



MET MANAGEMENT RETROSPECT

... A Refereed Biannual Management Research Journal

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09	Book Review : Three Merchants of Bombay Prof. Vijaya Hake

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न भातृभाज्यम् नच भारकरी ॥
व्यये कृते वर्धते एव नित्यम् ।
विद्याधनं सर्वधन प्रधानम् ॥

Knowledge can neither be stolen by a thief,
nor snatched by king.
It is indivisible unlike ancestral property,
It never burdens the bearer,
It multiplies manifold when offered to others.
Knowledge is the supreme form of wealth.

विद्ये विना मती गेली, मती विना नीती गेली,
नीती विना गती गेली, गती विना वित्त खचले,
इतके अनर्थ एका अविद्येने केले
- महात्मा ज्योतिराव फुले

Lack of knowledge leads to indiscretion;
Indiscretion leads to lack of ethics
Lack of ethics leads to absence of direction and momentum;
Absence of direction and momentum results in bankruptcy;
Such is the HAVOC caused by the lack of knowledge.
- Mahatma Jyotiba Phule

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The editors and editorial board with great pleasure place before the readers the second issue of MET Management Retrospect, a refereed bi-annual management research journal. The research contributions by the scholars have made the journal enrich. The journal has diversified areas covered under its ambit giving maximum option for the research scholars. We thank all the authors and editors for their contribution.

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Impact of Celebrity Endorsement on Purchase Decision of Toilet Soap Users

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ABSTRACT

The practice of celebrities being used for rendering services other than performing their actual job as either an actor or an athlete, such as endorsements has proliferated over time. Despite the cost and the risks involved with this technique of advertising, it is been used quite extensively in the present era. The instrument of celebrity endorsement has nowadays become a pervasive element in advertising and communication management. India as a country is known for loving its stars and more population of youth. The Indians idolize their Bollywood actors and cricketers. The advertisers see this as an opportunity to grab and work on so as to expand their operations and promote their product. The present research paper focuses on examining the perception of these Indian youth Consumers about the celebrity endorsement process and the subsequent impact on their purchase decisions. Here we, with a literature review which provides an insight into the research done by the previous authors followed by the structure of the research method adopted to achieve the objective this study. A structured interview questionnaire approach has been adopted to investigate the attitude of the young engineering student consumer towards celebrity endorsement and how it affects their purchase decision. Most of the findings derived from analyzing the collected data unearthed some very interesting facts which have been summarized in the conclusion and also managerial implication relating to it has been discussed

KEYWORDS: Celebrity Endorsement, Consumer Attitude, Purchase Decision, Student Buying Behaviour

INTRODUCTION

“Celebrity is an omnipresent feature of society, blazing lasting impressions in the memories of all who cross its path.” Kurzman et.al (2007)

Indian market is not by a large space, an easy audience to target for the advertisers. The one billion people of the country are speckled in terms of beliefs, ethnicity, states, culture, language, dialects, norms and values. Other aspects such as the economic discrepancy in the country separates it in a way which has resulted in a large number of lower and upper middle class, with a very small class falling under in the middle class. This demonstrates a vast disparity in the buying power and decision making clout, one which the advertisers should

keep in mind. Indian advertisement has been placing a vital amount of importance on both recall and persuasion as brand differentiating messages.(Dixit,2005). Very often, various advertising styles are used by advertisers to influence consumer brand choice behaviour and among these different available choices one very popular choice is Celebrity Endorsements. (Alsmadi 2006).

A person who enjoys public recognition from a large share of a certain group of people and uses this recognition on behalf of a consumer good by appearing with it in advertisements is known as a celebrity. (McCracken 1989). They are usually known to the public for their accomplishments in areas other than the product endorsed by them. Friedman &Friedman 1979). This stands true for classic forms of celebrities such as actors like Shah Rukh Khan, models like Milan Somen, Sports athletes like Sachin Tendulkar and entertainers like MaliakaArora Khan but also for less obvious groups such as businessmen like the Ambani's or politicians like Rahul Gandhi.(Schlecht 2003).

In India especially, it is not difficult to find motives for the increasing use if celebrities in advertisements as Indians have always been in awe of the stars of the celluloid world. Unlike the foreign counterparts they have always consecrated them and placed a halo behind their heads implying that their celebrities could do no wrong. (Anonymous, 2001). Indeed, some people are seen to admire, imitate, and become besotted with their favorite celebrities, which forms the crux for the celebrity endorsement being quite a sought after advertisement technique.(McCutcheon et.al 2003)

Today celebrity endorsement is being seen more and more as an integral part in an integrated marketing communication strategy. Hamish and Pringle (2004) suggest 3 macro factors present in the market today that in principal justifies the validity of celebrity endorsement as a promotional strategy. The first factors the increasing opportunity for interactivity between brands and their consumers. Second is the "era of consent" situation present today where consumers have more control over the messages they receive. And lastly is the increasing media fragmentation and commercial communication clutter.(Temperley and Tangen, 2006). Pappas (1999) examined the value of star power in an endorsement and pointed towards how a well-designed advertising helped celebrities convert their star power into brand equity.

COUNTRY CONTEXT: INDIA

Brand endorsements by celebrities are a widespread phenomenon in India and worldwide. For

decades, the celebrities present in the Indian films have provided lifestyle cues to youth. Given the popularity, size and reach of the celebrities present in the film industry have the power to influence the attitude and behavior of millions of people, particularly the youth in India. The result of several discussions between strategic media work and WHO, after consulting with media experts, sociologists, films and television professionals and academics as well as scanned media reports, determines the impact of films and its consequent impact of celebrities on the youth. (Anonymous, 2003)

The country observed for the first time aggressive competition between new players and big established businesses with the opening of the new Indian economy in 1991.(Malhotra 2005). Consumer's expectations and demands are continuously rising in today's dynamic and competitive environment forcing marketers to adopt more creative advertising efforts such as celebrity endorsements to influence consumer brand choice and behaviour.

(Alsmadi 2006). Hence, there was an novelty of the celebrity brand endorsement which has proliferated to have become a multi-million dollar industry in India today.(Malhotra 2005)

Furthermore the celebrities in India live a very public life, hence several aspects of their lives are exposed to the general public such as where they shop, where they holiday, their favorite food and so on and thus receives extensive coverage from the media. The best example to support this is the South Indian actor Rajnikanth who has temples dedicated to his glory.(Dixit 2005)

However, a few of the brands have, no doubt, been established without celebrity endorsement (Kulkarni and Gaulkar, 2005). Procter & Gamble promoted its Rejoice brand in India with an ordinary woman in their advertising which worked well. They do not believe in celebrity endorsement and think that consumers, especially housewives, are more prone to identify with a lay person than a celebrity. A few more examples that can be given are Lifebuoy, Close Up, Fevicol etc.

The Indian Toilet Soaps Sector

The toilet soaps market is estimated at 530,000 TPA including small imports. Uni Lever is, of course, the market leader. The market is littered over with several, leading national and global brands and a large number of small brands, which have limited markets.

Toilet soaps, despite their divergent brands, are not well differentiated by the consumers. It is, therefore, not clear if it is the brand loyalty or experimentation lured by high volume media campaign, which sustain them. A consequence is that the market is fragmented. It is obvious that this must lead to a highly competitive market. Toilet soap, once only an urban

phenomenon, has now penetrated practically all areas including remote rural areas. The incremental demand flows from population increase and rise in usage norm impacted as it is by a greater concern for hygiene. Increased sales revenues would also expand from up gradation of quality or per unit value.

As the market is constituted now, it can be divided into four price segments: premium, popular, discount and economy soaps. Premium soaps are estimated to have a market volume of about 80,000 tones. This translates into a share of about 14 to 15%. However, by value it is as much as 30%.

List of Celebrities Endorsed Indian Toilet Soap Brands

Celebrity	Soap Brand
Deepika Padukone	Lux
Mahesh Babu	Santoor
Kareena Kapoor	Vivel
Hrithik Roshan	Cinthol

RESEARCH OBJECTIVES:

- To analysis the impact of the Celebrity Endorsement on consumer buying behavior
- To study the impact of attitude of the consumers towards celebrity endorsement of Soap Brands purchasing
- To examine that is there any relation between Brand Recognition and Celebrity who endorses that Brand

RESEARCH HYPOTHESES:

As following the research aim the below research hypothesis was framed and tested with test statistics.

