marital status groups. However, there was significant difference in the perception of promotion as a motivating/hygiene factor at different levels of management ($\chi^2 = 9.526, p = 0.009$): 89.7% of the respondents at entry level perceived promotion to be a

motivating factor, 87.5% of the respondents at middle-level management perceived promotion to be a motivating factor, while only 60.0% of the respondents at junior-management level perceived promotion to be a motivating factor.

It was found that 75.9% of the respondents perceived relations with superiors to be a motivating factor. Moreover, there was no significant difference in the perception of relations with superiors as a motivating/hygiene factor across marital status groups. However, there were significant differences in the perception of relations with superiors as a motivating/hygiene factor between gender groups ($\chi^2 = 2.103, p = 0.147$), between age groups ($\chi^2 = 6.125, p = 0.047$), income groups ($\chi^2 = 22.548, p = 0.000$) and at different levels of management ($\chi^2 = 12.836, p = 0.002$): 88.9% of the women respondents perceived relations with superiors to be a motivating factor, while only 72.5% of the men respondents perceived relations with superiors to be a motivating factor; 91.3% of the respondents who were less than 25 years of age perceived relations with superiors to be a motivating factor, while 70.3% of the respondents who were more than 25 years of age perceived relations with superiors to be a motivating factor; 95.1% of the respondents with income less than Rs. 5 lakh p.a. perceived relations with superiors to be a motivating factor, while 55.2% of the respondents with income more than Rs. 5 lakh p.a. perceived relations with superiors to be a motivating factor; 100% of the respondents at entry level perceived relations with superiors to be a motivating factor, while only 67.5% of the respondents at junior-level management perceived relations with superiors to be a motivating factor, and 62.5% of the respondents at middle-level management perceived relations with superiors to be a motivating factor.

It was found that 72.4% of the respondents perceived flexi-time to be a motivating factor. Moreover, there was no significant difference in the perception of flexi-time as a motivating/hygiene factor across age and management level groups. However, there were significant differences in the perception of flexi-time as a motivating/hygiene factor between gender groups ($\chi^2 = 1.451, p = 0.228$), income groups ($\chi^2 = 4.135, p = 0.126$) and marital status groups ($\chi^2 = 4.731, p = 0.030$): 75.4% of the men respondents perceived flexi-time to be a motivating factor, while only 61.1% of the women respondents perceived flexi-time to be a motivating factor; 79.3% of the respondents with income more than Rs. 5 lakh p.a. perceived flexi-time to be a motivating factor, while only 53.7% of the respondents with income less than Rs. 5 lakh p.a. perceived flexi-time to be a motivating factor; 79.0% of the respondents who were single perceived flexi-time to be a motivating factor, while only 56.0% of the respondents who were married perceived flexi-time to be a motivating factor.

It was found that 67.0% of the respondents perceived career growth & opportunities to be a motivating factor. Moreover, there was no significant difference in the perception of career growth & opportunities as a motivating/hygiene factor across gender and income groups. However, there were significant differences in the perception of career growth & opportunities as a motivating/hygiene factor between age groups ($\chi^2 = 15.565$, $p = 0.000$), marital status groups ($\chi^2 = 7.661$, $p = 0.006$) and between the different levels of management ($\chi^2 = 3.487$, $p = 0.175$): 78.5% of the respondents who were more than 25 years of age perceived career growth & opportunities to be a motivating factor, while 62.5% of the respondents who were less than 25 years of age perceived career growth & opportunities to be a hygiene factor; 88.5% of the respondents who were married perceived career growth & opportunities to be a motivating factor, while only 58.1% of the respondents who were single perceived career growth & opportunities to be a motivating factor; only 53.3% of the respondents at entry level perceived career growth & opportunities to be a motivating factor, while 72.5% of the respondents at junior-level management perceived career growth & opportunities to be a motivating factor, and 75.0% of the respondents at middle-level management perceived career growth & opportunities to be a motivating factor.

It was found that 64.7% of the respondents perceived company location to be a motivating factor. Moreover, there was no significant difference in the perception of company location as a motivating/hygiene factor across age and management level groups. However, there were significant differences in the perception of company location as a motivating/hygiene factor between gender groups ($\chi^2 = 4.105$, $p = 0.043$), income groups ($\chi^2 = 3.936$, $p = 0.140$) and marital status groups ($\chi^2 = 3.934$, $p = 0.047$): 70.1% of the men respondents perceived company location to be a motivating factor, while 55.6% of the women respondents perceived company location to be a hygiene factor; 75.9% of the respondents with income more than Rs. 5 lakh p.a. perceived company location to be a motivating factor, while only 55.0% of the respondents with income less than Rs. 5 lakh p.a. perceived company location to be a motivating factor; 71.0% of the respondents who were single perceived company location to be a motivating factor, while 52.2% of the respondents who were married perceived company location to be a hygiene factor.

It was found that 64.4% of the respondents perceived organizational culture to be a motivating factor. Moreover, there was no significant difference in the perception of organizational culture as a motivating/hygiene factor across age, income, marital status, and management level groups. However, there was difference in the perception of

organizational culture as a motivating/hygiene factor between gender groups ($\chi^2 = 3.559$, $p = 0.059$): 83.3% of the women respondents perceived organizational culture to be a motivating factor, while only 59.4% of the men respondents perceived organizational culture to be a motivating factor.

It was found that 62.1% of the respondents perceived travel allowance to be a motivating factor. Moreover, there was no significant difference in the perception of travel allowance as a motivating/hygiene factor across income, marital status, and management level groups. However, there were significant differences in the perception of travel allowance as a motivating/hygiene factor between gender groups ($\chi^2 = 2.379$, $p = 0.123$) and between age groups ($\chi^2 = 7.735$, $p = 0.021$): 77.8% of the women respondents perceived travel allowance to be a motivating factor, while only 58.0% of the men respondents perceived travel allowance to be a motivating factor; 70.3% of the respondents who were more than 25 years of age perceived travel allowance to be a motivating factor, while 60.9% of the respondents who were less than 25 years of age perceived travel allowance to be a hygiene factor.

It was found that 60.5% of the respondents perceived sabbaticals to be a motivating factor. Moreover, there was no significant difference in the perception of sabbaticals as a motivating/hygiene factor across gender and income groups. However, there were significant differences in the perception of sabbaticals as a motivating/hygiene factor between age groups ($\chi^2 = 16.689$, $p = 0.000$), marital status groups ($\chi^2 = 2.923$, $p = 0.087$) and at different levels of management ($\chi^2 = 9.672$, $p = 0.008$): 72.4% of the respondents who were more than 25 years of age perceived sabbaticals to be a motivating factor, while 69.6% of the respondents who were less than 25 years of age perceived sabbaticals to be a hygiene factor; 76.2% of the respondents who were married perceived sabbaticals to be a motivating factor, while only 55.0% of the respondents who were single perceived sabbaticals to be a motivating factor; 75.7% of the respondents at junior-level management perceived sabbaticals to be a motivating factor, and 60.0% of the respondents at middle-level management perceived sabbaticals to be a motivating factor, while 63.0% of the respondents at entry level perceived sabbaticals to be a hygiene factor.

It was found that 55.7% of the respondents perceived recognition & awards to be a motivating factor. Moreover, there was no significant difference in the perception of recognition & awards as a motivating/hygiene factor across income and marital status groups. However, there were significant differences in the perception of recognition & awards as a motivating/hygiene factor between gender groups ($\chi^2 = 4.580$, $p = 0.032$), between age groups ($\chi^2 = 5.076$, $p = 0.079$), and

between the different levels of management ($\chi^2 = 11.741$, $p = 0.003$): 61.4% of the men respondents perceived recognition & awards to be a motivating factor, while 66.7% of the women respondents perceived recognition & awards to be a hygiene factor; 65.2% of the respondents who were less than 25 years of age perceived recognition & awards to be a motivating factor, while only 52.3% of the respondents who were more than 25 years of age perceived recognition & awards to be a motivating factor; 73.3% of the respondents at entry level perceived recognition & awards to be a motivating factor, and 68.8% of the respondents at middle-level management perceived recognition & awards to be a motivating factor, while 65.0% of the respondents at junior-level management perceived recognition & awards to be a hygiene factor.

It was found that 54.7% of the respondents perceived peer support to be a motivating factor. Moreover, there was no significant difference in the perception of peer support as a motivating/hygiene factor across age, income, marital status, and management level groups. However, there was a significant difference in the perception of peer support as a motivating/hygiene factor between gender groups ($\chi^2 = 4.913$, $p = 0.027$): 77.8% of the women respondents perceived peer support to be a motivating factor, while 51.5% of the men respondents perceived peer support to be a hygiene factor.

It was found that 53.5% of the respondents perceived fixed salary to be a motivating factor. Moreover, there was no significant difference in the perception of fixed salary as a motivating/hygiene factor across gender, income, marital status, and management level groups. However, there was a difference in the perception of fixed salary as a motivating/hygiene factor between age groups ($\chi^2 = 5.145$, $p = 0.076$): 69.6% of the respondents who were less than 25 years of age perceived fixed salary to be a motivating factor, while only 52.4% of the respondents who were more than 25 years of age perceived fixed salary to be a hygiene factor.

It was found that 56.3% of the respondents perceived working conditions to be a hygiene factor. Moreover, there was no significant difference in the perception of working conditions as a motivating/hygiene factor across income, marital status, and management level groups. However, there were significant differences in the perception of working conditions as a motivating/hygiene factor between gender groups ($\chi^2 = 7.517$, $p = 0.006$) and between age groups ($\chi^2 = 4.817$, $p = 0.090$): 63.8% of the men respondents perceived working conditions to be a hygiene factor, while 72.2% of the women respondents perceived working conditions to be a motivating factor; 65.2% of the respondents who were less than 25 years of age perceived working conditions to be a hygiene factor, while

53.1% of the respondents who were more than 25 years of age perceived working conditions to be a hygiene factor.

It was found that 57.0% of the respondents perceived role clarity to be a hygiene factor. Moreover, there was no significant difference in the perception of role clarity as a motivating/hygiene factor across gender, income, marital status, and management level groups. However, there was a significant difference in the perception of role clarity as a motivating/hygiene factor between age groups ($\chi^2 = 9.118$, $p = 0.010$): 78.3% of the respondents who were less than 25 years of age perceived role clarity to be a hygiene factor, while 50.8% of the respondents who were more than 25 years of age perceived role clarity to be a motivating factor.

Result and Discussion

The results of the study indicate that, for the IT industry, most of the factors, even many which would have been considered as extrinsic, are perceived to be motivating, that is, their presence would induce employees to remain with the organization, and very few of the factors are considered to be hygienic, that is, their absence would induce employees to leave the organization. Thus, retention/attrition does not seem to exhibit the motivation/hygiene dichotomy as sharply as satisfaction/dissatisfaction. Also, very few of the factors are hygienic, reflecting to some extent generally better working conditions in the IT industry.

In fact, it is the hygiene factors that require particular attention. The results of the study indicate that the hygiene factors are those of role clarity, working conditions, fixed salary, peer support, and recognition & awards. These by and large are consistent with Herzberg's (1959) original findings, except for recognition & awards. The results of the study indicate a shift from the original Herzberg theory, in that recognition & awards have become hygienic factors in the IT industry. On the other hand, relationship with superiors, which should have been a hygiene factor, was found to be strongly motivating. Another interesting insight that is identified is the importance of teams and team performance in the IT industry, both of which feature as strong motivators.

The present study suffers from some limitations. The sample size is relatively small, comprising only eighty-eight IT employees. Also, there was very high variation in the responses. To some extent the sample is homogeneous since most of the respondents were male, in the age group 25-30 years, and at the junior management level, so further research would be required to extend the results. Also, there is scope for more detailed research, considering more factors, and perhaps modeling the probability of leaving the organization.

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Organisational Routines: Multiple Learning Mechanisms

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Abstract

Organisational routines are central to organisational learning processes and the conceptualisation of organisational routine is problematic as it has attracted multiple interpretations. This paper conceptualises routine at the cognitive and socio-interactional levels. Learning of routines take different levels of individual cognitions, group cognitions and organisational cognitions. The cognitions wholly internal to the individual take shape in the social and interactional activities of group and organisation. There are different mechanisms that suggest the development of group and organisational cognitions that become the foundation of organisational routines. The different mechanisms of social and cognitive processes explicate the way routines are actively learned in the organization.

Keywords: *Organisational Routines, Shared Cognitions, Social Interactional Processes, Mechanisms of Cognitive-Interactional Learning.*

Organisational Routines

Organisational routines are found to be fundamentally significant in performance accomplishments (Cohen et al. 1996) and that enactment of routines holds the key to organisational effectiveness. Researchers have related organisational routines to organisational adaptation, innovation and learning (Feldman, 2003). Learning of organizational routine takes place at the cognitive and behavioural levels. According to Feldman (2003), there is a recursive relationship between cognitive changes and behaviour which implies that performances create and recreate the cognitions which can limit and accentuate the performance. In this paper attention is paid to the movement of shared cognitions at different levels of organisations resulting in the learning of organisational routines. The first part of the paper examines the nature and types of organisational routines, the second part of theoretical background deals with the social and the cognitive basis of learning of routines and the

third part treats the mechanisms of shared cognition in the learning of routines.

Introduction

Organizational routines are defined as “recurring patterns of behaviour of multiple organizational members involved in performing organizational tasks” (Feldman and Rafaeli, 2000). According to Becker (2004), however, routines are not just activity patterns, it can also be understood as cognitive regularities or recurring cognitive patterns or knowledge structures. Moreover routines also imply rules or more specifically ‘if-then’ rules, heuristics and rules of thumb, standard operating procedures, industry recipes and programs (Hall and Hitch, 1939; Cyert and March, 1963; Spender, 1989; Simon, 1977, all cited by Becker 2004). Another interpretation involves routines as dispositions (Hodgson, 2003) that manifest regular behaviour patterns of collective and connected nature

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(Feldman and Rafaeli, 2000) and also to express a thought in a regular manner (Hodgson and Knudsen, 2004).

Further, organizational routines are ‘effortful accomplishments’ of productive and processual nature (Becker, 2004). The processual nature is implied in the frequency of repetition, regularity of the frequency and that routine choices are also made under the time pressure (Becker, 2004). Along the lines of the distinction made by Feldman and Pentland (2003) organizational routines are characterized by a ‘performative’ part and an ‘ostensive’ part in which the former means the behavioural enactments or performances of routines and the latter implies the specific instantiations taken by specific individuals (Rerup and Feldman, 2011). Organisational routines can generally be defined as recurrent behaviour (covert and overt) patterns of collective and interactional nature. (Regular individual patterns of behaviour are referred to as habits). Tranfield, et al (2000) have categorised the organizational routine into standard, improvement and transformational where purpose becomes the criteria. Standard routines are the pervasive type and they are the most tangible, observable and frequently executed pattern of behaviour. Improvement routines are the regularized sequential forms of behaviour intended to bring about continuous improvements. And transformational routines comprise those exceptional /cyclical behavioural enactments that may bring about something fundamentally new in the organizational structure and processes.

Regardless of the purpose where the criteria of nature becomes important routines can be categorised into structural and functional routines. In the structural and design considerations, the routines may be in the direction of upward, downward and horizontal direction. Functional routines are based upon the grouping of similar activities and separation of dissimilar activities. And these routines can be in the realms of problem-solving, decision-making, leading, communication, promotion, hiring and firing, induction, motivation, performance evaluation, grievance redressal, discipline, supervision, budget, accounting and auditing, etc. In other words no organizational realm is free from newly learned and inherited routines. That is organizational routines are “established either through evolution or through the conscious design of someone other than the people participating in the routine” (Feldman, 2003).

Another dimension used to classify the routines is in terms of the level of complexity of the routine that is, routine can be either simple or complex (Becker, 2005). Simple and complex routines can be differentiated in terms of the task complexity and task interdependence. Task complexity involves the different steps and the number of connections between the elements and task interdependence is defined in terms of the

interdependence among the steps or the sequential relationships among the steps (Becker, 2005).

Plotting the variables of the nature of the routine and the level of complexity, the types of routines are diagrammed in Fig.1

Complex Level of Complexity	S2	F2
	S1	F1
Simple	Structural	Functional
Types of Routines		

Figure 1: Types of Routine

- **Type S1:** Rules and regulations, simple communication channels, simple delegated duties and responsibilities, simple interaction between the superiors and the subordinates.
- **Type S2:** Interdepartmental and organisational meetings, top management meetings, cross-level meetings, top-down and bottom-up interactions.
- **Type F1:** Single activities and combinations of activities constituting standard operating procedures and functions.
- **Type F2:** Planning, budgeting and strategy formulations that enable firms to carve a different niche in its operations.

The complexity and the way routines are enmeshed in the organisation make it evident that the emergence of routines cannot be left to an ‘invisible hand’ (Lazaric, 2011) or inheritance alone cannot be the candidate for the exercise of routines. The individual and the social practices constitute the most important link in the dynamic conceptualization and the embeddedness of routines in the organization (Lazaric, 2011) and here knowledge evolved through social and interactional practices becomes the cornerstone of learning of routines.

The Theoretical Background of The Study

Learning of routines starts with the individuals and the collective routines or organisational routines can be traced to the interactions of rules, interests, practices, activities and customs inherited and thus learned from the past and practiced in the present (Becker, 2004; Feldman, 2003). Learning in

organisations can be characterised by the states of knowledge not clearly perceptible and the behavioural changes perceptible (Fiol and Lyles, 1985). The crux of the learning of organizational routines involves the creation and the recreation of the cognitive patterns which become integral to the nature of the routines (Becker, 2004) and research has established a link between routinization and learning (Becker, 2005). Nelson and Winter (1980, cited by Lazaric, 2011) did not define routine as behavioural “lock-in” but as a source of knowledge that requires reformulation, renewal and relearning. According to Fiol and Lyles (1985) learning in organisations involves knowledge, structures, systems or actions. Routines are embodied with knowledge, structures, systems and actions. The invisible part of routine refers to routine as learned entities and the visible part refers to the learned performative and the ostensive levels (Rerup and Feldman, 2011). As cognition and actions are treated in a combinatorial manner (for e.g. Rerup and Feldman, 2011) and that cognition leads to action (Thomas, et al. 1993; Crossan, et al. 1999), the source of routines are to be traced to organisational cognitions or organisational memory. Enacting the same routine involves retrieving information from organisational memory (Levitt and March, 1988) whereas learning and relearning of routines involve bringing about changes at the level of individual, group and organisational cognitions.

According to Levitt and March (1988) the two mechanisms that result in the change of routines are trial and error experimentation and organizational search. The basis of trial-and-error experimentation is the success rate of an activity in meeting the target and in the search mechanism the best alternatives are selected which becomes the routine. The search for the best alternative is a cognitive activity characterised by processing of information available to the individual and/or the group (Swan, 1995).

In the socio-cognitive approach, routines are socially and cognitively constructed at the individual, group and the organizational levels leading to the emergence of routines of collective nature (Murray and Moses, 2005). Chiva and Alegre (2005) distinguish the cognitive possession perspective and the social process perspective in analyzing the organizational learning and knowledge processes. The former considers acquisition and changes in knowledge brought about and the latter perspective states the importance of situated identities and the knowledge developed in the communities of practice. Based on the opinions of scholars, Reshamn et al, (2009) state that learning and knowledge are based on the aggregate, adaptive, interpretative and social levels of the organization. In further explaining the nature of learning of organizational routines, it can be stated that it involves cognitive, social and

behavioural elements (Reshamn, et al 2009), all of which result in the formation of individual, group and organizational cognitions or what is generally called shared cognitions.

Social-cognitive/learning theory of Bandura (1989) is found to have high potential for explaining organizational processes and the theory identifies the dynamic interplay between the person, the environment and the behaviour as the basis of learning (Gibson, 2004). In his exposition of social-cognitive theory, Bandura (1989) suggests the dynamic causation of behaviour involving triadic determinism. And in this model of reciprocal causation, the three variables that bidirectionally influence each other are the Behaviour, the Person processes of cognition, biology and the other internal events that affect perceptions and actions and the External environment. Reciprocal causation further implies (1) interaction or the mutual influence between thought, affect and action, (2) interaction between personal characteristics and environmental influences (3) and the behavioural influence between behaviour and the environment. The bidirectional influence in the triadic process implies that the functioning of the individual is the outcome of the Person, Behavioural and the Environmental variables.

In the further elaboration of the social-cognitive theory, Bandura (1989) states the significance of symbolic interactionism in which individuals use symbols to process experiences derived from the environment and “symbols serve as the vehicle of thought”(Bandura, 1989). In the use of symbolic interactionism, organizational learning is the process by which individuals develop their knowledge and skills. In the same way direct experiences produce learning, vicarious learning of modelling other individual’s behaviour produce the same learning phenomena of knowledge acquisition and cognitive competencies to enact the behaviour, using the well-known processes of attention, retention, behavioural production and motivation. The cognitive perspective at the group and organisational level emphasises the deliberate and the concerted activity of collecting information, reflecting and processing the information and sharing and distributing the knowledge for better performance (Milway and Saxton, 2011). Pawlowsky (2001) has identified the two approaches of structural also labelled as representationism and corporate epistemology that underlines the interpretation process and the cognitive construction of reality. The structural approach identifies the characteristics of the cognitive structures in the information processing activity, which is further delineated by the cognitive complexity of differentiation and integration. Group and organisational cognitive structures called “composite cause maps”, collective cause maps or organisational mind or organisational schemata or shared

mental models or joint construction of reality, etc., are created in the processes of group and organisational interaction (Schneider and Angelmar, 1990; Pawlowsky, 2001).

Elaborating on the nature of corporate epistemology, Pawlowsky (2001) states that “it considers the interpretation process and the cognitive construction of reality”. Here knowledge creation and development are understood to be one of cooperative interpretation, based upon social interactions. Knowledge resides with the social interaction processes. In the views of organisational social cognitivists and social constructionists, through the process of ‘enactments’, organisations create and modify their own environment through the process of social interaction, reflection and information processing (Burnes, et al, 2003).

In the approach of Honey and Mumford (1986) four individualistic styles of learning in organisations are outlined. Activists are those who prefer to learn by using trial and error method that involves doing and redoing the activity to be learned in an effort to reduce error at each stage. Reflectors are the ones who deliberate, think aloud and ruminate to arrive at the solution or complete the learning process. Theorists prefer structured and systematic way of learning. Abstract thinking using complex ideas are their preferred mode. And finally pragmatists learn using practical and real-life situations where problems are identified and solutions brought forward. Huber (1991) puts forward an approach in which knowledge acquisition, information distribution, information interpretation and organisational memory are the stages of knowledge creation and distribution.

In the well-known cyclical approach of Kolb (1984), the process of learning goes through four stages of concrete experiences, reflective observation, abstract conceptualisation and active experimentation. The SECI model of Nonaka and Takeuchi (1995) identifies the four modes of socialisation, internalisation, combination and externalisation in the knowledge conversion process of tacit and explicit knowledge. In further understanding the development and transformation of individual, group and organisational cognition, it is essential to use the differentiation of knowledge into explicit and tacit (Polanyi, 1960, cited by Nonaka and Takeuchi, 1995). Explicit knowledge is implied in codified, stored or written form. Tacit knowledge, which has a personal quality and which is subjective, cannot be easily and readily objectified or expressed in words. Tacit knowledge involves individual’s feelings beliefs, schemata, paradigms, personal convictions that help one to interpret the world in a tacit way. Tacit and explicit knowledge are found at the individual, the group and the organisational levels. Nelson and Winter (2011, cited by Lazaric, 2011)

suggests an integration of personal knowledge and tacit knowledge in order to bring about the shared understandings and shared knowledge at the organisational level.

The five disciplines of personal mastery, mental models, shared visions, team learning, capacity for systems thinking (Senge, 1994) further open a new path in understanding the mechanisms and processes involved in individual cognition, group cognition and organisational cognition. And Garvin (1993) cites the five skills required in the organisational knowledge creation processes: systematic problem-solving, experimenting with new approaches, learning from own experiences and history, learning from others’ experience and history and transferring knowledge quickly through the organisation. Garvin’s (1993) approach revolves around bringing about changes in the cognitive structures of individuals which is in relation to group experiences and sharing such knowledge in the organisation.

The social constructivist view of knowing is related to a collective dynamic activity, practice and performance (Reshman, et al, 2009). The social perspective of learning lays emphasis on social interactions, communication and politics (Schneider and Angelmar, 1990). The cognitive learning is operationalized in the participative interactional realm, where it becomes group cognitions, which subsequently become organisational cognition in the network perspective. And the network perspective is built upon communication network theories, theories of homophily and proximity, theories of social exchange and social process theory (Skerlavaj, et al. 2010).

Thus learning of organisational routines can be understood from the perspective of cognitive processes and social process, which independently and in an interactional way determine the outcomes of learning of routines. The task of the researcher is to “unpack the organisational black-box in order to better grasp the complexity of organisational routines” (Lazaric, 2011). The unpacking of the black-box thus involves the delineation of the shared cognition mechanisms. Individual cognitions pave the way for collective cognitions. And these group cognitions become the organisational cognitions. Fig. 2 depicts the identified shared cognitions/group cognitions that become the basis of learning of routines. As it will be shown there are differences in the nature of the group cognition mechanisms of learning.

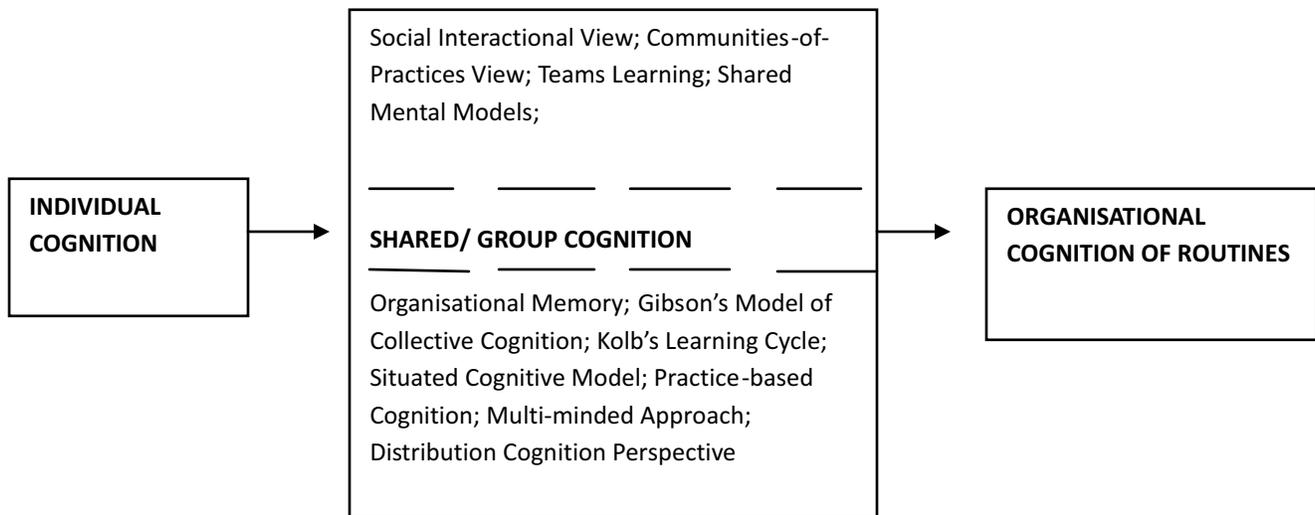


Figure 2: Mechanisms of Shared Cognition

The Mechanisms of Learning: Cognitive - Social - Interactional Views from A Shared Cognition Perspective

The issue to be examined is the movement or transaction and transformation of cognitions among the three levels of individual, group and organisation of organisational behaviour. And the cognitive processes that precede organisational behaviour whether at the individual, group or organisation can be considered as organisational cognition (Hutchins, 1991) since cognition is to be considered in relation to the context (Michel, 2007).

Otherwise construed as group cognition, collective cognition, moving cognitions, distributed cognition or transactive memory, though with subtle differences, shared (sharing of) cognitions is an important research area in organisational learning, managerial/organisational cognition, socialisation and organizational effectiveness which throw light on how internalised cognitive processes become socially shared concepts (Tan and Gallupe, 2006). It is no wonder that the nature of shared cognitions and the way it is conceptualised and the nature of its operations explained differ among researchers (Cannon-Bowers and Salas, 2001). Simpson and Wilson (1999) state that shared cognitions have both commonality and individuality and the former implies the commonly held cognitive structures and the latter implies personal cognitions that are to be shared in the group. From a practical perspective Cannon-Bowers and Salas (2001) further dissect the nature of shared cognition by identifying four connotations to 'shared': two or more team members coming to have some common knowledge, team members holding similar or identical knowledge, team members in a position to have similar expectations for performance and finally team members having adequate coverage of task knowledge. It is clear that from an

organisational effectiveness perspective, the term 'shared' is used with much meaningfulness with reference to task completion or performance effectiveness rather than with the numerical aspect. However shared cognition is to be understood in relation to both task completion/task performance and the number holding similar and dissimilar cognitions.

Different approaches are suggested to explain the way cognitions are evolved in relation to the situation or the social interactional processes and the way it is shared among the members.

Social Interactional View

Social interactions form the basic unit of analysis in the study of group cognitions (Weick and Roberts, 1993; Michel, 2007; Schneider and Angelmar, 1993; Douglas, 1986). The processes and outcomes of social interactions that take on the nature of discussions, debates, presentations, working, moving and feeling together determine the way individual cognitions are transacted and exchanged among the members. And the nature of these interactional activities determines the effectiveness of shared cognitions. The variables that determine the effectiveness of social interaction include commitment, sincerity, trust (Rico, et al. 2009) frequency and the expertise of the members. In social interaction, the meetings of the minds throw open the individual cognitions which eventually become the group cognition.

Social interaction can be further characterised by the patterns of communication and the extent of constructive and collective reflection that takes place in group interactions.

Communication as a major medium of sharing process (Weick and Roberts, 1993) enables the interacting individuals to establish productive cognitions among themselves, thereby setting up a cognitive network marked by information highways. In an approach referred to as multi-minded, the social and the interactional processes are embedded in worker participation, collaboration and integration (Allee, 2003, cited by Jorgensen, 2004). Organisations must ensure the ways and means of the process of sharing information through community, interaction and conversation. Thus learning that operates at the levels of individual, group and the organization (Hurley, 2002) become institutionalized (Hedberg, 1981). Watkins and Marsick's (1993, cited by Yeo, 2006) view of learning identifies the key concepts of shared learning and knowledge co-construction which takes place in the interactional and situational context.

Communities-of-Practice View

Here practitioners can form communities-of-practice (Brown and Duguid, 1991). And that in organizations, groups rather than individuals are the vehicles of learning in a collaborative context. Elaborating on the communities-of-practice view, Brown and Duguid (1991) argue these are significant sites of working, learning and innovating and instead of suggesting a separation between knowledge and practice, they suggest the concept of "learning-in-working". The communities-of-practice approach underlines the social interactive dimensions of situated learning (Roberts, 2006). Communicative activities create interaction and relationships (Yeo, 2006). Panagiotidis and Edwards (2001) contends that organizational power and ideology fixes the personal mastery, mental models, shared vision and team learning which in turn determines the production of organizational knowledge.

According to Wegner (1987) three aspects characterise the communities-of-practice experience: (1) mutual engagement (2) joint enterprise (3) shared repertoire of resources including routines. Communities-of-practice experiences are vibrant centres of learning and innovation where shared learning and heightened exchange of knowledge create the dynamism of collective reification. The key characteristics of communities-of-practice experience as suggested by Wenger (1988, cited by Roberts, 2006) include: sustained mutual relationships, the rapid flow of information, very quick set-up of a problem to be discussed, knowing what others know, what they can do and how they can contribute to the enterprise and shared discourse.

Teams Learning

According to Senge (1994) teams constitute the basic structure of learning in organisations and teams are the ideal settings to

translate knowledge into action through discussion, reflection sharing, feedback and interaction (Hedlund and Osterberg, 2013). Team learning is characterised by conversational and collective thinking skills resulting in strategic effects (Senge, 1994). Collective and collaborative minds facilitate shared knowledge and understandings (Murray and Moses, 2005) so that there is an interaction between theories-in-use and espoused theories (Argyris, 1982).

Hedlund and Osterberg (2013) based on the research of other scholars have codified the different types of team learning as: exploitation and exploration, first-order and second order learning, single and double loop learning, learning I and learning II and incremental and radical learning (March, 1991; Lantieri and Mezias, 1992; Argyris, 1982; Bateson, 1972; Miner and Mezias, 1996, all cited by Hedlund and Osterberg, 2013). These are intended to learn and improve the existing routines and capabilities and the acquisition of new problem solving skills. Interpersonal interactions (Klein, et al. 2009) and socio-cognitive processes are to be taken into account in determining the efficiency and effectiveness of team learning such that there develops mutually shared cognition (Van den Bossche et al. 2006), reflective and collective thinking, serious discussion and feedback and greater interpretation and intuition (Murray and Moses, 2005).

Learning in teams is dependent upon its relations with the external environment and the way it coordinates member, team and task characteristics (Nieva, et al. 1978). It has been shown that acquainted team members show greater cooperation and team performance (Costa, et al. 2009). Trust among team members enhances the effectiveness and predictability of task-related communications (Rico, et al. 2009). And that disclosure of internal frames of reference improves group members' working relationships with one another that result in bonding relationships (Mitchell, 1986). Team learning that takes place in the social interactional processes results in the development and sharing of collective knowledge. Such knowledge emerges from the congruent relations, shared internal frames of reference and ideas and a climate of trust and cooperation.

Shared Mental Models

Initially conceptualised by Johnson-Laird (1983), mental model is interpreted as an internal cognitive representation or simplification of a physical reality (Spicer, 1998). Kim (1993) characterise a mental model as consisting of two types of knowledge: conceptual (know-why) and operational (know-how). Mental model can also be considered as an internal representation of the action plan or the direction in which the behaviour is to take course. Mental model enable people to make inferences and predictions and to interpret the

phenomena (Johnson-Laird, 1983). The notion of a shared mental model was introduced by Cannon-Bowers and Salas (1990). Klimoski and Muhammad (1994) used the understanding of individual sense-making to conceptualise cognition at the team level. Shared mental models thus represent the interacting mental representation of team members. Shared mental models contain representations about routines of all forms.

Mathieu, et al. (2000) identified four types of mental models (1) technology, equipment model relating to equipment functioning, operating procedures, (2) job/task model relating task procedures, likely contingencies, likely job scenarios, task strategies, environmental constraints and task component relationships, (3) Team interaction model relating responsibilities, information sources, interaction patterns, communication channels, role interdependencies and information flow, (4) Team model relating team mate's knowledge-team mate's skills, team mates attitudes, team mate's preferences and team mate's tendencies. Van den Bossche et al. (2011) suggests the ways and means of building a shared mental model. The three related processes involved are construction, co-construction and constructive conflict. The construction of meaning stage revolves around gaining understanding about the problem or task at hand by participating in the group interaction process. The process of co-construction or collaborative construction is a "mutual process of building meaning by refining, building on or modifying the original offer" (Van den Bossche, et al.2011) and there emerges new meanings. Shared mental models come into existence in the event of agreement with the co-constructed meanings. Otherwise there may ensue a stage of constructive conflict where there is an open-ended view of diverse views. And through the process of negotiation and clarification a convergence of meaning is achieved (Van den Bossche, et al. 2011).