Null Hypotheses (H0): Consumers Age and the impact of celebrity endorsement on their purchase Decision is Independent.

Alternative Hypotheses (H1): There could be a significant relationship between Attitude of the consumers towards celebrity and purchase Decision

Alternative Hypotheses (H2): There could be an impact of celebrity endorsement on consumer buying behavior

Alternative Hypotheses (H3): There is a significant relationship between Brand Recognition and celebrity Endorsement

RELIABILITY TEST

With the take off of a pilot interview, performed with the help of a short listed students from the reputed engineering Institutions who were selected randomly as a count of 50 which is a good enough as per the eminent research guidelines, the cronbachs coefficient alpha is 0.69 which is nearer to 0.7 the standard value that the whole world of research fellows will accept (Churchill 1979). Since all measures were based upon prior relevant literature and were often used or adapted in research, evidence of content validity was provided.

SAMPLE AND DATA

The sampling frame consisted of under graduate student consumers who are from top reputed engineering Institutions in Telangana a newly created state in South India. The sample respondents were recruited using random sampling. The method for sample selection was Systematic random Type Selected every tenth name from the lottery Dip. A self-completion questionnaire was administered to respondents for their responses towards the queries. A total of 218 questionnaires were distributed in three Districts: Ranga Reddy, Nalgonda, and Warangal. All these students were represented as the sources of data collection for the research. Survey brands included four product brands produced by Indian Toilet Soaps namely Lux, Santoor, Vivel, and Cinthol. The famous celebrities been endorsing these brands are Hrithik Roshan, Deepika Padukone from film casting and spokespersons created by the companies had chosen for the survey.

RESULTS AND DISCUSSIONS

Coming to the research results after analyzing the data by using test statistics, it has a sort of interpretations and understandings about consumers buying behaviour towards Celebrity endorsement in toilet soap brands are presented as following given below table and analysis.

According to the research Hypotheses built it had been examined at different stages

Null hypotheses (H0): Consumers age and the impact of celebrity endorsement on their purchase Decision is Independent.

Table-1
One Way ANOVA
Age Vs Celebrity Endorsement impact

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.871	3	.624	4.524	.004
Within Groups	29.505	214	.138		
Total	31.376	217			

Table-1 shows that there is a dependency between consumer's Age factor and the impact of celebrity Endorsement on their Purchase decision. Through this representation it can be concluded that Null hypotheses is rejected or in other side it can be said that there is dependency of the impact of celebrity endorsement on consumer's age factor. Thus it got proved through statistically i.e significance of the P value is less than 0.05 in One Way ANOVA test which showed in the above table.

Alternative Hypotheses (H1): There could be a significant relationship between Attitude of the consumers towards celebrity and purchase Decision.

Table-2
One Way ANOVA
Attitude Vs Purchas Decision

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	3.410	3	1.137	6.928	.000
Within Groups	35.109	214	.164		
Total	38.518	217			

It was proved that there is a significant relationship between attitude of the consumers towards celebrity and their purchase decision in table 2 consist statistically significant P value is exactly 0.000 less than 0.05 confirms us attitude of the consumers matters whenever they made a purchasing decision of Soap brands.

Alternative hypotheses (H2): Testing about most importantly whether is there any impact of using celebrity Endorsed advertisement on young student consumers buying behavior had been set back the assumed assumption that is there is an effect of Celebrity Endorsement strategy on purchase decision making by the young consumers. This had exposed by using One Sample T- test and result executed in table -4. Where significant (2-tailed) test contains p

value (0.000) < 0.05 for the two factors i.e Trustworthy and Likability

Table-3
One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Trustworthy	218	1.3119	.46435	.03145
Likability	218	1.8257	.38025	.02575

Table-4
One-Sample Test

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Trustworthy	41.715	217	.000	1.3119	1.2499	1.3739
Likability	70.890	217	.000	1.8257	1.7749	1.8764

Alternative Hypotheses (H3): There is a significant relationship between Brand Recognition and celebrity Endorsement

Table-5
ANOVA

Brand Vs Celebrity Endorsement

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.439	2	.219	4.564	.011
Within Groups	10.336	215	.048		
Total	10.775	217			

At the outset of the research aim we also tested about Brand Recognition and celebrity Endorsement advertisement hence it find out definitely recognition of a brand obviously depends on endorsed celebrity if they are not familiar about brand that they want to buy. Statistically it showed in the table-5 where significant value is 0.011 which is less than

0.05.

We have also done a Chi square test to do the factors called trustworthy and likability particularly influence the consumers to recognize brand a 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 109.0.

Table-6
Chi-Square Test

	Chi Square (a)	df	Asymp.Sig
Trustworthy	30.844	1	0.000
Likability	92.495	1	0.000

Table 6 shows that there is a significant impact of the factors of celebrity who could do better with great trustworthy and likability on consumers mind setup while they were on purchase trip and also it insist them to go with celebrity based value recognition by associating themselves with celebrity who may be in the form of visible or non visible on ad campaign completely. Results in above table prove statistically important with values of Asymp.sig 0.000 i.e $P < 0.05$ for both Trustworthy and Likability at Degrees of Freedom is 1.

RESEARCH FINDINGS AND IMPLICATIONS

Find outs

The most important finding of the study is that celebrity endorsement is effective for marketing communication. This was already examined and proved through previous studies since again it was confirmed celebrity endorsement is an effective tool for capturing and attracting market and consumers. This was in general but in particular aiming on research gap and objectives it found interestingly young consumers (students) the potential market share holders in high population country like India were get impact more by celebrity endorsement strategy on their purchase decision. Age of the respondents plays a key role supposing to host a positive or negative attitude towards celebrity endorsement. This was tested out and showed with witness of one way ANOVA results P value ($P = 0.04 < 0.05$) followed by Attitude about a endorsed celebrity or celebrity endorsement technique relation assumed and tested ($P = 0.000 < 0.05$) significantly congruence.

More importantly it had thrived an objective hopefully there could be relation between Brand Identity and Celebrity Endorsement Strategy and shooted out its confirmation through $P = 0.11 < 0.05$ accepted alternative Hypotheses (H3) and declared a result that consumer would prefer celebrity based advertisement sources when they really don't know about the brand.

Implications

Though the study was limited to a certain area only but it got its own image by investigating on Market driven consumer segmentations which had categorized based on the age factor, young consumers are ready to invite celebrities to speak about a brand particularly in Soap industry it become most fast durable and converted from want position to need must in 21st century. Brand who is in Soap industry may take this report to consideration to adopt an effective ad campaign and go on with great trusted celebrity and also likable one by the target group. Because they had aggressive and positive opinion on their favorite stars might be in their respective fields and irrespective of age And Gender.

CONCLUSION

Conclusion implies that consumers have developed wider prospective in terms of celebrity endorsed products. The scope of the study could be an interesting extension where future generation is incredible sources for corporate to grab and the way they reach to their consumers along with brand is a smart game. Celebrity endorsement impact would be particularly important in the Indian context since different age groups have different levels of perceptions on their trustful and likeable celebrities. Overall the findings from this study explores that there is a impact of celebrities in advertisements on consumers (young) to Identify a Brand in India Soap industry and have given the practitioners a new way of rethinking the practice on great impact.

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Consumer Behaviour Towards Cause Related Marketing In The Greater Hyderabad Region

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ABSTRACT

The overall objective of this study was to gain an understanding of consumer behavior towards companies using CRM in the Greater Hyderabad region. This objective was made up of three sub-objectives. The first sub-objective was to identify whether, Hyderabad consumers would switch brands to a company involved with CRM, if price and quality were equal. This was followed by sub-objective two, which was to establish whether particular socio-demographic characteristics of consumers would be related to their evaluation of a CRM offer. Finally, sub-objective three was to establish whether those same socio-demographic characteristics would be related to the selection of a specific cause. The study was a statistical study, which was carried out on a cross-section of the Greater Hyderabad population. It was found that generally Hyderabad respondents had positive attitudes and opinions towards CRM, with statistics fairly similar to those from international studies. Second it was shown that there is a relationship between socio-demographic characteristics, namely age, income, gender, education, marital status, age of children and race, and the evaluation of the CRM offer. Socio-demographic areas in agreement with previous findings include the finding that females are more responsive towards CRM than males. Furthermore there is agreement that those that are better educated (university level qualifications) and are in a higher income group are also more positive towards CRM. One of the areas that did not appear to give similar results to previous research was that of age. Younger respondents did not appear to be easily impressed by a business that was practicing CRM, whereas those over the age of 60 showed that a more than expected number would support a retailer that practiced CRM. Third it was found that there is a relationship between socio-demographic characteristics, and the support of specific causes. A number of causes were shown to be supported by „more than expected“ respondents of certain socio-demographic sub-groups. The information from these results would be of assistance to both marketers and charities.

INTRODUCTION

Cause related marketing (CRM) is becoming a popular marketing strategy used by brand managers, retailers and service companies. CRM is one of the main marketing tools which fall under the umbrella of corporate social responsibility. It can be described as a marketing strategy that links charities or „causes“ with the sales of a product, brand or service. The charity is mentioned in promotional campaigns and a certain cash amount is donated to the cause in accordance with unit sales or turnover.

Various research studies have been conducted, mostly in first world countries such as the UK and USA. Most show that a large proportion of consumers have a positive attitude towards this form of marketing and would be prepared to change brands and/or retailers if everything else was perceived as equal (Subrahmanyam, 2004: 117, Till and Nowak, 2000: 472). A suggestion is that attitudes and opinions might vary according to the socio-demographic status of the consumer. Very little information is available on this and even less in the India market. As the Greater Hyderabad region consumer profile is very different to that of the countries that have already conducted similar versions of research, it is believed that information gathered on this topic would be most useful for both academic and business purposes. It has been observed that CRM can be a powerful marketing tool that can be used to position and differentiate a product or brand.

An examination of the socio-demographic characteristics of participants and any possible links to their attitudes towards cause related marketing would be of assistance to marketers who may be able to make a far more accurate identification as to who may be more responsive to a particular CRM offer.

OBJECTIVES AND HYPOTHESES OF THE STUDY

Overall Objective

To gain an understanding of consumer behaviour towards companies using CRM in the Greater Hyderabad region.

Sub-objective 1:

To identify the extent to which Hyderabad consumers would switch brands to a company involved with CRM, if price and quality were equal.

Sub-objective 2:

To establish whether selected socio-demographic characteristics of participants are related to the evaluation of a CRM offer.

Sub-objective 3:

To establish whether selected socio-demographic characteristics of participants are related to the selection of a specific cause.

Hypotheses of the study

The following three research hypotheses should be tested in order to achieve the objectives.

H1. Hyderabad consumers would be likely to switch brands to one that is involved with CRM, if price and quality are equal.

H2. There is a relationship between socio-demographic characteristics, namely age, income, gender and education, and the evaluation of the CRM offer.

H3. There is a relationship between socio-demographic characteristics namely age, income, gender and education, and the support of specific causes.

Sampling of the study

Quota sampling was used in order to improve representativeness. If a sample has the same distribution on certain relevant characteristics in a population, then it is likely to be representative of the population regarding other uncontrollable variables (Cooper and Schindler, 2001: 193).

Specific respondents to be interviewed were selected via systematic sampling, which involves the selection of individuals as they enter the shopping centre, according to a predetermined sequence. The sequence was according to a randomly chosen element between 1 and 10 (Leedy, 1993: 211). Control dimensions, were used to guide final selection. A sample size of 400 was calculated to be appropriate for the research.

Data Collection

A survey was carried out in which the researcher questioned the subjects and collected their responses by personal means. Data was collected from the interview process. Data was gathered through the use of questionnaires, administered during mall intercepts.

LITERATURE REVIEW:

Helping those in need is an impulse that is recognised throughout the world (Bendapudi and Singh, 1996: 33). Despite this, it has taken some time for business to become aware of the economic and social impact of this type of behaviour. It has been acknowledged that the primary role of business is to produce goods and services in response to the needs of

consumers. However, Cannon states in Moir (2001: 16) that there is an inter-dependence between business and society, which relates to the need for a stable environment and an educated workforce. Companies have been under increasing pressure to take responsibility for the effects of their corporate conduct on society (van den Brink, et al., 2006: 15). Economically, helping others can be very positive for business (Benapudi, Singh and Benapudi, 1996: 33). An increasing number of companies have heeded the call and developed corporate social responsibility (CSR) programmes. CRM is a form of CSR that has received particular attention. Evidence from the marketplace suggests that the effects of these practices on consumer behaviour are very positive (Sen and Bhattacharya, 2001: 225).

Socially, this form of marketing has been welcomed by non-profit organisations, as well as members of the public, as they become more aware of the benefits of this type of programme (Berglind and Nakata, 2005: 444). Objectives for corporate giving are seen as ranging from altruistic through to strategic, with businesses trying more than ever to tie their philanthropic activities to their strategies (Ricks, 2005: 121). Programmes that are related to responsible practices have become increasingly important throughout the world, as the opportunities have been recognised by businesses and their associates (Polansky and Speed, 2001: 361). Over the last 20 years, the evolution of CRM has seen it move from a niche marketing tool into an established form of corporate philanthropy, as the benefits have been noted by managers. Companies are discovering that CRM satisfies customers' needs, solidifies corporate philosophy and in so doing makes the world a better place for many (Carringer, 2006: 1).

What is Cause Related Marketing?

There have been a number of attempts to clarify and define the meaning of CRM, as well as to highlight some of the issues that are connected to this marketing strategy. Some of the discussions which best explain this area follow. Ricks (2005: 2) explains that CRM is connected to business activities, but remains a philanthropic activity as well, as the firm donates money to a charitable cause. One of the seminal works on CRM by **Varadarajan and Menon** (1988: 60) defines it as the process of "Formulating and implementing marketing activities that are characterised by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organisational and individual objectives"

Varadarajan and Menon (1988: 59) state that a CRM campaign aims at two objectives: to support a social cause and to improve marketing performance. Expanding on this definition others have described CRM as a mutually beneficial relationship with a non-profit or social cause organisation (Berglind and Nakata, 2005: 445).

Business in the Community (2001) defines CRM as “A commercial activity by which businesses and charities or causes form a partnership with each other to market an image, product or service for mutual benefit.”

It is involved with a business linking its name, brand or service with a particular „good cause“ service or charitable organisation (Endacott, 2004: 183). CRM establishes a link between the organisation’s products and a social cause through the firm’s marketing plan. Generally, organisations would choose to support a cause that is of interest to their target market (McAlister and Ferrell, 2002: 693).

A CRM campaign generally has a beginning and an end and is for a specified product and charity (Kotler and Lee, 2005: 8). CRM emphasises the transaction. The consumer’s behaviour comes first and as a result of that behaviour a donation

Types of CRM

Scholder Ellen, Mohr, and Webb (2000: 4) cite Andreasen as stating that alliances between a corporate and a cause can take many forms. The practice most closely associated with CRM is the donation of a portion of every sale to the cause organisation.

Three other common practices mentioned by Berglind and Nakata (2005: 453) are:

- Transactional programmes – for every unit sold a share of proceeds is donated to a particular social cause.
- Message promotion programmes – the cause is promoted and some contribution is made, but the contribution is not tied to a transaction and is not necessarily monetary.
- Licensing programmes – a non-profit business licenses the use of its name and logo to a company. This is then printed onto the product and a percentage of each transaction is given to the non-profit business.

These programmes can be either strategic or tactical. Tactical activities generally are carried out over a short period of time. A specific objective is addressed. For some companies though, the cause becomes part of the company’s positioning and support continues over a long period of time (Till and Nowak, 473: 2000). For example, Nedbank in India has attached itself to a number of causes with its credit card Affinity programme, and this has continued for a number of years.

Although CRM campaigns support a wide range of causes, those with the most visibility are ones with the biggest followers, most commonly associated with major health issues such as breast cancer and AIDS, children’s needs, basic needs such as hunger and homelessness, and the environment, such as wildlife preservation (Kotler and Lee, 2005: 84).