Organisational Memory

Organisations function depending upon the memory "that reside within the net sum of an organisation's employees" (Sparrow, 1999), their experiences of events, recorded information pertaining to jobs/tasks, technology, people and structure. Wegner (1987) developed the concept of transactive memory, which states that memory is present in the interactions of group members and the members effectively utilise it for task performance and completion. Organisational memory is constituted of networked memory of individual members with distributed knowledge of who knows what (Wegner, 1987). Through specific encoding and allocation processes, there emerge specialists of memory in different areas of organisational functioning and the differentiated memory of individuals become useful to the group (Mohammed and Dumville, 2001). According to Wegner (1987) transactive memory develops through the processes of encoding, storing and retrieval. Members encode information depending upon their domain of expertise or the incoming information is encoded with a label so that it can be coded to an expertise domain. Encoded and stored information is retrieved when required using the label attached to different individuals. Thus group/organisational memory work like a networked computer in which different participants can access information by knowing the domain of expertise. Moreover given the distribution of roles, expertise, experience and areas of interest, it is easy to transact in the group.

Drawing upon the types of shared mental models suggested by Mathieu et al. (2000), the following group memory can be stated to be relevant in learning and execution of different patterns of collective routines. And such memories are explicated in outlines, Table 1.

Table 1: Different types of organisational memory

Type of Memory	Memory Content
Technology/Equipment	Equipment functioning; Operating procedures; Maintenance and repair
Job/task	Task procedures; Task strategies; Task component relationships
Individual -specific	Domain of expertise; Source of what; Availability; Personal details.
Location-specific	Availability of materials
Company-specific	Company-related information; General and key aspects of the company; its function and levels

Gibson's Model of Collective Cognition

Gibson's model (2001) is based on the view that groups are information processing entities (Hinsz, et al.1997, cited by Gibson, 2001) and that to understand the process of collective cognition, "mind" is to be "located" in the interactional processes and connections among the members (Weick and Roberts, 1993). Gibson (2001) based on the research in the areas of information processing, group development and communication has identified four phases in the development of collective cognition: accumulation, interaction, examination and accommodation.

In the phase of accumulation, group members perceive information and the significant and the relevant information is stored in the group mind with a label. The stored information with a label will be used as and when required, that is any member can initiate a discussion on the stored information so that further refinements take place. In the interactional phase of retrieving, exchanging and structuring, the transactive memory systems come into operation. The dispersed and the integrated individual memory systems in the communicative interaction process become a supraordinate memory that the inter-linked individual memory systems become a source for all activities of the organisation. In the communicative interactions, the information is retrieved, exchanged and structured with greater meaning and elaboration. In the examination phase, members go through a process of negotiation, interpretation and evaluation. Through the process of critical reflection and engagement with the information, a crystallisation of information takes place.

And in the final phase of accommodation, crystallised information from different realms become integrated, following which decisions and actions are taken. The cognitive integration achieved results in emergent knowledge bringing about learning outcomes at the behavioural level of group/organisation.

Kolb's Learning Cycle

The well-known learning cycle of Kolb (1984) involves the four stages of concrete experience, reflective observation, abstract conceptualisation and active experimentation. In the conceptualisation of routines that involve cognitive regularities (Becker, 2005), these stages of learning hold good in that individuals and groups go through these processes in explicit and implicit manner.

Learning starts with encountering a concrete experience of working or enacting a specific routine or it can also be in the

indirect form of an observation that leads to the stage of reflective observation. In reflective observation, the individual aligns the self with the enactment of routine. The feelings, emotions and the dispositions are to be attuned to the task. In the third stage of abstract conceptualisation the formation of cognitive schemata or knowledge structures pertaining to the task takes place in the internal representation of the task, which becomes the basis of cognitive regularities. And in the fourth stage of active experimentation, the cognitively embedded routines are enacted by the individual which may or may not be modified in another cycle of learning. Moreover, this model is especially applicable in the learning-by-doing strategy where individual frequently resorts to trial or experimentation and redoing (Levitt and March, 1988). And the establishment of recurrent interaction patterns of motor acts is not without the accompanying cognitive changes.

A Situated Cognition Model

In social learning theory, learning takes place in the situated context of organizational processes and the learning of routines is effected in a context that is historically, culturally and intelligently produced (Elkjaer, 2005; Levitt and March, 1988). Proponents of situated cognition (for e.g. Lave and Wenger, 1991; Cook and Brown, 1999; Lant, 2002; all cited by Elsbach, et al. 2005) state that cognition is the outcome of the interaction of the perceiver's mind (schema) and the environment (context) (Elsbach, et al.2005). In a situated or contextualised model, schemata, espoused and/or the enacted are the base of the routine. Routines are linked to schemata of espoused and enacted type (Rerup and Feldman, 2011). Espoused schemata, which are espoused by leaders/mangers, are "initial schema" in novel situations and enacted schemata are implied in actions that reveal a "pattern of realised cognition and action" (Rerup and Feldman, 2011).

The generation of ongoing cognitive processes are to be understood in relation to the specific contexts of their origin and these processes cannot be studied as isolated abstractions (Michel, 2007). The so-called situated cognitions are the products of the interaction of cognitions and the given situation (Elsbach et al, 2005). Cognitions are generated, modified, maintained and deleted in relation to the environment situation that can be physical, work-related, technological, social, psychological and other significant aspects. As the contexts change, the cognitions also change (Resnick, et al, 1997). The process of cognition-situation interaction is termed attunement (Michel, 2007) and it is the process of attuning the cognition to the relevant situational resources that produce situated cognitions and situated cognitions are produced in the generation of schemata.

Thus learning of routines are the outcomes of the interaction between schemata and organisational context, Fig.3. Event schemata refer to the way an unfolding of an event is conceptualised by the person (Elsbach, et al.2005). Self-schemata denote the individual’s own identities and personality perceptions.

Role schemata mean the knowledge about the individual’s structural position and the expectation of others. Rule schemata refer to the understandings about the way the key variables are related (Elsbach, et al.2005). The contextualised approach studies cognition in relation to the historical, physical, social, technological, cultural, structural and work context. Here “the person and the social context are seen as constituting one another” (Markus, et al.1996).

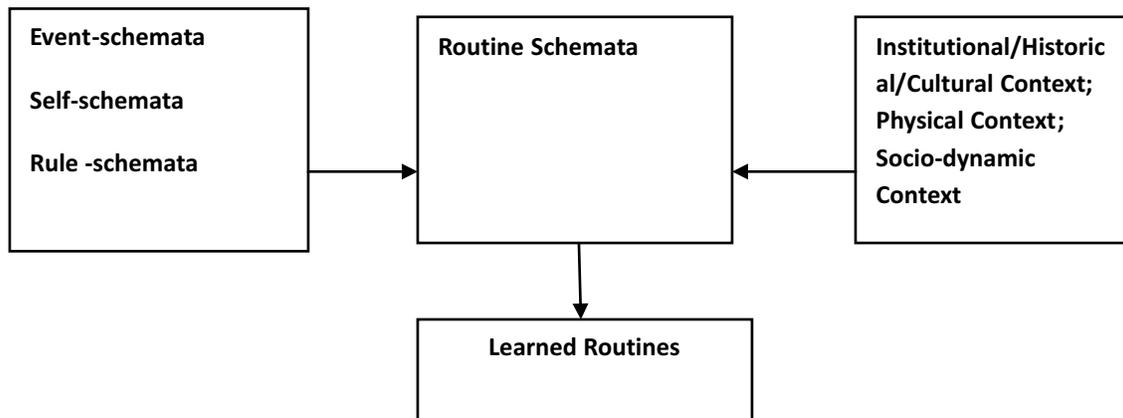


Figure 3: Situated Schemata-Routine Model

Practice-Based Cognitions

Practice-based cognitions are situated within specific task-related context and the bases of such cognitions are the practice contexts. The strength of the practice-based approach is that they strive to offer a holistic understanding of knowing and learning as dynamic, emergent social accomplishments. Gherardi (2001, cited by Marshall, 2007) in his view state that “when the locus of knowledge and learning is situated in practice, the focus moves to a social theory of action that addresses activity and passivity, the cognitive and the emotional, mental and sensory perception as bits and pieces of the social construction of knowledge and of the social worlds in which practices assume meaning and facility”.

A Multi-minded Approach

The individual organisational cognitions are the individual cognitive structures and processes which are generated within the individual in relation to the organization and these cognitions are related to the individual’s behaviour in the organisation.

Group cognitions, which are held by the members of a group, have the nature of commonality and similarity. In practice they are the cognitions that bring together a group of members and it enables them to perform and complete the task. Intragroup cognitions are shared by a group/team and intergroup

cognitions are shared by more than one group. Organisational cognitions are shared by the members of all departments or levels of the organisation and these are in the nature of organisational objectives, common practices or rules or norms or general behaviour in the organisation.

According to Chiva and Alegre (2005) organizational learning has mainly adopted the two strands of research, that is, one based on cognitive individual learning processes and the other social that emphasises the relational aspects of learning. And they have suggested the need for a psycho-social view that integrates the psychological (individual) and social (organisational) processes. The integration and the interconnections of the individual and organisational processes are shown in the Fig.4. In this multi-minded view knowledge is to have a socially robust quality that emphasizes participation, interaction, integration and networked relationships (Jorgensen, 2004).

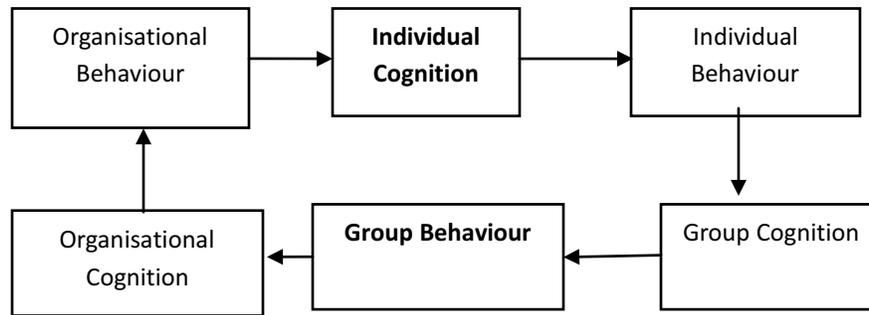


Figure 4: A Multi-Minded Model

Individual cognitions can be studied from the perspective of analysing the cognitive schemata. Schemata are cognitive structures of knowledge representing the way the world operates and that abstracted knowledge about objects, events and persons are stored in schematic memory (Fiske, 2000). Schemas are self-generated or directly learned from others, known as second-hand schemas. The important point about schemata is that they undergo change confronted with contradictory or disconfirming information. Schemata are acquired in new learning experiences or the existing ones are modified in the light of new information. Expansion and elaboration of schema is thus contingent on the incorporation of new information, a process Bartunek and Moch (1987) labelled as “first-order” change. And “the second-order” change, which is more fundamental takes place in the event of confronting contradictory information. Taylor and Crocker (198, cited by Harris, 1994), list out the seven functions of schemata as (1) providing a structure against which experience is compared (2) information encoding and retrieval from memory (3) quickened and efficient information processing (4) filling of knowledge gaps, (5) supply templates for problem-solving (6) facilitate the anticipations of the future, goal setting, planning and goal execution (7) evaluation and judgement of experiences. The characteristics mentioned corroborate the fact that schemata and schematic change form the cognitive basis of routinised behaviour. Schema enable easy enactment of say ostensive and performative routines (Rerup and Feldman, 2011) and structural and functional routine as without the corresponding schemata, individual’s performance of routine would be maladaptive and inappropriate. In other words Rerup and Feldman (2011) have empirically shown the “co-evolutionary complexity “between schemata and organisational routines. Schemata trigger routines.

Group cognition that results from intragroup interactions and communication is a form of information processing based upon acquisition, retention, transmission, modifications and use of information shared among the members (Gibson, 2001). What is important about group cognition is that the development and emergence of dyadic and collective cognition is contingent

upon the frequency of interactions that run through the networked group processes. Gibson (2001) has delineated certain processes by which individual cognition gets transformed into collective cognition or that becomes the collective thinking of the people. According to Gibson (2001) high task uncertainty throws the group into a deliberative interactional mode that result in spinning of new cognitions. Members resort to heightened retrieval and exchange of information and the interconnectedness established in the networked information bring about a metamorphosis giving rise to the emergence of higher level and advanced neo-cognitions.

The second catalyst that results in the emergence of neo-cognitions is the perceived role ambiguity in the group. The third catalyst revolves around the conflict in groups. And finally according to Gibson (2001), the greater the perceived discrepancy between the in-group and the out-group, the greater the level of activities churned out in order to achieve a favourable comparison with the other group. The development of group/ collective cognition implies mechanism of shared or distributed cognitions. Hedberg (1981) further explicates the concept point to the existence and use of cognitive systems and memories which are active in the organisational processes. The individual mental activity becomes the collective mental activity and this is achieved through communication, storage and integration process (Klimeck, et al. 1994, cited by Hurley, 2002). According to Kim (1993) shared cognitions lead to the development of organisational cognitions. That is organisational cognitions develop as mental models are actively shared and this become the structure or the architecture of organisational cognition leading to enhanced coordinated action and the routinisation of behaviour of overt and covert forms. The institutionalisation of collective cognitions at the organisational level changes the status of group cognitions to organisational cognitions (Crossan, et al. 1999) which becomes fundamental to the enactment of organisational routines.

Distributed Cognition Perspective

Distributed cognition approach suggests the cooperation and interaction of internal representations (individual cognitive processes) and external representations (tools and artefacts of information processing). The implication of this approach “entails going into the workplace and spending time determining and analysing the problems with the existing technology and work practices and then suggesting recommendations as to what needs to be preserved and what systems and work practices need to be redesigned to support and improve the collaboration and coordination of work activities” (Rogers and Ellis, 1994). The unit of analysis in a distributed cognition approach is a cognitive system composed of individuals and the artefacts and tools used. The structure implies the representations inside and outside the head and the point is that cooperation/interaction between the people and the artefacts makes distributed cognition possible (Nardi, 1996).

Cognitive processes are found within the heads of the individuals and in the interactions of individual heads. Thus cognitive processes are distributed among the members of an interactional group and cognitive processes involve the coordination and cooperation between internal representations and external representations of tools and artefacts or what is called media. The cognitive system or the functional system in a distributed cognition approach is constituted by the collection of individuals and artefacts in their relationships to each other. In the distributed cognition perspective, routinization is brought about in the intersection of tools and artefacts and internal representations of individual and groups. The coordinated nature of distributed structures are revealed with reference to the environment, the representational media of internal cognitions of individuals and external representations of tools and artefacts of learning, interactions of individuals with each other and their interactional use of tools and artefacts (Rogers and Ellis, 1994). The cognitive activity of routines is thus constructed from the internal representations and the external representations (Hollan, et al. 2000). The mechanisms of learning of routines suggested revolve around the two broad perspectives of acquisition of knowledge and sharing of cognitions in the interactional processes. The overlapping relations that exist among the approaches are evident. What is required in this scenario is to integrate the cognitive processes with the social-relational processes so that there is collective-cognitive learning. And in this collective-cognitive learning individual, group and organisational cognitions are generated and regenerated in the social, interactional and situated processes (Rerup and Feldman, 2011; Elsbach, et al. 2005).

Conclusion

The centrality and the complexity of the organisational learning of routines is revealed in the multilevels of situated cognitions. In the dynamic conceptualization, learning of routine goes through a process of individual, group and organizational learning, characterised by high cognitive operations, initiated, shared and distributed in the interactional social settings. The ‘unpacking of the organisational black-box’ involves unravelling the cognitive operations and delineating the networked, collective and interactional systems of cognitions.

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Do Role Models Impact Entrepreneurial Foresight - An Examination

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Abstract

Entrepreneurship is nothing but identification, appraisal and pursuit of opportunities in assorted contexts. The dimension of foresight augments the ability to mull over the probable future scenarios. It has long been acknowledged by research that role models may have a profound influence on career decisions. Even though entrepreneurial role models have become a familiar phenomenon, their impact has been studied only to a limited extent. This paper attempts to fill this gap by examining the impact of role models on entrepreneurial orientation. A sample of 200 final year postgraduate management students were selected randomly and the responses were collected through a schedule of four statements to be ranked on Likert scale. The statistical techniques of t Test and ANOVA were applied with the help of SPSS-20. The findings coincide with the past research that the role models exert profound impact on the competency of foresight in specific and entrepreneurial orientation in general.

Keywords: Entrepreneurship, Entrepreneurial orientation, Role models, Foresight, Potential entrepreneurs.

Introduction

The realizations of the future are affected by the anticipations, elucidations, and hallucinations of the present. *'What enables the wise sovereign and the good general to achieve things beyond the reach of ordinary men is fore-knowledge'* says Tsun Tzu, the Chinese strategist and philosopher. Entrepreneurship is nothing but identification, appraisal and pursuit of opportunities in assorted contexts (Christensen, Madsen & Peterson, 1989). Entrepreneurs track opportunities that crop up from peripheral changes in the industry, emergence of fresh or underserved markets, identification of new needs that emerge in the economy, or technologies that endow the capability to cater more efficiently to the existing needs. Thus, the dimension of foresight augments the ability to mull over the probable future scenarios, their implications and the risks involved, estimate potential benefits, and predict the costs and finally translate into executable actions. To become a creative

entrepreneur, one should have the characteristic of foresight. Slaughter (1995) defines strategic foresight as a process that attempts to broaden the boundaries of perception in four ways:

1. **Consequent assessment:** Assessment of the implications of present decisions and actions.
2. **Early warning and Guidance:** Detecting and avoiding problems before they occur.
3. **Proactive assessment:** Considering the present implications of possible future events.
4. **Envisioning scenarios:** Envisioning the aspects of desired future.