The Benefits of CRM

The long term partnership between the brand and the cause creates an alliance between the two organisations with the objective of forming, with the consumer, a deeper bond that will result in long-term market positioning of the brand. For social causes, such alliances will also provide benefits in the form of revenue and exposure leading to greater awareness and knowledge of the cause (Lafferty and Goldsmith, 2005: 423). One of the major goals of CRM is the enhancement of the company's reputation as a good corporate citizen. This in turn can contribute towards building brand image (Till and Nowak. 2000: 472).

One of the reasons that CRM has become popular is that when it is properly carried out, there is a „win-win“ situation with both corporations and causes benefiting (Nelson, Kanso and Levitt, 2006: 2).

ANALYSIS AND RESULTS

This descriptive analysis serves to identify, both analytically and graphically, the general profile, as well as the opinions and attitudes, of the sample. Frequencies and percentages for the sample are described by means of tables and various charts below.

Chi-square Goodness of Fit Test

Goodness-of-fit testing was carried out on all the questions. This test compares the observed frequencies in each category (cell) with the theoretical expected frequencies. This test aims to ascertain whether any of the categories for a specific question are „chosen“ more often or if they are „equally chosen“. Thus expected frequencies in each cell (category) are set to be equal. Therefore testing ascertains whether the observed frequencies differ significantly from the expected frequencies. The 0.05 level of significance is used. This means that at most 5% of the time the null hypothesis of equal expected frequencies will be rejected when in fact it is true and should be accepted.

Socio-demographic Profile

The demographics of the sample are shown in Table.

Table: 1 Socio-demographic details of the sample

<i>Demographic variable</i>	<i>Details</i>	<i>Frequency</i>	<i>Percentage (%)</i>
		391	100.0
<i>Age (years)</i>	12-29	179	45.8
	30-41	101	25.8
	42-60	77	19.7
	Over 60	34	8.7
<i>Education (highest level)</i>	Primary School	12	3.1
	High School	218	56.8
	Diploma	85	22.1
	Degree	44	11.5
	Post Graduate	25	6.5
	Other	7	1.8
<i>Gender</i>	Male	173	44.2
	Female	218	55.8
<i>Marital Status</i>	Single	215	55
	Married	128	32.7
	Widowed	23	5.9
	Divorced or separated	25	6.4
<i>Children</i>	No children	172	44
	Children < 12	91	23.3
	Children 12 – 18	40	10.2
	Children > 18	88	22.5
<i>Race</i>	Black	132	33.8
	Coloured	27	6.9
	Indian	85	21.7
	White	146	37.3
<i>Household Income (in Rands per annum)</i>	Less than Rs 5 000	134	34.3
	Rs 5 001 to Rs 10 000	97	24.8
	Rs 10 001 to Rs 20 000	71	18.2
	Rs 20 001 to Rs 30 000	37	9.5
	More than Rs 30 000	47	12.0

This study concentrated on seven socio-demographic variables: Age, education, gender, marital status, children (stage of family life cycle), race and income. It was difficult to obtain sufficient respondents in some sub-sections of education, so these results were interpreted with care. The variables where the number of respondents fell below 34 are highlighted.

Results of chi-square goodness-of-fit tests are found in Table 2 where the significance of the socio-demographic statistics from Table 1 are illustrated. It can be seen that each of these demographic factors is significant at the 0.05 level of significance since p-values < 0.05 in each case. Thus it appears that certain responses are significantly more common than others.

Table: 2: Significance of socio-demographic statistics

	<i>Age</i>	<i>Highest level of education</i>	<i>Gender</i>	<i>Marital status</i>	<i>Children</i>	<i>Race</i>	<i>Household income</i>
<i>Chi-Square df</i>	113.153 3	491.399 5	6.141 1	261.307 3	91.957 3	88.913 3	80.114 4
<i>Asymp. Sig.</i>	<.0005	<.0005	.013	<.0005	<.0005	<.0005	<.0005

On studying the residuals in above Table it appears that the responses that occurred significantly more than expected were: 12 – 29 age group; High school level of education; Single; No children; white and black; and an income of less than R5000. Significant areas are highlighted in the table.

Table: 3: Socio-demographic areas of significance

<i>Socio-demographic variable</i>	<i>Details</i>	<i>Observed N</i>	<i>Expected N</i>	<i>Residual</i>
<i>Age (years)</i>	12-29	179	97.8	81.3
	30-41	100	97.8	2.3
	42-60	78	97.8	-19.8
	Over 60	34	97.8	-63.8
<i>Education (highest level)</i>	Primary School	12	65.2	-53.2
	High School	218	65.2	152.8
	Diploma	85	65.2	19.8
	Degree	44	65.2	-21.2
	Post Graduate	25	65.2	-40.2
	Other	7	65.2	-58.2
<i>Gender</i>	Male	171	195.5	-24.5
	Female	220	195.5	24.5
<i>Marital Status</i>	Single	215	97.8	117.3
	Married	128	97.8	30.3
	Widowed	23	97.8	-74.8
	Divorced or	25	97.8	-72.8

	separated			
Children	No children	172	97.8	74.3
	Children < 12	91	97.8	-6.8
	Children 12-18	40	97.8	-57.8
	Children > 18	88	97.8	-9.8
Race	Black	132	97.5	34.5
	Coloured	27	97.5	-70.5
	Indian	85	97.5	-12.5
	White	146	97.5	48.5
Household income	<Rs 5000	134	77.2	56.8
	Rs 5001-Rs10000	97	77.2	19.8
	Rs 10001-Rs 20000	71	77.2	-6.2
	Rs 20001-Rs 30000	37	77.2	-40.2
	>Rs 30000	47	77.2	-30.2

CONCLUSION

The overall objective of this study was to gain an understanding of consumer behaviour towards companies using CRM in the Greater Hyderabad region. This objective was made up of three sub-objectives. The first sub-objective was to identify whether Hyderabad consumers would switch brands to a company involved with CRM, if price and quality were equal. This was followed by sub-objective two, which was to establish whether particular socio-demographic characteristics of consumers would be related to their evaluation of a CRM offer. Finally, sub-objective three was to establish whether those same socio-demographic characteristics would be related to the selection of a specific cause.

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Insight of “Digital India” among College Students in Chalisgaon city, Jalgaon

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Abstract

Development, growth and progress of the country are the most vital factors. In world to face competitions each country desires to try and made sturdy Economy, Import and export business, optimum use of investments, use of Human recourses and interchange. With the liberalisation of economy since 1991, the public sector and the private sector together have placed India in an enviable position of extracting useful products of value with the application of computers. Resultantly, this has provided employment to 2.5 million and fetched export earnings to the tune of US\$87 billion. To attain the target the govt. of India announces them “Digital India” at national platform, to know the aims, objectives and vision of Digital India and to verify awareness and perception among the youth of the nation. The Objective for this Research paper is find out perception about Digital India concept among college students in Chalisgaon city, Jalgaon. Researchers selected colleges from Chalisgaon city over 350 questionnaires among the students. The most vital factor about Digital India among the college students’ perception is that, “Digital India is beneficial to each field”. “Accessibility to the government departments will be increased through Digital India” will be the most impact factor in this regard.

Key Word: Digital India, e-Governance, GIS, NEGP

Introduction:

Digital India is an initiative by the Government of India to ensure that Government services are made available to citizens electronically by improving online infrastructure and by increasing Internet connectivity. It was launched on July 1, 2015 by Prime Minister Narendra Modi. The initiative includes plans to connect rural areas with high-speed internet networks. Digital India has three core components. These include:

- The creation of digital infrastructure
- Delivering services digitally
- Digital literacy

A two-way platform will be created where both the service providers and the consumers stand to benefit. The scheme will be monitored and controlled by the Digital India Advisory group which will be chaired by the Ministry of Communications and IT. It will be an inter-Ministerial initiative where all ministries and departments shall offer their own services to the public. Healthcare, Education, Judicial services etc. The Public-private partnership model shall be adopted selectively. In addition, there are plans to restructure the National Informatics Centre. This project is one among the top priority projects of the Modi Administration.

It is proposed that by 2016, 250,000 Gram Panchayats will have broadband facility; i.e. covering the entire rural India. Broad coverage in urban areas would be intensified by mandating communication infrastructure in new urban development and buildings by bringing about changes in rules. Nationwide coverage will be accomplished by 2017.

The Digital India vision is centred on the following three key areas:

- Digital infrastructure as a utility which seeks to provide every citizen with high speed internet facility, a cradle to grave internet identity, mobile phone and bank account, access to common service centre, sharable private space on a public cloud and safe and secure cyberspace.
- Governance and services on demand which will be available in real time for online and mobile platforms, seamlessly integrated across departments and jurisdictions. All citizen documents to be made available on the cloud platform; as a result, citizens will not be asked to produce such documents for availing services. In addition, the provision of cashless electronic transactions will help generate business. Geographical Information Systems (GIS) will be integrated with the development schemes.
- Empower citizens, especially rural citizens, by making them digitally literate. This will be done through collaborative digital platforms and by making available the digital resources in their native language with a view to making their participation a reality. It will help tap into the data that will be freely available on the cloud computing platform— independent of an intervention.

Digital India

The journey of e-Governance initiatives in India took a broader dimension in mid 90s for wider sectoral applications with emphasis on citizen-centric services. Later on, many States/UTs started various e-Governance projects. Though these e-Governance projects were citizen-centric, they could make lesser than the desired impact. Government of India

launched National e-Governance Plan (NEGP) in 2006. 31 Mission Mode Projects covering various domains were initiated. Despite the successful implementation of many e-Governance projects across the country, e-Governance as a whole has not been able to make the desired impact and fulfil all its objectives.

It has been felt that a lot more thrust is required to ensure e-Governance in the country promote inclusive growth that covers electronic services, products, devices and job opportunities. Moreover, electronic manufacturing in the country needs to be strengthened.

In order to transform the entire ecosystem of public services through the use of information technology, the Government of India has launched the Digital India programme with the vision to transform India into a digitally empowered society and knowledge economy.

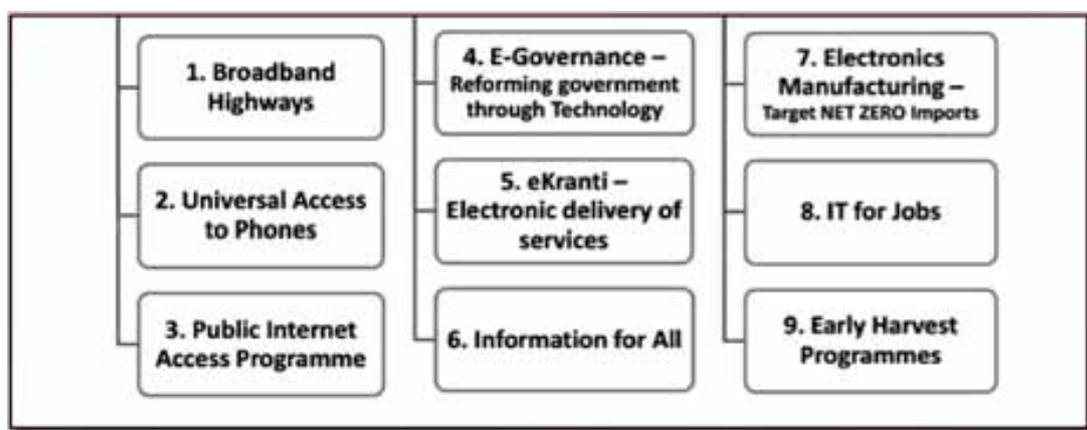


Fig 1: Nine pillar of Digital India

Approach and Methodology for Digital India Programme:

- Ministries / Departments / States would fully leverage the Common and Support ICT Infrastructure established by GOI. Deity would also evolve/ lay down standards and policy guidelines, provide technical and handholding support, undertake capacity building, R&D, etc.
- The existing / ongoing e-Governance initiatives would be suitably revamped to align them with the principles of Digital India. Scope enhancement, Process Reengineering, use of integrated & interoperable systems and deployment of emerging technologies like cloud & mobile would be undertaken to enhance the delivery of Government services to citizens.
- States would be given flexibility to identify for inclusion additional state-specific projects, which are relevant for their socio-economic needs.

- E-Governance would be promoted through a centralised initiative to the extent necessary, to ensure citizen centric service orientation, interoperability of various e-Governance applications and optimal utilisation of ICT infrastructure/ resources, while adopting a decentralised implementation model.
- Successes would be identified and their replication promoted proactively with the required productization and customisation wherever needed.
- Public Private Partnerships would be preferred wherever feasible to implement e-Governance projects with adequate management and strategic control.
- Adoption of Unique ID would be promoted to facilitate identification, authentication and delivery of benefits.
- Restructuring of NIC would be undertaken to strengthen the IT support to all government departments at Centre and State levels.
- The positions of Chief Information Officers (CIO) would be created in at least 10 key Ministries so that various e-Governance projects could be designed, developed and implemented faster. CIO positions will be at Additional Secretary/Joint Secretary level with over-riding powers on IT in the respective Ministry

Objectives of the Study:

1. To study the Digital India concept.
2. To find out perception about Digital India concept among college students in Chalisgaon city, Jalgaon.
3. To search the impact of Digital India concept on students.

Hypothesis of the Study:

H(I)- There is not significantly positive perception about Digital India concept among college students.

H(II)- There is not significantly positive perception about effect of Digital India concept among college students.

Scope of the Study:

Youths are feature of India. Youth can champion this concept at all over country, if youth understood this concept properly Digital India concept made strong, it helps to Government and we can achieve target.

Research Methodology of the Study:

The study is based on critical evaluation and analysis of basically Primary Data. The primary sources include college students. A study is undertaken in the sampled regions to see its impact for which a detailed questionnaire is prepared to collect relevant information from the primary source for the guidance of the researchers. With the help of the questionnaire, detailed discussions were made with the certain sources of primary data to understand their views, thinking and attitude which would help to give the researchers useful recommendations, if any. The questionnaire is processed with the help of statistical tools like tabulations, grouping, percentages, averages, testing of hypothesis etc. Questionnaire is used mainly to analyze the opinion of the students

Research Area:

Researchers selected colleges from Chalisgaon city. There are ten senior colleges in Chalisgaon city and over 2000 Students studying in colleges. Researcher collects data through Primary and Secondary sources. Researcher distributed over 350 questionnaires among the students of all colleges.

Review of literature:

Paper published by Sardana, M.M.K. (2012), 'Information Explosion, Challenges and Opportunities,' in 'Vision of Digital India: Challenges Ahead for Political Establishments' DN2012/09, ISID, There is proof to recommend that societies and people United Nations agency acquire skills in digital technologies and square measure enabled to analyse the info generated in digital setting get into higher and better economic echelons. On the opposite facet, those that stay digitally Illiterate Square measure being pushed down the ladder. to run hand in hand with a vivacious and aspiration society, the political system must alter itself and proceed in bike with the dynamic mode. Succeeding governments in Republic of India have inspired technological advancements and its adaptation as well as in the field of pc systems Associate in Nursing connected technologies even through an era of terribly tight technology denials by the developed countries. With the easing of economy since 1991, the public sector and therefore the non-public sector along have placed Republic of India in Associate in Nursing desirable position of extracting helpful product of import with the applying of computers. Resultantly, this has provided employment to a pair of.5 million and fetched export earnings to the tune of US\$87 billion. Riding on this firm base, the UPA-led government foresaw e-governance and a digitally connected Republic of India. Furthering this vision, the Modi government has widened the scope and launched the Digital Republic of

India Programme in 2014 that is regular to be completed by 2019. The Project are going to be monitored by the Prime Minister. The vision and scope of this programme is all inclusive and moves far away from the silo-approach of e-governance towards a synchronized approach—that all government services be delivered to the voters through a “one stop shop”. In its scope and vision it seeks to require the country from the current state of digitally affected economy to it of a sophisticated digital economy. this could lead to leap in value, thereby increasing employment opportunities. The resultant “digital India” would present many challenges for the political institutions as they're going to have to be compelled to interact themselves with renewed vigour and innovation with a well-informed people and businesses that will hold their performance compared with alternative equally placed nations.