The true entrepreneur does not live merely in the context of the present but always with a view to the context of the future since the implications of today's decisions are realized tomorrow. Thus, entrepreneurial thinking is about recognising opportunities in the marketplace and making strategies to capitalize on them. Proactive personalities scan for

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opportunities, show initiative, take action, and persevere until they reach closure by bringing about change (Bateman and Crant, 1993). Foresight can be identified as occurring at three levels: individual, strategic and social.

- **Individual foresight** is used everyday to prepare for eventualities, prevent perceived risks and prospect for opportunities.
- **Strategic foresight** aims to use individual foresight in organisationally useful ways. Strategic foresight also operates at depth, asking questions about the hidden underlying structures not just the visible surface trends.
- **Social Foresight** is the application of futures thinking in socially useful ways and it can be used to help equip organisations and communities with the ability to make decisions with long term implications, and to manage complex and difficult situations (Voros, 2007).

A considerable amount of research has been done on entrepreneurs and the ways in which they identify opportunities and the characteristics that help an entrepreneur to be successful. Some of such attributes are 'natural' - unique personality traits that may not easily be learnt whereas some can be stimulated by either past personal experience or family background. However, the nature of the relationship between entrepreneurial foresight and other relevant socio-demographic factors has not been made explicit or empirically testable to date. Moreover, as entrepreneurial orientation theories have emerged primarily from research among the developed countries, it is vital to observe the scope to which these apply in the milieu of developing countries such as India where the policy makers are looking upon the younger generations as the future pool of entrepreneurs and employment originators. The purpose of this study is to verify the extent of the influence of role models on the skill of foresight of the potential entrepreneurs.

Role Models

By identifying with an outstanding role model, individuals can become inspired to pursue similar achievements. The implication here is that by identifying with successful role models who own or run their own businesses, students studying entrepreneurship may be inspired to start and run their businesses successfully. The relevance of role models for entrepreneurs is evident in the popular business press that is littered with stories of, and references to, entrepreneurial endeavors and successes that have influenced other entrepreneurs. Many entrepreneurs claim that their business start-up decision and the development of their business have been influenced by others. These 'others' are often entrepreneurs and may range from famous people to former

colleagues or family members. Such persons serve as role models. A role model is a common reference to individuals who set examples to be emulated by others and who may stimulate or inspire other individuals to make career decisions and achieve certain goals (Wright et al., 1997). Individual decisions to engage in a certain behavior are often influenced by the behavior and opinions of others, the demonstration of their identity and by the examples they provide (Akerlof and Kranton, 2000). This also holds good for the occupational choice of individuals (Krumboltz et al., 1976) and, more specifically, the decision to engage in entrepreneurship. Fayolle et al. (2006) stated that intentions of creation of businesses are stronger when the degree of self-efficacy grows due to the presence of entrepreneurial role models. Parental role models can also play a role in influencing children in the family to become entrepreneurs. Individuals who perceive that an entrepreneurial parent has been successful, express a greater preference for an entrepreneurial career than those who have not had this kind of role model performance effect (Brennan et al., 2003). It has long been acknowledged by research that role models may have a profound influence on career decisions (Krumboltz et al, 1976). Thus, role models may enhance the desire to become an entrepreneur by providing encouragement to turn entrepreneurial ambitions into reality (Mueller, 2006).

It is certainly true that entrepreneurial ideas begin with inspiration; though intentions are needed in order for them to become manifest (Delmar & Shane, 2003). The literature identifies individual domains (e.g. personality, motivation, and prior experience) and contextual variables (e.g. social context, markets, and economics) as the two dimensions responsible for the formation of entrepreneurial intentions (Bird, 1988). The first one includes demographics, personal traits, psychological characteristics, individual skills and prior knowledge, individual network and social ties. The second one encompasses environmental support, environmental influences and organizational factors. Growing up in an entrepreneurial environment offers the opportunity to learn from the self employed person serving as a role model and getting a realistic preview of self-employment (Chlosta et al. 2010). Entrepreneurial role models within the family or the circle of friends are unique sources of tacit knowledge about business strategy and entrepreneurial decision-making (Mueller 2006). Even though entrepreneurial role models have become a familiar phenomenon, their occurrence, function and characteristics have yet been studied only to a limited extent by academics. This paper attempts to fill this gap by addressing the importance of role models in forming entrepreneurial orientation among management graduates.

Review of Literature

The study of Niels et al. (2012) from The Netherlands confirms the potential of role models by finding that around 54% of the entrepreneurs have a role model in the pre- and/or post-start-up phase. Of these entrepreneurs, 81% has a role model before starting up their venture and 63% has a role model within the first 3 years of the business operations. Nematoollah, Davoud and Seyed's study (2012) showed a significant and positive relationship between entrepreneurial intentions and role models in Iran. Athanasios and Panikkos (2011) found a low but statistically significant correlation between a family business background and the intention to start a new business in Cyprus. Basu and Virick (2010) suggest that students with self-employed fathers gain exposure to entrepreneurship from an early age which in turn affects their attitudes and perceptions toward entrepreneurship.

Howard van Auken, Fred L. Fry and Paul Stephens (2006) examine the impact of role model activities on potential entrepreneur's desire to own a business. Quimby and DeSantis (2006) of Towson University in Maryland (USA) examined self-efficacy and role models' influence as predictors of career choice across Holland's (1997) six RIASEC (Realistic, Investigative, Artistic, Social, Enterprising and Conventional) types and found that the levels of self-efficacy and role model influence differed across Holland's types. Multiple regression analyses indicated that self-efficacy and role model influence accounted for significant variance in the career choice for all six RIASEC types. An Wang and Wong (2004) and Phan et al. (2002) found that in Singapore and Australia, students were more likely to commence new ventures upon graduation if their parents are in businesses. Krueger (1993) who stated that one can distinguish students from entrepreneurial families in terms of preference to business start up attitudes than those from non

entrepreneurial families. Thus, three strands of literature emerge to provide indications that role models are of importance in the decision to actually become an entrepreneur. Apart from conceptual studies establishing a link between role models and entrepreneurial orientation, empirical research on the importance of role models for (nascent) entrepreneurs has been scarce and there is still little knowledge of the nature of influence the entrepreneurial role models can exert upon the entrepreneurial orientation of the prospective entrepreneurs. The present study attempts to fill the gap by analyzing the effect of the presence of role models in determining the entrepreneurial foresight of prospective entrepreneurs.

Research Objective

The principle aim of this research is to identify the impact of the role models within the family or the circle of friends on entrepreneurial foresight of prospective entrepreneurs.

Hypothesis

That the entrepreneurial role models within the family or the circle of friends has a positive and strong impact on entrepreneurial foresight.

Methodology

A sample of 200 final year postgraduate management students were selected randomly from leading management institutes in Warangal region of the state of Andhra Pradesh. The respondents were served with a schedule of four statements (Table - 1), purposefully developed denoting the components of foresight as prescribed by Slaughter (1995), to be marked on a five level Likert scale denoting 1 = not at all agree to 5 = strongly agree. The responses are tested with ANOVA and t-Test for observing variations with the help of SPSS-20.

Table 1: Entrepreneurial foresight with components and corresponding statements

Component	Statement
Consequent assessment	I am ready to face any type of risk occurring in future consequent to my present decisions.
Envisioning scenarios	I can anticipate the potential problems likely to occur in future.
Proactive assessment	I can forecast the future implications of a particular current situation.
Early warning	I will not be disturbed by the primary set-backs in my tasks.

Results and Analysis

The existence of role models is categorized into two types for the purpose of the present study as 'have' and 'don't have'. Each

component of entrepreneurial foresight is tested for variance between the two groups and the corresponding means are compared for an in-depth understanding (Table-2).

Table 2: Role Modeling V Entrepreneurial Foresight

	Cronbach's Alpha	ANOVA		t-test for Equality of Means			Effect Size
		F	Sig.	Mean Difference	t	Sig. (2-tailed)	Cohen's 'd'
Consequent assessment	0.927	12.051	.001	0.64962	3.471	.001	0.493
Envisioning scenarios		37.795	.000	1.17903	6.148	.000	0.873
Proactive assessment		23.187	.000	0.94629	4.815	.000	0.684
Early warning		90.428	.000	1.54476	9.509	.000	1.351

Analysis of Variance

The responses were processed with ANOVA test to make a conclusion about whether the independent variable (having or not having role model) had an effect on the dependent variable (entrepreneurial foresight). The statistically significant F ratios (Table-2) yielded for all the components (consequent assessment: 12.051; envisioning scenarios: 37.795; proactive assessment: 23.187; and early warning: 90.428) imply that the means differ more than would be expected by chance alone. The means for individual components must then be examined in order to determine the nature of the effects.

Differences between Group Means

The t-test for measuring the difference of means between the two groups proves statically significant in all the cases thus confirming the ANOVA results. The observed mean differences are discussed competency wise.

i. **Consequent assessment:** The larger the t-value, the smaller the probability that the means of the two populations are the same. The highly significant ($p < 0.01$) t value (3.471) for the component of consequent assessment (Table-2) imply that the means of the two groups are different. Further, the positive value indicates that the mean of the 'have' group is much higher than that of 'don't have' group. The mean difference is 0.64962 on a maximum scale of 5.0000. Figure-1 presents the extent of mean difference graphically between the two groups of respondents for goal-orientation. The directional difference of the means indicate that those having role models in their network exhibit stronger inclination towards goal-orientation than the other group without role models. Another note-worthy inference is that the confidence interval for those who don't have is longer than that of those who have role model network indicate that don't have's exhibit more variances in their responses than have's regarding the competency of goal orientation.

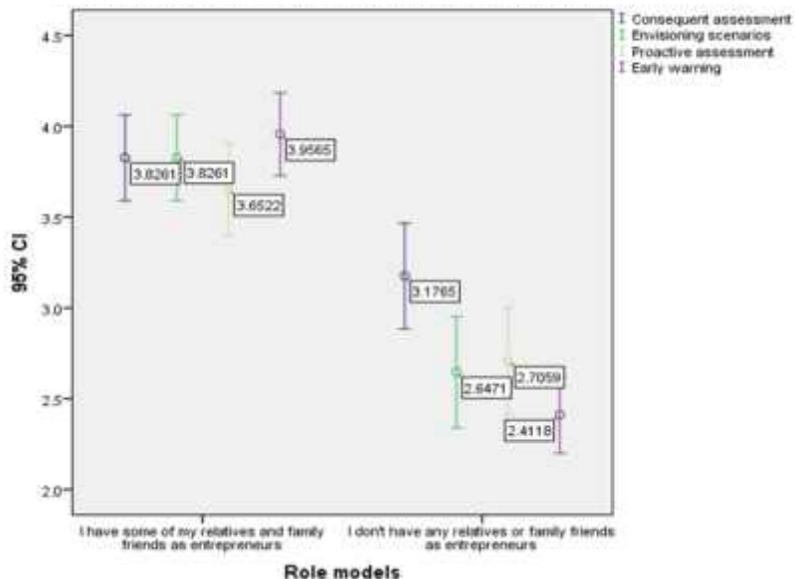


Figure 1: Role models vs Components of Entrepreneurial Foresight

- ii. **Envisioning scenarios:** The component of ‘envisioning scenarios’ yielded a highly significant t value (6.148) implying that the probability of similarity of the means of the two groups of respondents is very weak. Moreover, the positive nature of the t value indicates that the mean of the group having some entrepreneurial role models among their family or friends network is much higher than that of those don’t have. The difference of mean between these two groups is 1.17903 (Table-2) on a maximum scale of 5.00000. Figure-1 provides a graphical presentation of the extent of mean differences between the two groups on the component of envisioning scenarios. Further, the directional difference of the means indicate that those who have role models in their network exhibit stronger inclination towards envisioning future than those who don’t have. Further, the relatively longer confidence interval of the ‘don’t have’ group implies that their responses exhibit more variance than their counterparts who ‘have’ role models in their network.
- iii. **Proactive assessment:** The trend regarding new ‘proactive assessment’ also follows suit of the earlier components. The statistically significant t value (4.815) implies that the means of the two sample groups are different and those ‘have’ role models differ with the opposite group with a considerable mean difference of 0.94629 on proactive assessment. Further, the responses of those ‘don’t have’ are wide spread indicating much variance, as reflected by the error bar in Figure-1.
- iv. **Early warning:** The statistically significant t value (9.509) for the competency of ‘early warning’ represent that the mean values for the two groups are different while the positive nature of the value indicates that the mean value of those having role models in their network is much higher than that of those who don’t have role models. It results in a very high mean difference (1.54476) on a maximum scale of 5.00000. The error bars regarding the component of invention skills (Figure-1) show that the group having entrepreneurial role models have a higher mean (3.95) than those don’t have (2.41). The two groups are significantly different from each other as the confidence

intervals don’t overlap. The confidence interval for don’t have group is longer than the other group indicate that the previous group has more variance in their responses. Thus, the directional difference of the means prove that those having entrepreneurial role models exhibit a stronger preference for early warning.

Measurement of effect size

The difference between two means (Table-2) is already discussed for all the four components of entrepreneurial foresight. However, in the case of analysis of variance test, significant p-values alone aren’t sufficient to indicate the size of an effect since it is possible to have strong statistical significance and a low effect size at the same time. Such a result would suggest that an association exists between the two variables under the study, but that the relationship is small and not of great practical significance. In the case of present study, apart from the other components, the difference between the group means is relatively lesser (0.64962) for the component of consequent assessment versus role models (Table-2) which implies that the difference between the two groups - those have role models and those don’t have, is very thin even though statistically significant. Hence, it is imperative for the researcher to define the size of the effect as the group means are very close to each other.

Including effect sizes in the research will strengthen the rigor of the study and lend greater weight to the analysis, conclusions, and recommendations. Effect size is simply a way of quantifying the size of the difference between two groups. Effect size represents a value which implies how much the Independent Variable (IV) has affected the Dependent Variable (DV) in an experimental study. In other words, it helps to understand how much variance in the dependent variable was a results of the independent variable. Statistically, Cohen’s d standardizes the effect size measurement at three levels indicating small, medium, and large effects. In general, the value = 0.20 is a small effect size, 0.50 is a moderate effect size and = 0.80 is a large effect size (Cohen, 1992). Thus, the ‘d’ score indicates the practical significance of the association under study.

Table 3: Standardized Mean Difference Scale

‘d’	Standardized mean difference.	Percentage of variance explained.
Small	0.20	1%
Moderate	0.50	10%
Large	0.80	25%

In the present study, the effect size measurement resulted in a Cohen's 'd' value of 0.493 for the competency of consequent assessment and 0.684 for proactive assessment while the other two competencies yielded larger effects (Table-2). The 'd' value for consequent assessment (0.493) falls within the range from 0.20 and 0.50 on the standardized mean difference scale (Table-3) implying a small effect of the independent variable on the dependent one. Hence it is understood that having or not having role models had a small effect, which can cause only up to one percentage variance on the skill of consequent assessment among the subjects tested. The competency of proactive assessment shows up an effect size of 0.684 which falls within the range of 0.50 to 0.80 of the standard scale, implying the effect is moderate. The moderate effect size, as per Cohen's d score, may be responsible for the variance up to 10% only. Thus, unlike other competencies which show a large variance, very thin impact (1% to 10%) of role models on the components of consequent assessment and envisioning scenarios of the competency of entrepreneurial foresight is supported by the effect size measurement.

Conclusion

The hypothesis is confidently supported by the analysis which concludes that entrepreneurial foresight is a function of role model effect, even-though, two components yield small and moderate effect sizes and the other two show a strong impact. Further, those having role models are more focused on all the competencies of foresight and those don't have role models exhibit wide variance on the same components, as understood from the error bar analysis. Thus, the presence of role models helps the prospective entrepreneurs to be more focused on the competency of foresight which is an essential factor of entrepreneurial orientation. These findings prompt for further study of the phenomenon on a larger scale to generalize the current findings.

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An Empirical Study on Brand Awareness and Consumption Pattern of Edible Oil in Kolkata

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Abstract

The field of consumer behaviour studies deals with how individuals, groups and organisations select, buy, use and dispose of products and experiences to satisfy their needs and desires. Consumer buying behaviour is itself is a complex, dynamic issue which cannot be defined easily and commonly. The research work was conducted to explore the cause and effect relationships between the age groups, family size, degree of awareness, sources of awareness, brand preference in the edible oil segment, variants of edible oil frequently consumed, monthly consumption of the edible oil with an emphasis on Emami Healthy and Tasty brand.

Keywords: Brand Preference, Brand Awareness, Decision Making Process, Buying Behaviour.

Introduction

Consumer Behaviour is a broad area of study that crosses all the fields of economics, psychology, and sociology. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general. Customer behavior study is based on consumer buying behavior, with the customer playing the three distinct roles of user, payer and buyer. It is seen that consumer behavior is difficult to predict, even for experts in the field. A problem statement is a clear description of the issues. It includes a vision, Issue statement, and method used to solve the problem.

According to Oxford Advanced Learner's Dictionary, the word "consumer" means "a purchaser of goods or uses services". Black's Law Dictionary described consumer as "the one who consumes, individual who purchases, uses, maintains and disposes of goods and services." Consumer behaviour is

described as the dynamic intermingling of consumers with the marketing stimuli in pre-, during and post-purchase scenarios. Consumer buyer behaviour is considered to be an inseparable part of marketing and involves the study of the ways of buying and disposing of goods, services, ideas or experiences by the individuals, groups and organizations in order to satisfy their needs and wants (Kotler and Keller, 2011). Buyer behaviour has also been defined as "a process, which through inputs and their use though process and actions leads to satisfaction of needs and wants" (Enis, 1974). Consumer buying behaviour has numerous factors as a part of it which are believed to have some level of effect on the purchasing decisions of the customers.