Paper by Ms. Ipsita Panda , Mr. Durlav Charan Chhatar , Dr. Bulu Mharana, “A Brief View to Digital Divide in Indian Scenario”, in International Journal of Scientific and Research Publications, Volume 3, Issue 12, December 2013, ISSN 2250-3153, The part “Digital Divide” has been applied to the gap that exists in most Countries between those with prepared access to the tools information} and communication technology and also the knowledge that they supply access to and people while not such access skills. an additional gap between the developed and beneath developed world within the uptake of technology is obvious with within the world community and should be of even larger vital. The relevancy of those ways to developing countries and methods for reducing the international digital divide also are explored. Libraries have long been essential agents in fostering peace and human values. Libraries area unit currently in operation digitally, and their digital services open up a brand new channel to the universe of information and knowledge connecting cultures across geographical and social boundaries. The development of digital discrimination prevailing among varied social, political and dealing teams has junction rectifier to the emergence of digital data wealthy and digital data poor teams at intervals societies and maybe within the world atmosphere. This paper discusses however the digital divide will influence to the Indian state of affairs conjointly to the world.

Limitations of the study

1. The study is based on limited geographical area.
2. Further variables could be added for the purposes of detail study.

Data Analysis

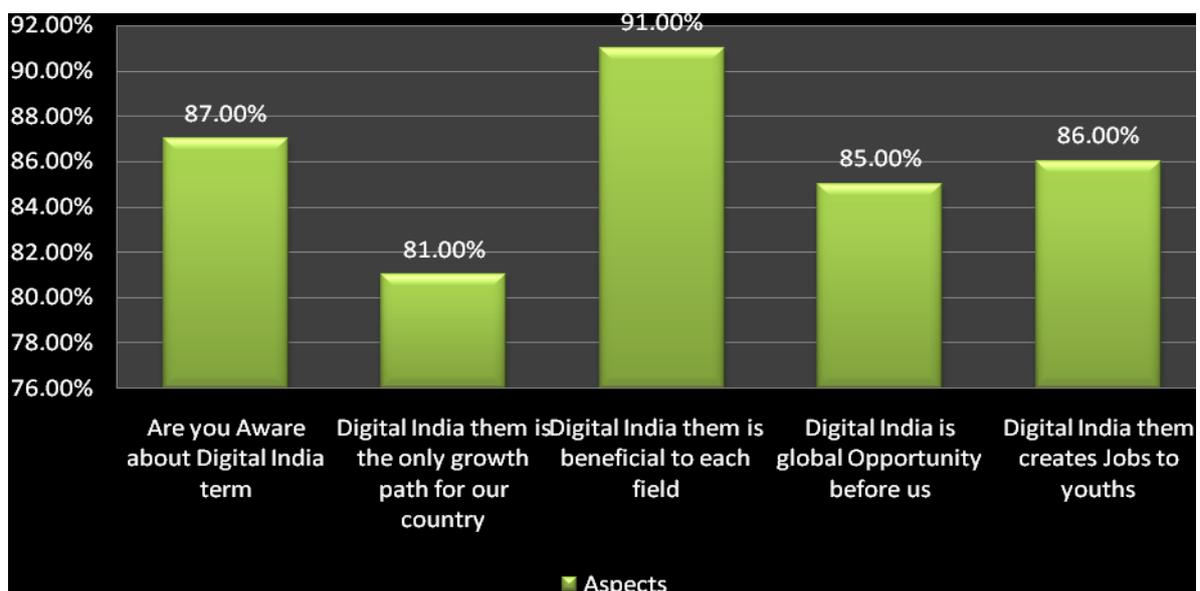
Researcher prepared the questionnaire for college students and distributes it among the students in all type of colleges in Chalisgaon city. After receiving the questionnaire researcher analyse the questionnaire and make two groups viz. traditional educational colleges and professional educational colleges. Traditional Colleges includes Arts, Commerce, Science and Education faculty and in Professional colleges includes Engineering, Medical, MCA and Management colleges

Table No 1
Number of respondents

Sr.No	Faculty wise group	Total Collages	Questionnaire distributed	Questionnaire received	Questionnaire rejected	Sample size for study
1	Arts, Commerce, Science and Education Colleges	03	200	179	12	167
2	Engineering, Medical, MCA and Management Colleges	07	150	129	10	119
Total		10	350	308	22	286

There are 179 questionnaire received from group one and 129 from group two, after analysis, researcher reject incomplete questionnaires.

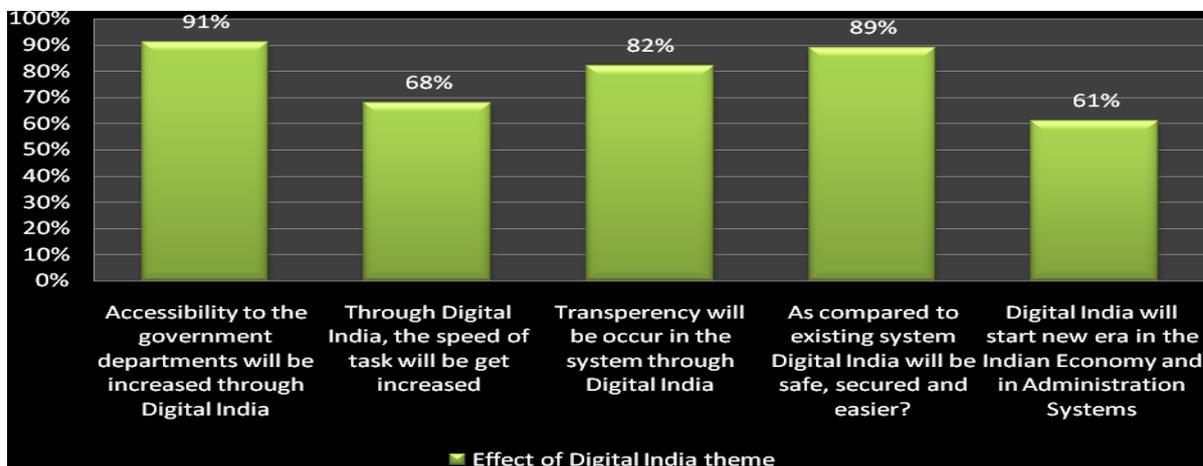
Graph No 1
Graphical Presentation about 'Aspects of Digital India'



As from the respondents it is observed that 91% of the respondents are aware of benefits of digital india in each field and 87 % are aware about it.

Graph No 2

Graphical Presentation about ‘ Effect of Digital India’



From the above graph respondent’s opinion is as 91 % are saying that the accessibility to the government departments will be increased through digital India. 82% of people about transparent system will be occurring due to this system.

Testing of Hypothesis:

Hypothesis I

H₀ : There is proportion of college students whose perception about Digital India is positive is 0.50

H₁ : There is proportion of college students whose perception about Digital India is positive is more than 0.50

**Table No 2
Testing of Hypothesis I**

Sr No	Aspects	Proportion of respondents who stated the aspects as either very important or important	SD	H ₀	H ₁	Z value	Z _{table}	p value	Decision
1	Are you Aware about Digital India term	0.87	0.02	P= 0.5	P> 0.5	18.61	1.64	0.0000	Reject H ₀
2	Digital India is the only growth path for our country	0.81	0.02	P= 0.5	P> 0.5	13.36	1.64	0.0000	Reject H ₀
3	Digital India is beneficial to each field	0.91	0.02	P= 0.5	P> 0.5	24.23	1.64	0.0000	Reject H ₀

4	Digital India is global Opportunity before us	0.85	0.02	P= 0.5	P> 0.5	16.58	1.64	0.0000	Reject H ₀
5	Digital India them creates Jobs to youths	0.86	0.02	P= 0.5	P> 0.5	17.55	1.64	0.0000	Reject H ₀

Here level of significance is 0.05

Thus, our null hypothesis There is proportion of college students whose perception about Digital India is positive is 0.50 is rejected. Alternatively we accept our alternative hypothesis There is proportion of college students whose perception about Digital India is positive is more than 0.50.