Alternatively, consumer buying behaviour "refers to the buying behaviour of final consumers, both individuals and households, who buy goods and services for personal consumption" (Kumar, 2010). It is the process where an individual takes the decision of what, why, when, where, how and from whom to make the

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purchase (Walters & Paul, 1970). The field of consumer behaviour studies deals with how individuals, groups and organisations select, buy, use and dispose of products and experiences to satisfy their needs and desires. Consumer buying behaviour is itself a complex, dynamic issue which cannot be defined easily and commonly (Evans and Berman, 2005). Therefore, the concept of consumer buying behaviour has been defined in different ways by different researchers (Blackwell and Miniard, 2006). It could also relate to a process of choosing, purchasing, using and disposing of products or services by the individuals and groups in order to satisfy their needs and wants (Solomon, 1995). Similar definition of consumer buying behaviour was offered by Schiffman and Kanuk (2000) in which they described it as behaviour that consumers express when they select and purchase the products or services using their available resources in order to satisfy their needs and desires. Consumer buying behaviour was defined by Stallworth (2008) as a set of activities which would involve the purchase and use of goods and services which resulted from the customers' emotional and mental needs and behavioural responses. Gabbot and Hogg (1998) opined that the process may contain different activities and stages.

All such apparently varying definitions and opinions posit a common view that consumer buying behaviour would involve a process of selecting, purchasing and disposing of goods and services according to the needs and wants of the consumers. However, there is a general consensus among the researchers and academics that this process is subject to continual change over time as the purchase characteristics of the customers change due to their physical and psychological needs.

Today, consumer is called the king of the market. Consumer is at the centre stage of all market activities. It is constant endeavour of producers that the products must conform to the needs of consumer. Hence, it is imperative for the marketers to create value proposition and measure customer value in order to create strategic advantage over competitors (Butz and Goodstein, 2006). The research established the link between better awareness of consumer buying behaviour with well-being of a company and it also revealed that the quality of products could be drastically enhanced had the buying behaviour been understood properly, which in turn could increase the competitiveness of the product offerings in competitive market scenario (Egan, 2007).

Literature Review

Vijayaganesh and Gomatheeswaran did a survey in Tamilnadu to understand the indispensability of cooking oil as an item in people's diet. The survey revealed that every consumer would try to obtain maximum satisfaction from the oil purchased by

him or her. Consumers could be influenced by the factors like price of the oil, quality of the oil, health aspects, brand name, Consumer's income, Consumer's attraction towards the oil, advertisement influence, Discounts and free gifts, any other attractions etc. This study tried to find out the most influential factor for selecting the cooking oil. Another study revealed that the demand for edible oils in India shown a steady growth at a CAGR of 4.43% over the period from 2001 to 2011, which was driven by improvement in per capita consumption and the inhabitants of several regions in India had developed specific preference for certain edible oils largely depending upon the oils available in the region, such as groundnut oil in the South and West whereas mustard seed/rapeseed oil in the East and North regions; even several pockets in the South would have a preference for coconut and sesame oil (Vyas, Siddiqui & Dewangan, 2013). An empirical study conducted in Coimbatore district explained the brand preference towards edible oil in rural areas (Prema, 2013).

Ashwin (2008) focused on the consumer behaviour in purchase of soybean oil and also the awareness of soya bean oil brand in his city. The study featuring 5 soybean oil brands was conducted on 100 end-users and 50 retailers - the local grocery shop owners. It was observed that the retailers wanted a higher margin from the company and wanted incentive to push the products to the end consumers, whereas the end consumers or users of soybean oil were very much attracted by the consumer sales promotions adopted by these companies. Leakage problem was another major problem as some companies did not follow the policy of product return and hence the retailers suffered the loss. Customers complained about the fact that the retailers did not make them aware of the new product schemes or offers and hence that created a hindrance in positioning of promotions by the company. The customers even complained that sometimes they even faced the problem of leakage due to poor packaging of 1-litre packs. This certainly could influence customers brand evaluation and adversely affect the possibility of repeat purchase (Aaker and Keller, 2008).

The Research Process

1. Formulating the research problem

The research work was conducted to explore the cause and effect relationships between the age groups, family size, degree of awareness, sources of awareness, brand preference in the edible oil segment, variants of edible oil frequently consumed, monthly consumption of the edible oil with an emphasis on Emami Healthy and Tasty brand, being developed by "adopting the 7 Stage European Refining Technology to create a unique combination of purity and taste through retention of natural ingredients" (company website) available in 4 variants, Kachi Ghani

being the flagship one, which Emami Biotech, part of the Kolkata-based Emami Group, is planning to go national with an investment up to 400 crores (Modi, 2014).

Following set of hypotheses was formed to fulfil the research objective.

H1: There is no association between monthly household consumption of edible oil and family size.

For above case, family Size was divided into small (less than 4 members), medium (4 to 6 members) and large (more than 6 members) and monthly edible oil consumption was divided into ranges depending on the consumption pattern of the families, viz. low (1-3 litres), moderate (4-6 litres) and high (7-10 litres)

H2: Awareness of edible oil brands is independent of Gender

For above case, awareness was assessed on two categories, viz. aware and unaware and gender was considered on male and female.

H3: Awareness of edible oil brands is independent of Age

For above case, 3 age categories were chosen, viz. young (20 to 35 years), middle-aged (36 to 50 years) and old (more than 50 years) and the awareness was assessed on two categories, viz. aware and unaware.

H4: Awareness of edible oil brands is independent of exposure to conventional marketing communication channels (such as TV commercials and print advertisements)

For above case, awareness was assessed on two categories, viz. aware and unaware and exposure to conventional marketing communication channels was categorized into exposed and unexposed.

H5: Awareness of edible oil brands is independent of the affinity to social networking sites.

For above case, awareness was assessed on two categories, viz. aware and unaware and affinity to social networking sites was measured on two categories, viz. insignificant and significant.

H6: Awareness of edible oil brands is independent of the presence of organised modern format retail stores.

For above case, awareness was assessed on two categories, viz. aware and unaware and the presence of organised modern format retail stores was divided into two categories, viz. present and absent.

2. Research Design

The present study was conducted in the modern format store - Arambagh Food Mart at three locations in Kolkata, viz. Kasba, Jodhpur Park and Santoshpur. The respondents surveyed during the study were direct consumers of edible oil who purchased directly from the modern format stores.

3. Sources of data

(a) Primary data: Primary data is a type of data which is collected from first hand experience. Three methods were used to collect primary data.

- **Communication Survey:** The survey was conducted by questioning people on subjects of the edible oil and collecting their response by personal means with the help of the questionnaire that consisted of several relevant questions about the customer profile, opinion and edible oil purchase and consumption pattern. Questionnaires were mostly filled up by the researcher for the sake of the customers' convenience.
- **Intercept Survey:** The survey was also conducted by stopping or intercepting shoppers in the organized retail store at random, asking them whether they would be willing to participate in the research study then conducting the interview on the spot and filling in the questionnaires.
- **Observation Survey:** Keen observation was made on the purchase behaviour of people and major decision in purchasing was observed during the survey. Also the buying pattern and trend for other shopping products was observed in various Arambagh Stores.

(b) Secondary data: Secondary data is the one that is readily available from different sources and is not the first hand data collected by the person during the research. For the current research, secondary data was taken from a number of books, journals and the internet for better understanding of the area of study.

4. Sampling design

- **Target Population:** The target population was primarily the people procuring edible oil from Arambagh Stores (Kasba, Santoshpur, and Jodhpur Park) in Kolkata City. The target audience involved people purchasing edible oil for their family though the survey was just not restricted to people procuring oil, but also extended to the other sections of the store.
- **Sampling Frame:** The sample was piloted by using two frames i.e. List Frame by including the Arambagh food mart in different localities and the Area Frame which was restricted to Kolkata.

- **Sampling Unit:** The sample unit was the food mart of Arambagh in Kolkata. The reporting units were the people purchasing edible oil and the unit of reference was the edible oil.
- **Sample Size:** The survey was accompanied by a sample size of 347 respondents who were shopping at Arambagh Food Mart.
- **Sampling Method:** The survey was conducted by Non probabilistic sampling methods, such as Volunteer Sampling & Convenient Sampling.

5. Statistical Technique

Chi square test was conducted to test the set of hypotheses. Various symmetric measures were used to measure the degree of association.

Findings

- I. Family size influences monthly household consumption:** Chi-square test (Pearson Chi-Square=55.277, df=4, p<.05) rejected the hypothesis that the family size and monthly household consumption were independent to each other and hence there might be association between family size and monthly household consumption. The symmetric measures (Phi=.402, Cramer"s V=.284, p<.05) found out quite a significant association between family size and monthly household consumption.
- II. Awareness of edible oil brands is independent on Gender:** Chi-square test (Pearson Chi-Square=0.547, df=1, p>.05) accepted the hypothesis that the gender and awareness are independent of each other and there existed no relationship between these two variables.
- III. Awareness of edible oil brands is independent of Age:** Chi-square test (Pearson Chi-Square=2.186, df=2, p>.05) accepted the hypothesis that the age and awareness are independent of each other and there existed no relationship between these two variables.
- IV. Awareness of edible oil brands is influenced by the exposure to conventional marketing communication channels:** Chi-square test (Pearson Chi-Square=65.012, df=1, p<.05) rejected the hypothesis that the awareness of edible oil brands is independent of exposure to conventional marketing communication channels and hence there might be association between awareness and exposure to conventional marketing communication channels. The symmetric measures (Phi=.433, Cramer"s V=.433, p<.05) found out quite a significant association between awareness and exposure to conventional marketing communication channels.

V. Affinity to social networking sites does not influence awareness of edible oil brands: Chi-square test (Pearson Chi-Square=0.421, df=1, p>.05) accepted the hypothesis that the affinity to social networking sites and awareness are independent of each other and there existed no relationship between these two variables.

VI. The presence of organised modern format retail stores influences the degree of awareness of edible oil brands: Chi-square test (Pearson Chi-Square=73.809, df=1, p<.05) rejected the hypothesis that the presence of organised modern format retail stores influences the degree of awareness of edible oil brands and hence there might be association between them. The symmetric measures (Phi=.461, Cramer"s V=.461, p<.05) found out quite a significant association between the presence of organised modern format retail stores and the degree of awareness of edible oil brands.

Limitations of the Research

The time of research was restricted to 4 weeks, which was a major limitation of the study since it limited the access to more number of respondents. The research work was limited to Arambagh Stores because of corporate tie-up. It would have been better if stores like Spencers and Big Bazaar could have been considered because of much higher footfall.

Being posted in the same area (Arambagh Jodhpur Park) for two weeks, the survey was restricted. The locality being the same the customer base was often seen to be the same, making repeat purchases. Often the customers seemed uninterested and reluctant to respond to the survey. Lack of co-operation of some customers and rejections were also faced. Reliability of data was questionable in case of those customers who were unable to recall thus providing ambiguous and incomplete answers. These cases were dependent on memory bias.

Certain male customers had no personal decision making role as to the purchase of cooking oil due since such household decisions are usually taken female members in the family. Many of them had no idea about the monthly oil requirement in the family or even the brand of cooking oil being used at home.

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Critical Review of Impact of Workforce Diversity on Indian Organizations

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Abstract

Workforce diversity is to further the accessibility of equal opportunities in the workplace in context to organizations in India. This equal opportunity philosophy is to ensure that organizations make the most out of the difference from a diverse workforce rather than losing talent which might assist the organization to be more efficient and effective. Diversity brings with it, the heterogeneity that needs to be nurtured, cultivated and appreciated.

As the demographics of people in every continent are changing at a rapid pace, workplace diversity is going to increase. Organizations which are managing diversity know the value of diversity so for reaping benefits they have started on valuing and managing diversity. Organizations which acknowledge the value of diversity on time will have a competitive advantage on others. Diversity is transformed to higher performance in the workplace through those who are enthusiastic and committed to work. The focus of this paper is on impacts of workforce diversity on Indian organizations, what they are doing to mix up in Indian culture; behavior of Indian organizations towards diversity and some studies has been presented conducted in India on workforce aspects.

Keywords: Globalization, Diversity, Workforce, Inclusion, High Performing organizations.

Introduction

The concept of diversity which originated in U.S in the late 1980's has seeped into countries across the world. In the last two decades; it has been embraced by the organizations by realizing the strong linkages between the inclusion of diversity and business competitive advantage.

Organizations differ in their ability to capitalize on the diverse characteristics of their workforce, the result in part of well-established, long-held attitudes and practices. Diversity encompasses any characteristic used to differentiate one person from others. The conception of diversity includes differences across gender, race, age, physical ability, sexual orientation, religion, skills, and tenure in the organization. This listing reflects major sources of contention over diverse characteristics in organizations today.

Organizations comply with legal requirements regarding the composition of the workforce. Diversity may be addressed at a surface level, but the organization is not committed to the idea that diversity has advantages. The organization's routines and practices continue much as they always have. In a tolerance stage, diverse members of the organization are actively sought and included in the daily practices and routines of the organization, but the skills and talents of these members may not be fully utilized. Diversity means heterogeneity that should be appreciated by all to increase effectiveness of organization as competition is pouring in from all around. The workforce diversity can also help in providing equal opportunities at workplace. Equal opportunity at work means making most out of differences of individuals at workplace rather than losing talented employees that can be proved more efficient and effective to organization. Workplace diversity is now considered an important issue and in the near future will become more

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important because of increasing differences in workforce in different countries.

India has ever been a land of paradigm and fascination. People from the West had previously envisioned the country as a land of spiritual gurus and snake Charmers - a concept that has taken a long time to erode even with globalization and economic liberalization. In India even people from neighboring states are as different as trying to compare Karnataka to Italy when considering language, dressing style, folkdances etc. In India language changes every 100 kilometers. It is a country representing every major religion, almost two thousand ethnic groups, four major language families containing a total of 1065 languages and dialects and a strong social hierarchical structure unparalleled by any country other than the continent of Africa in terms of linguistic, social and cultural diversity. It is a nation with the largest English speaking population and the world's largest base of middle class that has led the spur of growth.

Literature Review

Workforce diversity is the name given to those organizations that have more heterogeneous mixture of people in the form of age, gender, race, ethnicity and educational background. In fact all organizations are heterogeneous, none is a homogeneous organization. If we talk about narrow definition of workforce diversity, they reflect about affirmative action and equal employment opportunity laws that make compulsory to implement rules that give equal opportunities to all working under one roof. And if we talk about broad definition of diversity, it covers most characteristics that individuals possess that affect the way they think and do things. **Hayles (1996)**, for instance, defines diversity as, "All the ways in which we differ." In the context of organizations, **Henry and Evan (2007)** point that diversity refers to, "co-existence of employees from various socio-cultural backgrounds within the company. Diversity includes cultural factors such as race, gender, age, color, physical ability, ethnicity, etc."

Organizations with a diverse workforce can provide superior services because they can better understand customers' needs (**Wentling and Palma-Rivas, 2000**). Hiring women, minorities, disabled, etc. will help organizations to tap these niche markets (**Mueller, 1998**) and diversified market segments (**Fleury, 1999**). As all the segments of society have a stake in the development and prosperity of society as a whole, creating and managing a diverse workforce should be seen as a social and moral imperative (**Mueller, 1998**). As the economies are shifting from manufacturing to service economies, diversity issues will gain importance because in a service economy effective interactions and communications between people are essential to business success (**Wentling and Palma-Rivas, 2000**).

Workforce Diversity at world level

Henry Ford is known as the man who put the world on wheels. This visionary inventor also saw the wisdom in creating a diverse workforce long before such concepts were embraced by other business leaders. Since its founding in 1903, Ford has established itself as a premier American employer by supporting equitable and inclusive employment practices years before the law required it. Today, Ford continues to attract a highly skilled committed workforce that reflects a broad spectrum of culture, ethnicity, race, perspective, age, religion, physical ability and sexual orientation.

South Africa is a nation of diversity, with over 50-million people and a wide variety of cultures, languages and religious beliefs. Diversity is a challenge everyone in the country faces. However, diversity is not exclusively a South African challenge. Segregation and discrimination in South Africa was based on race. Malaysia has changed to accommodate the increasingly diverse workforce. The diversity of the workforce in this country is very commendable and one can see a number of people fluent in English, Mandarin and Tamil. Because many foreign organizations have already made a home in this nation, the executives have honed their management skills to lead diverse international employees. Malaysia has a sizable Indian population and they can use this asset to build business ties with India and tap the opportunities presented by its emerging economy.

Singapore is another nation that has kept pace with the changing times. A report by Singapore Management Review shows the increasing diversity of workers in the multinational corporations based in Singapore. This has brought many changes in how organizations in this nation manage their human resources. More global companies now recruit local and foreign staff to expand in this nation and have employees from different socio-cultural backgrounds.

Austrian labor market is increasingly concerned by diversity not only because of demographic developments or globalization, but especially because of opening borders or the Schengen Agreement, which allows free movement of goods. Employees with minority status are often found in lower level jobs at the end of the corporate hierarchy (**Linehan/Hanappi-Egger 2006**) and their knowledge and skills are not sufficiently used by the organization. The percentage of immigrants working and living in Austria is on 10.4% of the total population and will keep increasing constantly. Most of the time diversity initiatives are linked to gender and age in Austria.

For extracting the benefits of diversity, every country has to manage it internationally and cross nationally as well.

Internationally managing diversity example would be a German company instituting policies and training programs for its employees to improve sensitivity and provide employment opportunities to members of minority groups and recent immigrants in its workforce. Cross-national diversity management refers to managing a workforce composed of citizens and immigrants in different countries (e.g., a Korean company with branches in Japan, China, and Malaysia establishing diversity policies and trainings that will be applicable in its headquarters and also in its subsidiaries in these countries). In addition to practicing within the laws and social norms of its home country, cross-national diversity management requires employers to take into consideration the legislative and cultural context in other countries, depending on where their workforce resides. For example, company based in South Africa has to abide by the South African equal rights legislation which compels it to treat men and women equally. If the same company has a branch in Saudi Arabia, however, it will have to treat its employees according to the laws of that country, which are inspired by the shariah and follow the Islamic tradition of prescribed gender roles. In South Korea, as another example, the cultural norms dictate that married women with young children leave their careers and devote their time to their families. Therefore, while a U.S. company is likely to provide training and promotion opportunities to young women (in compliance with anti-discrimination legislation), its Korean subsidiary may view such policies as a waste of time, considering the Korean cultural norms (Lee, 1997; Park, 2008).

Workforce Diversity in Indian context

Indian work organizations respect and exhibit this vast diversity through its employees where in every organization in itself represents a mini India with its cultural flavors as people from varied religion, ethnic group, caste and language working together for a common organizational goal. Today India stands tall with its diverse culture, considerably huge population, and economic disparity as one of the fastest growing developing nations. To keep pace with these rapid shifting needs of the world and to succeed India incorporation's should keep in mind not only the demographics but also the management of these differences in employees.

A number of studies have been conducted in India that site the importance of understanding employees in the near future to cope up with diversity issues that may arise in due course of action. A study by Kundu about employees' perceptions in Indian organizations examined the perceptions of male and female employees across various categories (i.e. general, minority, disabled, and socially disadvantaged employees) about HR diversity and employers efforts for promoting and valuing diversity in Indian organizations. The study found that

women in general attached more importance to value diversity than men. Women were of the strong view that organizations must work towards hiring and retaining more women and ensuring development opportunities to women. Further the perceptions of various categories of employees also differ significantly on the issue in context. Each group of employees thinks about themselves as more important than other groups of employees.

The study by **Kaifi and Mujtaba** of Management Skills with Indian Respondents: Comparing their Technical, Human and Conceptual Scores Based on Gender focuses on the technical, human and conceptual skills of professional men and women Indian respondents. The results show that Indians sampled in this study have higher scores on technical skills. Indian women in this sample scored significantly higher on the human and technical skills compared to their male colleagues. Therefore, women professionals from India can be recruited, promoted, and retained in technically challenging management positions. A study on role of diversity climate on employee satisfaction and intent to live in India by **Goyal and Srivastava** has revealed that a healthy organizational diversity mostly has a positive effect on individual and organizational variables. A study on "Impact of Work Force Diversity on Work Culture of Indian Organizations" by **Jindal, Bagade, Sharma** concentrates on influence of diversity on the organizational work culture, and the behavior of Indian organizations towards work culture and diversity had been discussed in this paper.

According to a study by CSIS centre for strategic and international research, India's Economy: The Other Half by **Inderfurth and Khambatta**, the good news is that the women who do make it to middle and senior levels seem to feel relatively welcome and encouraged to be there. According to a female executive at one of India's largest multinational firms, "Certain sectors are very women friendly and women are armed with advanced degrees. They are extremely confident, self-assured and willing to make a difference... In recent years there is a growing consciousness in companies to have a diverse workforce."

A comparative study of workforce diversity in service and manufacturing sectors in India by **Deshpande** shows that the average observations for equal opportunities, skill recognition, treatment of employees, age and gender employability is low in both the sectors. Organizations need to implement diversity programs in workplace. The difference in the workforce diversity in service and manufacturing organizations is mainly due to experience, age and qualifications of employees. The employees feel responsible and committed working in these sectors as they gain experience. Report of seminar held in Mumbai in March 2010, that how companies in India are

leveraging the business benefits of Diversity and inclusion by **Nathwani** states there is a greater focus on gender diversity. All organizations continue to focus on ensuring that female talent is represented across all tiers of the organization. It is interesting to note that women in senior positions are increasing.

A study done by **Schomer** about professional women in India provide an overview of the challenges and opportunities faced by professional women and their employers in India, changing social expectations both at work and at home, and best practices of companies already in India or considering business in India. Four case studies show the solutions that select best-in-class companies operating in India have developed to further their corporate journey to gender inclusion and the advancement of women in their organizations.

Impact of Workforce Diversity

Workplace diversity has contributed to more productivity but some factors such as differential treatment could hinder its successful implementation and hence company's success. Big companies are more passionate about diversifying their workforce and see its implementation as a norm and continuously strive to improve diversity management, whereas small companies see it as a choice and evitable when they feel it a burden or cannot effectively manage it.

The foreign organizations are striving hard for understanding the socio-cultural aspects of the Indian work culture and management practices for improving their effectiveness. The entry of the foreign organizations affected the work culture / environment of the Indian organizations in many ways, especially in Indian private sector. Some of the major areas affected are like - working hours (people working more in night shifts and in flexible timings), five working days in a week, increase of women and aged people employment, organizational structures, pay structures, composition of workforce, work from home, and so on. Slowly, both the Indian as well as foreign companies were started adopting the work culture of each other. It is making a balance between Indian and foreign work cultures. Even, it is forcing the government to make changes in the labor legislations accordingly for inclusion of more diversified workforce and culture. As the change is essence of life, the organizational work culture is also changing, but importantly it is sending good signals for those organizations which are valuing diversity.

Conclusion

Of late, Indian corporate houses have started thinking of making their workforces more representatives of India's vast diversity and demographic profile. Accordingly, terms such as

positive discrimination, affirmative action program by the private sector are slowly being recognized. Though the private sector has a sluggish approach to this at the moment, the push and shove by the State's diversity enhancing policies are fast propelling it forward. The diversity is an important feature of India. The Indian civilization is one of the oldest and richest with a great deal of diversity in thoughts, beliefs, creeds and values. The Indian organizations are quick to realize and value diversity and are keen to focus on having an inclusive workforce by hiring employees from every background. Human Resource practitioners are managing and valuing diversity through soft and hard approaches of HR programmes, policies and strategies with main focus on women at higher positions.

In spite of diversified workforce in Indian organizations, some organizations could not tap the advantages out of it because of some discrimination shown to age, gender, disabilities etc .and hence talented candidates are neglected. Well globalization and liberalization has paved the way for foreign industries bringing in more diversity in India and hence foreign organizations are trying their level best to understand socio-cultural aspects of the Indian organizations to improve their effectiveness. Now it is a challenging task for both Indian and foreign companies to take advantages of diversity.

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The Role and Impact of Indian Youth in Purchase Decision Making Process

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Abstract

Since the Second World War over, orientation of doing business, targeting market and approaching to customers, got totally changed. This was the era where business houses had to redesign their business strategies. Supply was not the problem rather demand was the problem. It was the conversion of profit orientation to customer addition. Marketer had to come out from the office or psychological and physical fence of doing business. Understanding market and customer and accordingly designing and offering and then seeking feedback was the trend started in first half of 20th century.

To enhance understanding of consumer behaviour, this paper focused on development and implementation of consumer behaviour strategies. Today's consumers have access to any product at any time and from any place.

Keywords: *youth, consumption pattern, market behaviour, black box, market of children, drivers of changes, purchasing decisions etc.*

Introduction

Possibly the most challenging concept in the marketing is to understand the buying behavior. The attitude of Indian consumers has undergone a major transformation over the last few years. The Indian consumer today wants to lead a life full of luxury and comfort. Consumer wants to live in present and does not believe in savings for the future. An important and recent development in India's consumerism is the emergence of the rural market for several basic consumer goods. The Indian middle class has provided a big boost to the consumer culture in the last decade and it is expected that their buying behavior will continue to change in the coming future. Due to fast growth of the services sector per capita income of people of India is also showing amenable increase. The number of middle class is increasing due to another fact that people are fast shifting from agriculture to the services and industry sector where growth prospects are reasonably high as compared to the agriculture

sector which is showing slow growth. The consumption pattern of a country depends on liberalization of economic policies, buying habits of youths, financial independence at a young age, increase in number of nuclear families and increase in media exposure of the people. Days are gone when the behaviour and buying habits were been monitored by elders in the family. Now youths are playing important roles in family purchase. The tastes and preferences of the current generation are changing rapidly.

Changing Mindset of Indian Consumer

The current generation does not mind paying extra for better facilities and ambience. Another major factor that has led to increased consumerism is the growth of credit culture in India. The Indian consumer does not feel shy to purchase products on credit and pay tomorrow for what they use or buy today. This tendency has led to a tremendous increase in purchase of

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homes, cars, two-wheelers and consumer durables/goods. The market for luxury products in India is also climbing at an astonishing rate as compared to a decade ago when it was almost negligible. The reason behind this is that the purchasing power of people of India is rising very steeply. The Indian consumer today is highly aware about the product, price, quality and the options available with him. The purchasing is done by keeping all these factors in mind. Today, price is not the only consideration as it was a few years back when prices played a major role in purchasing. Marketers are striving hard to capture this ever increasing Indian middle class as they form the bulk of Indian consumers.

Historical aspects of marketing cannot be separated from consumer behaviour aspects. It is the strength of the marketing that it has shifted its reliance on other disciplines as well as its focus of understanding. The classical schools of marketing thoughts relied on the social science such as sociology,

economics and anthropology and focused on aggregate market behaviour. It opened the new gateway of managerial school of marketing thought which the focus of attention and understanding shifted to the individual customers while social sciences disciplines continue to dominate marketing. Moreover, marketing began to borrow more and more from behavioural sciences, but it kept its vigilance and watch on individual customers. And this gave birth to behavioural schools of marketing thoughts. More recently, marketing has begun to shift its attention away from the individual customers and concentrate on the markets. It also relying more on the traditional social sciences and less on the behavioural sciences. It seems that each marketing era has motivated specific types of consumer behavior research; thereby shape it history with respect to the theory development. Marketing strategies and tactics are required at every stage of consumer behaviour. See figure-1.

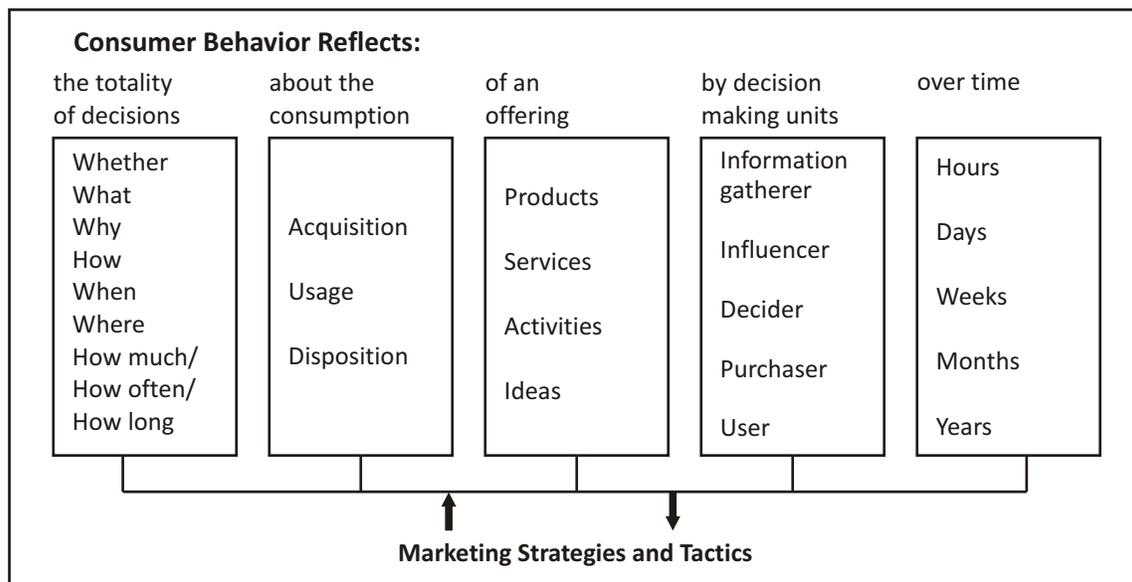


Figure 1: Consumer Behaviour

Consumer in the Center

Evolution of the marketing thought in the 19th century is documented by Bartels (1962). And these marketing thoughts were influenced by concepts of demand theory in microeconomics, spatial markets and trading areas in economic geographic, and by metro vs. non-metro market definitions provided by economic anthropology. Adweek's Marketing week (1994) has given the scene of vanishing culture of housewives and replacement by working wives. David M Potter (1954) presented the situation of consumers with diverse nature and ambitions. Cyndee Miller (1995) has described the 80 different natures of women as a purchaser in different capacities. Fitzgerald (1994) has described the role of life style in deciding

the consumer behavior factor. The advertising age (1995) has given the reasons for developing different consumer images. Maxine Wilkie (1995) has advocated that Demographic plays a vital role for deciding the culture of consumer.

Howard and Sheth (1969) explained how consumer's buying behavior influenced by internal and external factors. They explained that human mind is BLACK BOX which receives stimuli. This stimulus creates perception in the mind of consumer which implied the kind of learning - favorable or unfavorable. This will give the output in the form of acceptance or rejection. Basically this model is based on Stimulus - Response theory.

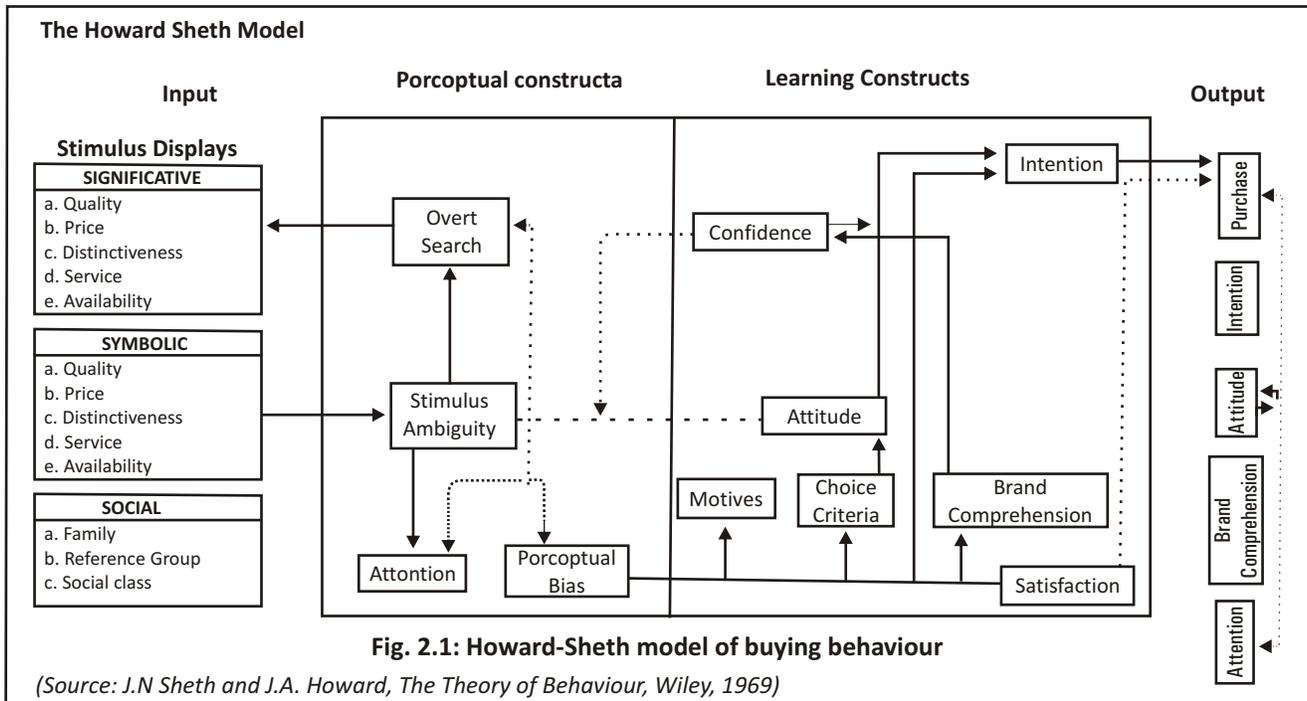


Figure 2: Consumer Behaviour-Internal and External Factor

Indian Consumer - A Black Box in the dense forest

With latest Population Census of India in 2011, the total number of people living in India has been estimated at 1,210,193,422 (1.21 billion). Growing by the current and population growth, India will cross China Population by 2030. By that time, India's population is estimated to be 1.53 billion. Population of states in India like Uttar Pradesh is more than many countries in the world. So India has witness a major growth in its population in the last 10 years.

Total Male Population in India in 2011 was estimated at 623 million as compared to female which was 567 million. The sex ratio in India is decent and improving year by year. In the last 10 years, it has improved a lot in many states and rural areas. However a long way to go for the states likes Haryana and Punjab where is quiet low. The sex ratio of India in the year 2011 is 940 females/1000 males. The Literacy Rate in India is showing major signs of improvement in the last 20 years. According to Census of India 2011, India Literacy rate stands at 74.04. Kerala is top state of India with over 90 percent of its population are literates.

More than 50% of India's population is less than 25 years of age, compared to other developed countries, where the majority of the population is ageing baby boomers. India is among the world's youngest nations with a median age of 25 years as compared to 43 in Japan and 36 in the US.

- In 2025, more than 55 per cent of the population would be of working age.
- With a large working population, India can continue to be competitive globally.

The consumerist age-bracket (ages of between 15 to 64 years) as a proportion of the Indian population is growing rapidly and will represent more than 65% of the population in 2015. In other words, the ratio of working population to non-working population, defined as the dependency ratio, will increase in the near future. This will increase the overall purchasing capacity in the country, providing further buoyancy to the retail sector. Members of the consumerist age-bracket are the most likely to prefer and adapt to modern retailing, assuming that they generate adequate incomes and reside in urban areas.

Rapid economic growth has resulted in greater incomes for the booming Indian middle class. Disposable incomes are expected to increase at an average of 8.5% per annum till 2015. Per capita income in India has been steadily rising from USD460 in 2002 to USD620 in 2005. Higher numbers of working women have also increased both consumption and purchasing power; the population of working women has increased from 22% in 1991 to 26% in 2001. With increasing disposable incomes and the highest ever consumer confidence levels, Indian consumers' ability and desire to spend is growing rapidly. Total private final consumption in India amounted to USD420 billion in 2005 compared to USD382 billion in 2003. It has been growing at almost 10% annually over the last few years.