Testing of Hypothesis II

H₀ : There is proportion of college students whose perception about Effect of Digital India is positive is 0.50

H₁ : There is proportion of college students whose perception about Effect of Digital India is positive is more than 0.50

Table No 3
Testing of Hypothesis II

Sr No	Effect of Make in India theme	Proportion of respondents who stated the aspects as either very important or important	SD	H ₀	H ₁	Z value	Z_table	p value	Decision
1	Accessibility to the government departments will be increased through Digital India	0.91	0.02	P= 0.5	P> 0.5	24.23	1.64	0.0000	Reject H ₀
2	Through Digital India, the speed of task will be get increased	0.68	0.03	P= 0.5	P> 0.5	6.53	1.64	0.0000	Reject H ₀
3	Transparency will be occur in the system through Digital India	0.82	0.02	P= 0.5	P> 0.5	14.09	1.64	0.0000	Reject H ₀

4	As compared to existing system Digital India will be safe, secured and easier?	0.89	0.02	P= 0.5	P> 0.5	21.08	1.64	0.0000	Reject H ₀
5	Digital India will start new era in the Indian Economy and in Administration Systems	0.61	0.03	P= 0.5	P> 0.5	3.81	1.64	0.0001	Reject H ₀

Here level of significance is 0.05

Thus, our null hypothesis There is proportion of college students whose perception about Effect of Digital India is positive is 0.50 is rejected. Alternatively we accept our alternative hypothesis. There is proportion of college students whose perception about Effect of Digital India is positive is more than 0.50.

The Impending Challenges:

The Digital India initiative is an ambitious project of the Government and is, by far, the biggest ever conceived. There are many challenges discussed below that could come in the way of successful completion of the project.

- **High cost of implementation:** Approximate cost of implementing this mammoth project is `1.13 trillion (including ongoing and new schemes).
- **Time overrun:** The NOFN project which is the back bone of the Digital India project has been delayed several times and is suffering two years' time overrun. The delayed project may lead to delay in other dependent projects and meeting the budget limit will be difficult.
- **Lack of coordination among departments:** It is an umbrella project involving participation of several departments and demanding commitment & effort. Hence, strong leadership and timely support of all the involved entities will play a critical role.
- **Poor private participation:** To achieve timely completion of the projects extensive private participation is necessary. The private participation in the government projects in India is poor because of long and complex regulatory processes.
- **Uniform and fast adoption of Internet:** About 4 billion people in the world do not have Internet connection and India comprises of 25% of them.¹⁴ India is the 4th largest smart phone market with almost 111 million smart phone users¹⁵. Average monthly cost of 500MB mobile data plan on prepaid is \$3.4 in India against \$35.8 in Brazil, \$15.5 in China and \$17 in Russia.¹⁶ Despite lowest data tariffs in the world, adoption of internet in India is not encouraging. Faster adoption of Internet will be difficult due to illiteracy, affordability and

availability of mobile devices and data tariffs, lack of local language content, lack of regionally relevant Apps. Still the use of Internet is low because of high data tariffs.

➤ **Infrastructure:** Though the National Optic Fibre Network (NOFN) project is aiming to build a nationwide high speed broadband by the end of the year 2016, ¹⁷ there are other supporting infrastructure deficits, such as lack of robust and large data centers to hold the data of entire country. In addition, the last mile connectivity and the physical infrastructure at customer premises are unaffordable by most of the rural Indians. Infrastructure fulfilment is necessary with the NOFN project.

➤ **Cyber security:** Nation Crime Records Bureau (NCRB) report shows the rapid increase in cyber crime in India by 50% from 2012 to 2013. There have been several incidences of cyber crime on corporate and individual level in the past few years. Putting the data of 1.2 billion people on the cloud could be risky and could threaten the security of individuals and the nation. Hence, the Digital India project demands very strong network security at all levels of operation.

Findings:

- The most vital factor about Digital India among the college students' perception is that, **"Digital India is beneficial to each field"**.
- As far as college students' opinions are concerned, **"Accessibility to the government departments will be increased through Digital India"** will be the most impact factor in this regard.

Conclusion:

The college students appreciated the concept Digital India and they are hopeful about all round development of India, through such steps for building the nation. While there are many obstacles in the path of Digital India program, one major of which is electricity. But this problem will soon be solved as there will be pressure on local leaders to get electricity in their village when Digital India program will be running in the nearby villages. As IT sector gives employment to about 30 lakh people. Once Digital India becomes reality, we can give jobs to five crore plus people

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Effect of Demographic Variables on Online and Offline Shopping: Preferences across Product Categories

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Abstract

There is wide range of product categories available online which includes books, mobiles, music, cameras, computers, home and kitchen, personal and health care, baby care, health and beauty, watches, belts bags and luggage to name a few as a result consumers choice of shopping differs. Products are evaluated for shopping online or offline in terms of the extent to which key attributes are perceived to be delivered better online or offline. The present study is attempt to explore the preferences of consumers towards online and offline shopping with respect to product categories (Airline Tickets, Books, Electronics, Clothing and Computer) and to study the effect of demographic variables such as age and gender on online and offline shopping preferences across different product categories. The study reveals that male and female consumers do not significantly differ for online vs offline shopping preference across different product categories. However, consumers of different age groups differ significantly for online vs offline shopping preference across these categories. The results have been discussed with reported studies.

Keywords: Online Shopping and Offline Shopping, Consumer Preferences, Product Categories

Introduction

Online shopping or online retailing is a form of electronic commerce whereby consumers directly buy goods or services from a seller over the Internet with or without an intermediary service. Alternative names are: e-shop, e-store, Internet shop, web-shop, web-store, online store, and virtual store. When a consumer buys from business organization on a digital platform it is called business-to-consumer (B2C) online shopping. The largest e-tailing (online retailing) corporations are EBay and Amazon.com. Online shopping has grown in popularity over the years, mainly because people find it convenient and easy to bargain shop from the comfort of their home or office. Online shopping in India is an emerging trend for marketers to promote their merchandise in wide geographical area using

internet and the trend looks likely to grow upwards over the coming decade. India is the 5th country in world ecommerce and 2nd country in Asia.

The Indian retail industry has expanded by 10.6 per cent between 2010 and 2012 and is expected to increase to US\$ 750-850 billion by 2015, according to a report by Deloitte. Food and Grocery is the largest category within the retail sector with 60 per cent share followed by Apparel and Mobile segment. The growing online retail market has become a very lucrative business for international majors as well. For instance, internet giant Amazon, which was dedicated to the biggest markets until now, has commenced an India-centric website in June 2013. India has surpassed Japan to become the world's third largest Internet user after China and the United States with almost 74 million Internet users, stated global digital measurement and analytics firm comScore. According to a survey conducted by the Associated Chambers of Commerce and Industry of India (ASSOCHAM) online retail web sites have witnessed a 65 per cent rise in the traffic from the previous year. The survey indicated that the market for online shopping in India, estimated to be around Rs 52, 000 crore (US\$ 8.19 billion), is expanding at a very fast pace. The trend is not only catching up in metros, but in smaller towns and cities as well.

The Internet substantially reduces search costs, grants easy access to product and price information and facilitates product comparison. Online shopping involves no travel, product carrying or restrictions on shopping hours, offering greater accessibility, convenience and time saving. But online shopping does not permit physical examination of the products (feel, touch, sample and trial), interpersonal communication or instant gratification, and often incurs shipping and handling costs. In contrast, offline shopping allows physical examination of the products, interpersonal communication and instant gratification, but involves high travel costs and search costs, and often has restrictions on shopping hours. Thus, the customers who prefer to buy online must have access to the Internet and a valid method of payment in order to complete a transaction. Generally, higher levels of education, and personal income, correspond to more favorable perceptions of shopping online. Increased exposure to technology also increases the probability of developing favorable attitudes towards new shopping channels.