Spending Habits and Consumption Pattern

Food, beverages and tobacco are the largest single component of private final consumption (around 40%). Its share has been steadily declining from 48% in 2000 to 43% in 2005, mainly due to changes in consumers' spending preferences towards more non-essential, lifestyle-oriented purchases. Indian consumers'

lifestyles and shopping habits are rapidly evolving. Discretionary spending witnessed a 16% increase for the urban upper and middle classes. Lifestyle habits are shifting from austerity to complete self-indulgence and Indians are now unapologetic about spending lavishly on non-essential goods such as luxury watches, cars, hi-tech products etc

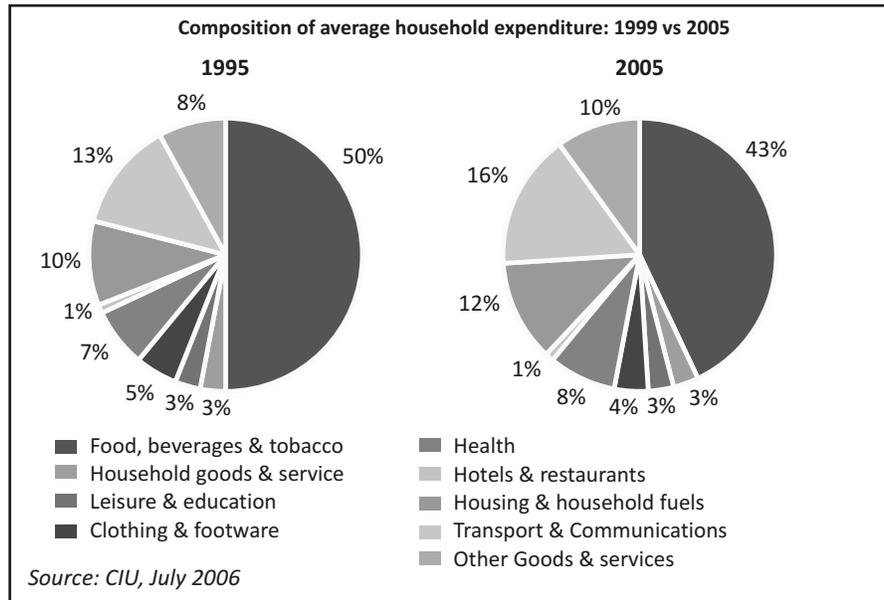


Figure 3: Average Household Expenditure

There is an easier and soft acceptance of luxury and an increased readiness to experiment with mainstream fashion. Expenditure on personal care items and clothing has increased since there is greater emphasis on "looking and feeling good". Similarly upcoming shopping malls offering multiplexes, restaurants and bars, video game centers, etc in both large and smaller cities, shopping has evolved from a need-based activity to a leisure pastime. Therefore, expenses on activities, such as watching movies and eating out, have increased considerably. With the growth of middle class families, home textiles and electronics/ consumer durables are increasingly becoming a means to demonstrate prosperity while at the same time creating a comfortable home environment. Finally, credit friendliness, drop in interest rates and easy availability of finance have changed mindsets of this segment. Capital expenditure such as jewellery, houses, electronic gadgets and cars is shifting to becoming redefined as consumer revenue expenditure. The number of credit cards issued has grown at a CAGR of 26% in the last 5 years to touch 15.5 million by March 2005.

Indian consumers' purchasing habits, style and preferences are evolving towards a strong predilection for brands. Consumers equate brands with an intangible value for which they are

willing to pay premium prices. There is a high degree of differential pricing structures between branded and unbranded goods in India. There are also differences between urban and rural consumers. Rural consumers are economically, socially and psychologically different from their urban counterparts and are definitely more price-sensitive. To address this issue, most FMCG companies have introduced products (such as tea, shampoos, biscuits) in smaller packs and sachets to make the product more affordable for rural consumers and obtain a share of wallet.

Literature Review

Research on family decision making has been largely confined to spouses, who have been considered as the relevant decision making unit in a family. However, the role of third party influences, such as young of the family, on decision making strategies and negotiations, is essential to taking a broader view of the relevant unit of analysis. Traditionally, women were seen to be the purchasing agents for the family. Nonetheless, increasing participation of women in the workforce has prompted a shift in this role as youth are increasingly the "buyers" for the entire family. Even in families where women do not work, youth are observed to share this role with their

mothers. Youth enjoy greater discretion not only in making routine consumption decisions for the family but also in pestering their parents to buy other products desired by them. Contemporary researchers express that youth constitute a major consumer market, with direct purchasing power for snacks and sweets, and indirect purchase influence while shopping for big-ticket items (Halan, 2002; Singh, 1998). In addition to this, 54% of India is estimated to be under the age of 25 (Bansal, 2010).

Children constitute three different markets

They sometimes either purchase a product themselves or select the product before it is purchased by the parents. For other products, such as ones which are used by the entire family unit, they may influence purchases made by the parents. There are some products where youth wield direct influence or pester power by overtly specifying their preferences and voicing them aloud. Figure-4 shows the roles and involvement of children.

Three Different Markets of Children

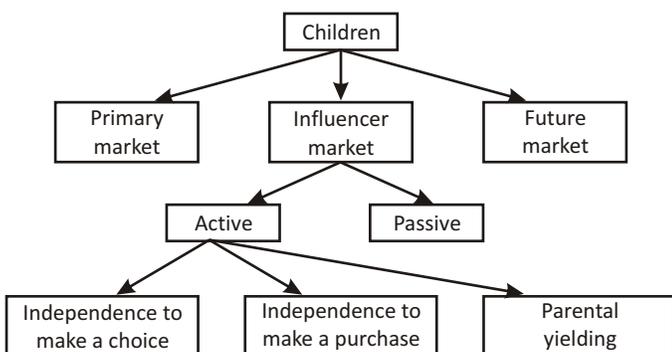


Figure 4: Role of Children

For other products, parents' buying patterns are affected by prior knowledge of the tastes and preferences of their children. This 'passive dictation' of choice is prevalent for a wide variety of daily consumed product items as well as products for household consumption. Also, decision making in households is seen to change with the mere presence of children. The nature of joint decisions in couple decision making units and family decision making units is seen to be different (Filiatrault and Ritchie, 1980). It is also observed that children are socialized by their parents to act as rational consumers. After years of direct or indirect observation of parental behavior in the marketplace, they gradually acquire relevant consumer skills from their parents.

The amount of influence exerted by children varies by product category and stage of the decision making process. For certain

products they are instrumental in initiating a purchase, while for others, they make the final selections themselves. The purchasing act is governed by how they have been socialized to act as consumers. Family, peers and media are key socializing agents for children wherein family-specific characteristics such as parental style, family's Sex Role Orientation (SRO), and patterns of communication play key roles. The structure of Indian families has been previously characterized as joint families with traditional SRO (that is, the husband predominated in all family affairs). However, owing to influences from the West, the structure of Indian families has changed to nuclear or extended families (nuclear families plus grandparents). The Indian families have become more modern in SRO, such that the decision making has become more egalitarian (Chadha, 1995; Dhobal, 1999). Compared to this, the West is experiencing an increase in the number of single parent or female-headed households (Ahuja and Stinson, 1993; Mangleburg et al., 1999). Such a shift in family composition and structure has a bearing on the strength in the role that children are expected to play as buyers in the family.

*Your children were vexation to your youth;
But mine shall be a comfort to your age*

-William Shakespeare

Youth: The Indian

Today's marketing framework and brand positioning framework are not in relation with the youth of young countries like India where the average age is 24 and the models and framework made for the western countries are not successful in India as the response to brands, products and other consumption stimulus are many a times different. There is a new emphasis in the world of businesses 'today is idea of co-creation'. As in today's world all kinds of distinctions are blurring. The personal is merging with the professional; entertainment is merging with play and family with friends, so we can say that the *today's youth is living there lives like a large inter connected web*. As fairly quoted by Shakespeare in his famous drama King Richard-III, If consumer behaviour is black box, understanding youth and predicting their action again a herculean task.

Most of the models and framework have a western origin, so the image of the youth made in the mind of any marketer is of a person who is "Rebellion, adventurous, music and other symbol of 'cool'", due to which the model made is always trying to find what is 'cool' amongst the youth. India has a large consumption population around 50 million in the age band of 25-45 yrs. *But most of them behave more like teenagers who are just about 15*; this is because the Indian consumers new found freedoms, avenues and affordability post liberalization

after 1991. So to fulfill their desires of being 'youthful', this has caused the brands to target 'youthful' (being a larger market) and hence the real youth as a casualty. There is nothing for the youth to call is as their own.

Key Drivers of Change

There has been a definitive and the irreversible shift that are taking place in the society at large-media, politics, the environment, entertainment, marketing and branding, consumer behavior and attitudes.

- 1. Discontinuous Ways for Discontinuous Desires:** There has been a big change in the thinking and attitude of the today's youth with respect to the larger India; they want to fly without looking back at the ground, wanting to achieve discontinuous dreams, ability to experiment without a fear of consequences.
- 2. Shifting Locus of Morality:** It has shifted from being socially appropriate to what's personally useful. The value system of the youth is designed by them to help them achieve what they want i.e. small shortcuts, some manipulation, a little greed is ok.
- 3. Seeking Partners in Crime:** A generation seeking certain legitimization. They want brands to play as a buddy and to set their mannerisms that belong to their world and not outside. Their role model is a mish mash of various qualities that they admire in the successful heroes of the society of from their own personal life.

Social networking sites are really penetrating in India with frenetic pace. Today many smart companies are innovating big ways for Social Media Optimization for their Product or brands. The main purpose for this modern companies enhancing mass awareness, motivate potential customers, boost Sales Customer Base. Social media was widely used by various political teams in the election 2009 for their political campaigns. It has been noticed that Facebook has superseded Orkut in its coverage and mass appealing. Users joining social networking sites bear generally driven towards finding likeminded people popularly termed as friends or fans. Social media is also greatly used by gennext from photo sharing or video sharing capabilities to blogging, from instant messaging to chatting.

Smart marketers have found social networking sites helping them to find talent, build brand awareness, searching new customers conducting brand intelligence and market research. Major concerns for Indian youths using social media are identity, privacy, community formation and sophistication in their style.

Research Objective

The purpose of this research paper is:

- To find the impact of the youth on their parents.
- To identify the involvement of the Indian youth in the decision making process for purchase.
- To find which all category of products and services do the youth hold the decision making power.

Research Methodology

The research design selected for this study is descriptive. This research paper explains the changes occurred in consumer behavior of India due to the impact of the youth. The work is intended to cover new facts about the change in the decision making due to the easy availability of information to the youth and changes it has caused in the consumer behavior as wholes. The synthesis of this research is based on the primary data collected from questionnaire sent via e-mail to Indian college students aged between 18 and 24 the students studying in colleges. These students were residents of different states from India, who were studying in various colleges in the capital region. As the students in the capital region of India are more brand and status conscious owing to their greater exposure. In this research an effort has been put to find out which member of family has the greater influence in the purchase of particular products or services either the husband, or wife or the children or they have equal influence.

As all the students were fluent in English language, the English version of the questionnaire was prepared. The sample size was 250, and usable were 210 questionnaires for the analysis. The remaining questionnaires were illegible or incomplete and therefore could not be used for the analysis. The sample consisted of larger cross-section of male population than females. This may be attributed to the fact that in higher studies (at graduate and post-graduate levels) the ratio of females is less than the males.

Findings and Analysis

Consumer involvement is a motivational state that may be used to comprehend and predict consumer's attitudes towards products. So as to find the relation between the decision making for the purchase of the product and the involvement for youth, the respondents were asked to fill a questionnaire for the purpose. From the below graph it is found that the decision making power in half of the respondents still stayed with the parents or the head of the family and the other half of the respondents said they have the influence in the decision making for the purchase of the products. See Figure-5

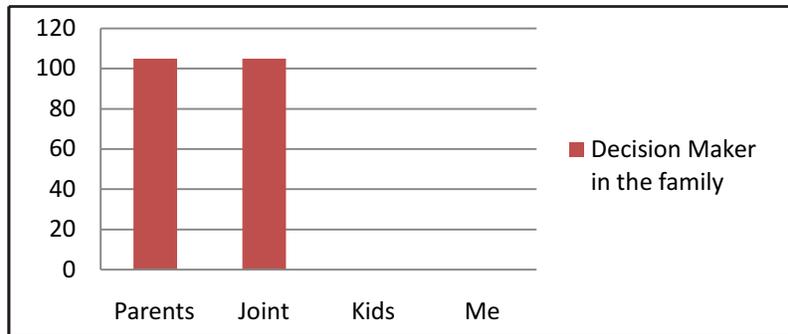


Figure 5: Decision Maker in the family

This very well shows that there is a large influence of the youth in the decision making for the purchase of products and services. As the respondents were college students, so being dependent on the parents, that might be a reason for the lack of influence in decision making process in the other half. The respondents were asked regarding their preference for the search of information on different products and services, it was found that digital advertisement have the highest share in providing the respondents with information regarding products and services, here the advertisement hold a higher share i.e. 43% and internet having a share of 36% this shows that due to higher connectivity and easy access to internet youth are preferring internet for the search of information and this also tells that different advertisement campaign done by companies for their products and services have been able to capture the attention of the youth very well, as the advertisement are able

to connect to the youth and connects with them in their daily life.

Consumer Information Search

For finding the relation between the Indian youth and changes in the consumer decision making it was important to know that the parents/the head of the family included them for the search of information, it was noticed that 64% of the respondents said yes i.e. they were involved in the search for information by their parents, this gives a clear indication that now parents/head of the family see the young of the family as a valuable source of information and use the information provided by them for making the purchasing decision for products and services.

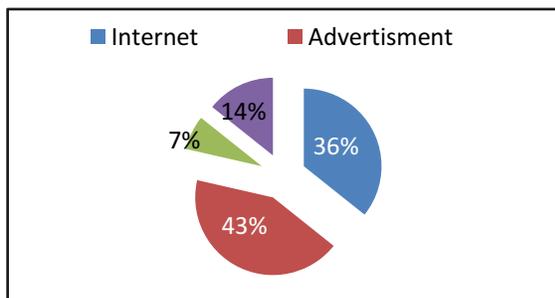


Figure 6: Respondents preference for the search of information

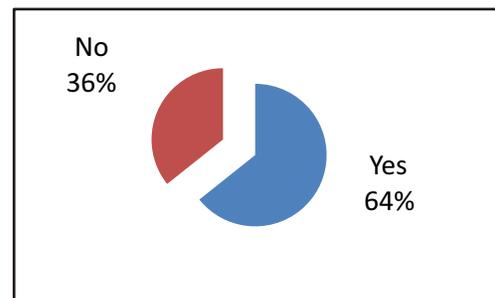


Figure 7: Preference of Parents for the search of information from Respondents

Findings also suggest that the influence of internet was there i.e. 79% of the respondents agreed and 21% strongly agreed this states that with the easy access to internet the youth have been able to connect with each other and are able to gain information easily there by influenced in one way or another. Respondents were enquired on which all different product and

services categories were they making decisions from the below graph. Majority of the respondents said that they had the ability to make the purchase decision for FMCG products, Restaurant & Hotels, Travel Products, Electronic Items and Apparels and footwear. See Figure-8

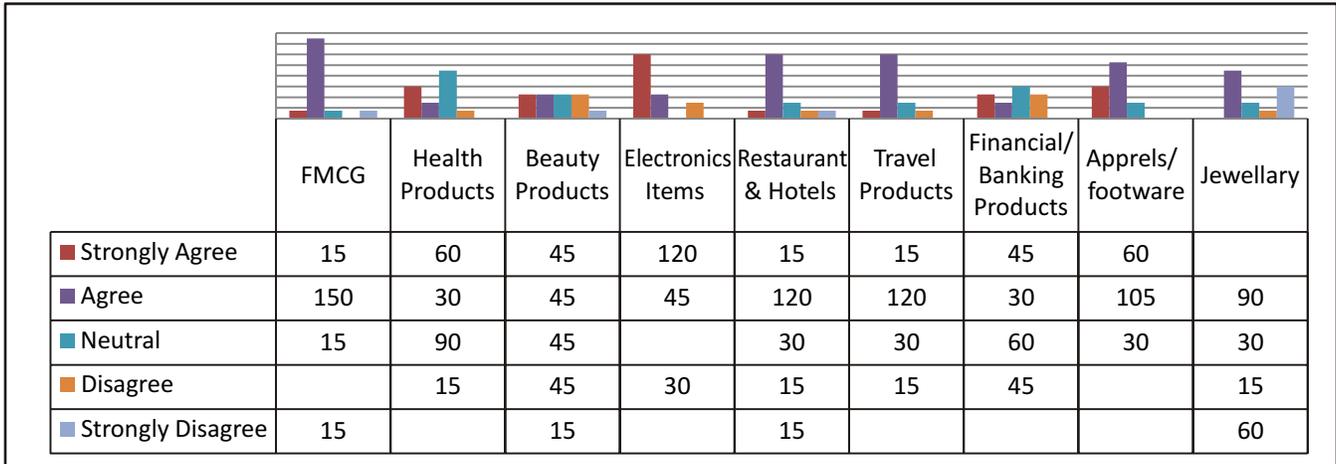
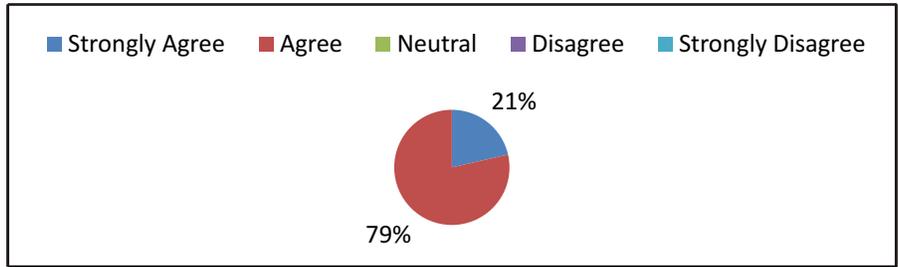


Figure 8: Change in purchasing decision due to Internet

By the above graph we are able to see that the influence in making decision on majority of products and services has increased i.e. the suggestions given by the young of the family are being considered, while making purchase decision in many products and services (Figure 9). We also found that the experiences and opinion of the young for particular product and services were given a serious thought by the parents/head of

the family, while making decision about product and services, as 64% of the respondents agreed, 29% strongly agreed where as 7%, apparently for the electronic product the parents were dependent on the young members of the family to provide them with the right suggestions on the purchase of this category products.

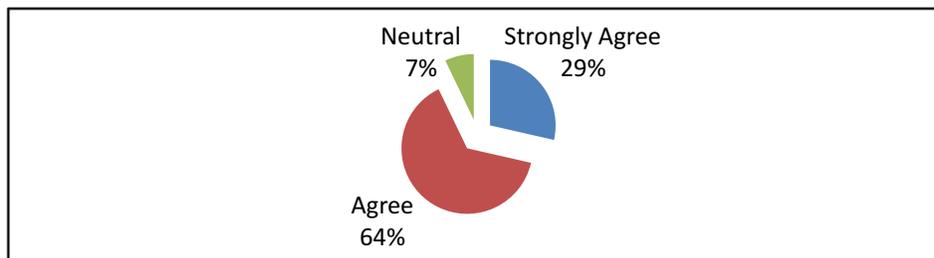


Figure 9: Respondents Opinion/Experiences effect on family Purchase Decision

Preference for branded Products

This gives us insights in to the parents thinking i.e. the parents understand as the young of the family are up to date with the resent technology advancements and are the right source of information with the electronic products purchase. With the entry of large global brands in India, brand awareness and realization about the self have gained importance among consumers. Growing consciousness about the self and the role

of brands in enhancing the consumer’s image are being recognized in developing countries. In India, liberalization has not only brought western brands amongst the Indian consumers, but has also introduced more of a western wear and lifestyle. From the views of the respondents we were able to find out that that 72% of the total respondents preferred branded products, this shows brands have become a very important part in building the young generations image. As the chart below clearly shows preferences of the respondents for

branded products, the young generation trusts friends and alternative media as the major source of information before taking any decision (right from selecting the best career option

to the product purchase). Prior to purchase they considers as assets (such as bikes, car, mobile phone, laptops or PC, branded apparel, etc).

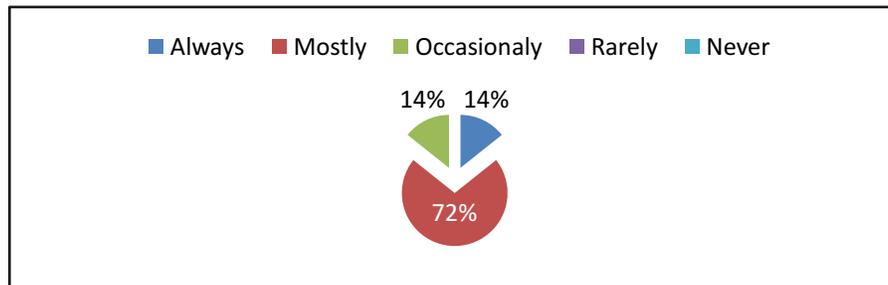


Figure 10: Respondent Preference for branded Products

They will search reliable information over internet (blogs, social media, news clips, discussion forums, consumer complaint sites, et cetera), will discuss with peer-opinion leaders among their friendship circle, listen to the experiences (with that product) of their close friends, check the credibility and coolness of that product in media (advertisements and promotions) and then convince parents to access the product, from the respondents view we found that majority of the respondents views or opinion for product were affected by the peers opinion on the particular product as seen from the below graph and the opinion of the elders had no effect on the respondents view or opinion. This gives us a fair idea as the young generation trusts the opinion of people in the same age group, as they are the one who are able to understand the need and requirement for the particular product and service much better than the elders or younger member of the family.

Purchase Decision

The generations are compromising with each-other and co-existing over the similar values, attitude and ideologies. The youth doesn't mind sharing the cool with parents or elder generation. We can see, at various social networks in India, the youth are sharing the same network as their parents and even allowing them to become friends in the friend's list. the youth has high respect for their parent for "how they have struggled and achieved success in spite of minimal career options available during their time.; Moreover, they have revealed that their aspiring icons in life is not any celebrity but their father or big brother as shown in figure 11.

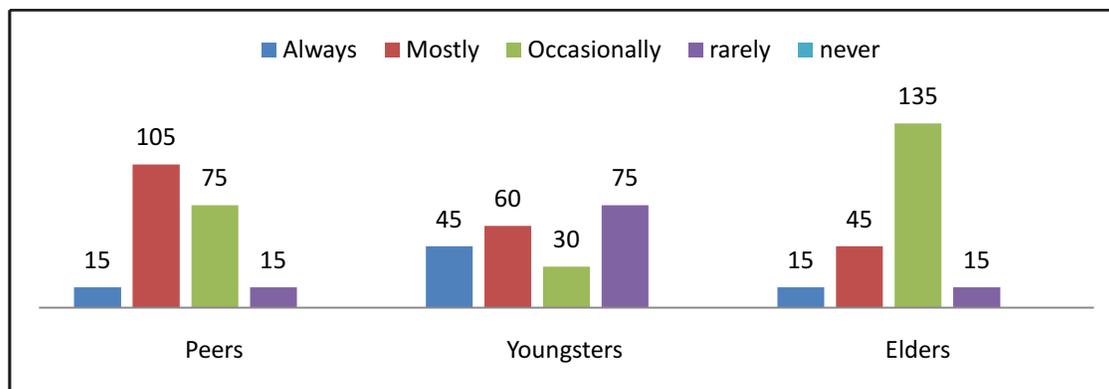


Figure 11: Effects on Respondents Purchase Decision

Respondents were asked the question as to "How do they see the brands used by their parents and do they consider those brands cool?" As from the pie chart it can be concluded that 50% of the respondents agreed to the fact that the brands used by their parents are considered cool and they will prefer to use them, this shows us youth likeness and respect they have for

their parents and how they see them, from this we also find that the view keep in the mind as the Rebellion was the key starting point for adventure, music and other symbols of 'cool'. This model of tapping youth presupposes a larger microcosm of youth versus old. Since the behavioral distance between the youth and the others in these societies is significant, it's easy to

rally youth around such points of difference, "A generation always pitted against its seniors", is in the view of the western context.

Conclusion

With increasing disposable incomes and the highest ever consumer confidence levels, Indian consumers' ability and desire to spend is growing rapidly. Total private final consumption in India amounted to USD420 billion in 2005 compared to USD382 billion in 2003. It has been growing at almost 10% annually over the last few years.

There is an easier acceptance of luxury and an increased willingness to experiment with mainstream fashion. Expenditure on personal care items and clothing has increased since there is greater emphasis on "looking and feeling good". Similarly with new shopping malls offering multiplexes, restaurants and bars, video game centers, etc in both large and smaller cities, shopping has evolved from a need-based activity to a leisure pastime. Therefore, expenses on activities, such as watching movies and eating out, have increased considerably.

From the above finding, we can clearly analyze that the young generation "Generation Y" is a very important and key part for the changes that have come in the impact on the parents purchase decisions as whole, with the new sense of freedom and by the easy access and ability to gather information by means of being connected with others, has given the youth of the nation the ability to influence decision made by the parents/head of the family. By this we can say that there has been a considerable Impact on the consumer behavior due to the youth of the nation. Now the Indian youth is considered a very important part in parent decision making process and is considered an important influencer as well as a decision maker in the family.

Limitations of the Study

The study though being done only on the colleges in the NCR, takes into account the generalizations and repeatability of processes to be considered for making of result. Lastly some obvious limitations of the study are:

- A short period for the collection of response. The youth of the rural India have not been taken in to consideration, if the rural youth are taken in to consideration there can be a considerable impact on the result and finding of this study.
- Issues related to changes in the response and perception in case of a different geography.

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A Big Daddy or New Kids on the Block - What Will a Fresh Graduate Choose???

Prof. Shikha Bhardwaj*

Post independence Indian economy shifted focus from dependent economy to self sustainable economy. In India third Five year plan onwards, a lot of emphasis was given on entrepreneurship or setting up businesses. The small-scale sector has particularly emerged as a vibrant and dynamic segment of the economy in recent past. It is a matter of great importance and pride that India has distinct leading position of its own amongst the developing economies particularly in the sphere of small scale sector. India has a vast reservoir of scientific and technical manpower, occupying third position in the world as far as technical manpower is concerned. Small scale industrial sector received specific focus on growth and development in the industrial policy measures, after the new industrial policy was announced on August 6, 1991. These policy measures of SSI sector have given considerable focus and attention towards modernisation, technology upgradation, quality and human resources development.

Despite the fact that many facilities were offered by government and private venture capitalists in India, there are many challenges faced by small and micro industries. The problems are related to manpower shortage, finances and technical know- how. Despite being the second largest populated country, having a huge talent pool, small scale industries still face challenges in finding competent people equipped with required skills available for them. This is probably because the skilled man power in India does not carry enough confidence in small scale industries. This article attempts to generate confidence in the minds of young minds to understand the advantages and disadvantages of joining big brands or small business.

Introduction

Recently a headline in economic times took my attention. It states that recruiters are heading for campus placements for

2015 batch but there are some unusual jitters. Placement cells of almost all premier B-schools point out that this year is much better than past few years. This year companies are waking up with better packages, more job offers and offering PPOs to bright candidates. The companies are entering with high higher flexibility but students are displaying a higher risk appetite to recruiters.

Recent trends shows students are highly interested in e-commerce industry and Start-ups. Banking and consulting is always been a traditional choice and still most popular among HR and finance students. Latest popularity of Flipkart, Amazon, Jabong etc. is also a major reason for students showing interest in e-commerce industry. But most surprising response from fresh graduates is that they are open to join start-ups or become entrepreneurs.

Start-ups are the companies which are recently established. These companies are yet to make profit, establish brand or create goodwill. But still bright students of almost all good institution are ready to experiment. A recent study revealed that students now days are keen to join small companies as beginners. One of the student said "Having worked for huge corporations all my working life, I found myself in March taking the scary step of quitting my corporate middle-management job and, along with a substantial pay cut, becoming the fifth employee at a small start-up called Scratch."

Generally students perceive corporate life as very glamorous and glittery. As rightly said "Not everything that shines is gold". In reality, there is a dark side of this glamour. Fresh graduates are people with fresh ideas, creativity, enthusiasm and go-getter attitude. Perhaps they are bank of most innovative ideas but most of the big companies do not meet their expectation as a result on an average a new entrant switches or leaves first job within 3-5 months. One of the most important reasons is that

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big companies do not have time to explore creative bent of mind of all employees. Hence, employees start looking for options.

Whereas small companies have enough time and opportunity, to explore new ideas of its employees, as a result, they satisfy the urge of being recognised. As human beings, we all have desire to be identified and lost in the crowd of big companies, start ups satisfies these urge and desires. Thus, employee retention is higher.

So, what are the good and bad points of working for both types of companies and which is the best option for you? Or which one fresh graduate must choose? Or which is better for fresh MBA students? Allow me to share both perspectives:

The Advantages of Working For A Large Corporate Business

- Working in a large company provides access to a host of resources. From specialist training courses to additional qualifications.
- Large businesses become large by doing what they do well. Tapping up more experienced colleagues and best practice means you can learn plenty from them. They also have experts in each area of business in which they operate and, chances are, they will help and support you.
- Having a well known company on your CV can open a lot of doors, especially if moving within the same industry. They'll always make the job you do sound far more complicated than it actually is. Use this to your advantage when job seeking and you'll be surprised by how good your CV looks.
- While a large corporate will have its core business, with its size comes a huge breadth of support roles and departments. If you don't know what area of business really interests you, you might want to see what life in human resources, finance, operations or sales looks like before choosing your career path. A large corporate has all these departments, just go ahead and take your pick.
- While there's no such thing as a safe job in today's environment, working for a large company is usually a less volatile environment than a start-up. For those who are risk-averse, a large company will allow you to sleep better at night, offering greater security.
- Corporate tends to have a more steady work pace than a start up. Being more established and slower, drama occurs

less often and, even when it does, it's still less heart stopping being a small cog in a large machine.

The Disadvantages of Working For A Large Corporate Business

- Making changes in a large business is often like trying to turn a container ship around. It can be slow, cumbersome and incredibly frustrating at times. In these instances, entrepreneurial spirit and creativity is crushed under the weight of bureaucracy, leading to an (often deserved) reputation of dullness.
- Chances are, you'd have a rather defined job specification. With this, you don't learn every aspect of the business, and tend to only learn your small part in the full business in which you operate.
- With so many different characters, departments, cliques and factions in a large business, there are daily lessons in diplomacy and politics. Whether this is an advantage or disadvantage depends on your skill level of playing this game, but most people would rather be judged on how well they do their job, not if their face fits.
- It can be frustrating when management makes decisions that are inadequate or wrong in the eyes of the people on the 'coal face'. Maybe they do this because they don't know any better (there are plenty of directors of businesses that have not experienced all roles/departments in the company) or they have accountants or shareholders to please before what can be perceived as doing the right thing for the company. Either way, it can incredibly be quite de-motivating for those involved.

The Advantages of Working At A Start-Up

- It identifies you, your efforts and enthusiast enough about the personal fulfilment from doing something for yourself in a start-up business. Knowing that the business can succeed through your ownership and actions is incredibly motivating and exciting compared to the corporate shackles.
- In a start-up, you are the master of your own destiny. Yes, it will be incredibly hard work, long hours and poor pay for some time, but there's no better opportunity to fast track your earning potential and go into any aspect of work that excites you compared to climbing the greasy corporate pole.

- If thinking on your feet, sharpening your entrepreneurial skills and flying into uncharted territory sounds exciting to you, then you should work at a start-up. If that sounds totally terrifying, perhaps not.
- As start-ups are often small teams with undefined job roles and rather cash-strapped, you'll need to get involved in all aspects of the business. This allows for great teamwork to thrive, and your knowledge of a full working business - from finance and marketing to HR and sales - will be greatly improved.
- If you really wish to enjoy life after studies by discovering new avenues and opportunities, then start-ups are surely the right answer.

The Disadvantages of Working At A Start-Up

- It can be scary at times. Nothing can be taken for granted as to the future of start-up businesses, so a thick and thins can be expected anytime; a tough person can only handle uncertainty.
- You can't rely on other departments to pick up work you can't cope with or have little knowledge of, as there aren't other departments and little in the way of formal support. A good level of understanding of business and diligence is essential.
- With low pick up pay and 12-hour days very much the norm, chances are the office cleaner earns more per hour than we do. Working for a start-up requires a long-term view on earning potential, and often your own personal circumstances dictate whether this is possible or not.

So, which is better and what option is right for you? This boils down to two things: your attitude to risk and your experience. Working for large business clearly involves less risk and if you

are inexperienced then having the diversity and resources in a large business can be used to your advantage. However, if you've always had an entrepreneurial streak and the idea of climbing the corporate ladder to get a nicer office bores you to tears, perhaps a start-up is better suited.

Picking up a right job at right time is an important choice one has to make. Thus, whether you join Big daddy companies or new kids on the block, you need to have an orientation to serve. An individual with a strong sense of business, entrepreneurial streak and high level of commitment can survive in both. At times, we do mistakes in taking right call for our future, if that be so then let the right opportunity knock and you open the door of growth. Joining a big daddy company at times makes us directionless whereas start-ups may look like home away home. But both requires a lot effort from a new comer to adjust and adapt.

Scope for future research

In the end, shifting from college to job is a cultural shock, which can double with a bad decision but can be halved with good decision. Quite a good amount of research has been done on enhancing the employability skills of the students to bridge the gap between the academic orientation and industry expectation, however very less amount of work is directed in the direction of career guidance to students keeping in view the specific skill sets they possess. This article is an attempt to contribute in the field of career guidance, which needs to be further researched, analysed and tested to contribute in the areas of education, entrepreneurship and career building.

In the end, shifting from college to job is a cultural shock, which can double with a bad decision but can be halved with good decision.

Wish all job seekers, happy job hunting. All the best!!!

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Army Institute Of Management & Technology (AIMT) was established by the Army Welfare Education Society (AWES) in 2004 in the emerging futuristic hi tech city of Greater Noida. The forerunner of the Institute was Faculty of Management Studies (FOMS), College of materials Management (CMM), Jabalpur which was set up in summers of 1995. In a span of about ten years, FOMS carved a niche for itself and became a reputed business institution. In 2002 the college relocated and re-established itself with a new identity and a new name in the plush and quite environs of Greater Noida.

AWES has so far established 130 Army Schools and 12 professional colleges. Designed to capture the increasing needs of industry for Management and Computer Application professionals for the benefit of the wards of Army personnel, a sprawling new campus of the Institute was constructed over an area of 15.34 acres.

AIMT, Greater Noida has been established to conduct MBA program in a fully residential campus. The first batch of students joined the institute in Aug 2004. The institute is affiliated to the Guru Gobind Singh Indraprastha University, Delhi. The campus can accommodate nearly 500 students at its peak capacity. The institute has all modern learning tools/facilities and aims to provide top class management and education to the students. The campus also has a residential complex to house all its teaching and non teaching staff. The institute is set to become one of the premiere professional colleges of the country.



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