Several studies have shown that "high touch" products that consumers feel they need to touch, smell or try on are those that require an offline presence at least at the final purchase stage, the special importance of being able to personally handle and inspect the product before purchasing underlies the preference for traditional brick-and-mortar shopping methods

for products like clothing, sporting goods, and health and grooming products. At the other extreme, “low touch” products like airline tickets and computer software are products that generally favor online services because of the special importance placed on shopping quickly. In between this spectrum are products like books and CDs where some important attributes like large selection are better delivered online while other important attributes like personal service are better delivered “virtually” offline or by providing surrogate experiences through feedback provided by others.

Review of Literature

Andrews and Currim (2000), Bakos and Brynjolfsson (2000), Brynjolfsson and Smith (2000), Burke et al. (1992), Degeratu et al. (2000), Häubl and Trifts (2000), Lynch and Ariely (2000), Pauwels and Dans (2001), Shankar et al. (2002, 2003), and Ward and Lee (2000) have all conducted empirical research exploring consumer behavior in an online environment. These studies center on understanding the manner in which the process of information search differs between traditional and online environments. Information search is split into the subgroups of price sensitivity and brand choice, and research thus far shows there is mixed evidence for the role of information search in an online environment. For example, price sensitivity is sometimes higher in online versus offline settings, depending on the computer screen graphics (Burke et al. 1992). Of all these studies, only Degeratu et al. (2000) and Andrews and Currim (2000) specifically compare online and offline purchase behavior in the grocery sector. Degeratu et al. (2000) show that for some categories the brand name is more important online than in a traditional shopping environment, but this might depend on the available attribute information.

Andrews and Currim (2000) find that the brand loyalty coefficient in a multinomial logit model is lower for online versus offline grocery shopping, but online shoppers select from a smaller consideration set of brands, thereby remaining loyal to a smaller number of brands. Both these studies are limited in that they do not fully account for the demographic differences between online and offline shoppers, which may well be causing the difference in brand loyalty between the two environments. Their studies use just three or fewer product categories. In contrast, we compare brand loyalty for over 100 brands in 19 categories. Our online data come from a large nationwide traditional grocery retailer that offers the same in-store products online (much like the successful Tesco model used in Europe). The offline

data is from a Nielsen Home- Scan panel that exactly matches the online data in terms of location, time period, categories, and brands.

Alba et al. (1997) recognized the importance of both product differences and consumer differences in the success of the electronic marketplace. The study of online shopping has evolved from the emergence of electronic commerce (Hassan et al.,2009). Researchers tend to examine the practices of buying and selling product and services over the internet by utilizing technologies such as the web, electronic data interchange, email, electronic fund transfers and smart cards (Joseph, 2000).

Earlier studies have focused on why online shopping differs across products. Several studies have shown that “high touch” products that consumers feel they need to touch, smell or try on are those that require an offline presence at least at the final purchase stage (Chiang and Dholskia 2003; Lynch, Kent, and Srinivasan 2001). Levin et al. (2003) showed that the special importance of being able to personally handle and inspect the product before purchasing underlies the preference for traditional brick-and-mortar shopping methods for products like clothing, sporting goods, and health and grooming products. At the other extreme, “low touch” products like airline tickets and computer software are products that generally favor online services because of the special importance placed on shopping quickly. In between this spectrum are products like books and CDs where some important attributes like large selection are better delivered online while other important attributes like personal service are better delivered “virtually” offline or by providing surrogate experiences through feedback provided by others.

Levin et al (2005) has revealed that Preferences for shopping online or offline were shown to vary across products, consumers, and stages of the shopping experience. However, many of these differences are product-specific. To a great extent, these differences could be accounted for by differential importance placed on product attributes that are perceived to be better delivered online or offline. When attributes such as large selection and shopping quickly are predominant, online shopping is preferred. When attributes such as personal service and ability to see-touch-handle the product are predominant, offline shopping is preferred.

One theme that has often received wide attention among these researchers is the factors that influence consumers to shop online. Examining this theme is important to determine the

success of online shopping business (Ghani et al., 2001; Wu, 2003; Kolsaker et al., 2004; Khatibi et al., 2006; **Ghani et al., 2009**). Within this theme, several variables were examined including external variables such as credit card facilities and website's design (Ghani et al., 2001, **Mohd Suki et al., 2002**) and internal variables such as demographic profiles (Gupta et al., 1995; Haque and Khatibi, 2005; Hatibi et al., 2006) and consumers' characteristics (Haque and Khatibi, 2005; Harn et al., 2006). With regards to internal factors, a group of studies have examined variables that linked consumers to shop online. Particularly on demographic profile, the studies that have examined the link between demographic profile and online shopping found that demographic profile of a customer determines his/her attitude towards online shopping (Gupta et al., 1995; Haque and Khatibi, 2005; Khatibi et al., 2006).

Specifically, these studies found significant differences in gender where male consumers tend to shop online more compared to women consumers (Gupta et al., 1995; Haque et al., 2007). Another group of studies found that the age of a consumer also influence his / her online shopping behavior. These studies found that that the younger generation tends to become more online shoppers (Sulaiman et al., 2008). For example: Sulaiman et al. (2008) found that younger generation would likely to do online shopping more because of their knowledge in computer technology as opposed to the older generation. This is not surprising since younger generation tends to become more internet users compared to older generation (Said et al., 2007). However, in Haque et al. (2006), they found consumers' age does not influence their attitude towards online shopping.

Few studies have been taken on 'Online' and 'Offline' Shopping and effect of various demographic variables on preference for online and offline shopping difference across products. There is substantial body of literature related to online and offline shopping but there is a relative dearth of research on issues related to gender and age as determinant of preferences for online and offline shopping behavior for different product categories among Indian consumers.

Objectives

1. To study the preferences of consumers towards online and offline shopping with respect to product categories.

2. To study the effect of demographic variables such as gender and age on online and offline shopping preferences across product categories.

Null Hypotheses

Hypotheses

H₀₁ – There is no significant difference in the preference of males and females towards online and offline shopping of Airlines tickets.

H₀₂ – There is no significant difference among respondents of different age groups towards preference for online and offline shopping of Airline tickets.

H₀₃ – There is no significant difference in the preference of males and females towards online and offline shopping of Books.

H₀₄ – There is no significant difference among respondents of different age groups towards preference for online and offline shopping of Books.

H₀₅ – There is no significant difference in the preference of males and females towards online and offline shopping of Electronics.

H₀₆ – There is no significant difference among respondents of different age groups towards preference for online and offline shopping of Electronics.

H₀₇ – There is no significant difference in the preference of males and females towards online and offline shopping of Clothing.

H₀₈ – There is no significant difference among respondents of different age groups towards preference for online and offline shopping of Clothing.

H₀₉ – There is no significant difference in the preference of males and females towards online and offline shopping of Computers.

H₁₀ – There is no significant difference among respondents of different age groups towards preference for online and offline shopping of Computers.

Research Methodology

The Study: The researchers used single cross sectional descriptive research design. The study was empirical in nature and aimed at studying the preferences of consumers towards online and offline shopping with respect to product categories and to study the effect of demographic variables such as age and gender on online and offline shopping. Two types of variables were considered, independent variables viz. gender and age and dependent variable as preferences of consumers towards online and offline shopping. The survey method where in self designed and self administered closed ended questionnaire was given to the

respondents for collection of primary data. However, the secondary data were also collected from various sources such as Journals, Newspaper, Magazines, Websites and others.

The Sample: A non-probability convenient sampling technique was used for collection of primary data. A sample of 100 respondents includes 56 male and 44 female was collected from respondents of different age group viz. 60 respondents were Young (below 25 years) , 27 respondents were Middle Age (between 25 to 50 years) and 13 respondents were Old (above 50 years).

Tools for Data Collection: The survey method where in self designed and self administered closed ended questionnaire was given to the respondents for collection of primary data. Questionnaire contained few items or statements on five point likert type scale where as some dichotomous and multiple choice questions were also asked to the respondents.

Tools for Data Analysis: Data were analyzed using SPSS software. Mean, Standard Deviation, t-test, one-way ANOVA and Post Hoc test were used to analyze the collected data.

Results and Discussion

Table 1

H ₀	Mean	S.D.	t / F value	Sig	Decision	Result
H ₀₁	M= 4.0516 F=4.2588	M=1.62969 F=1.54764	t= -0.645	0.520	0.520 > 0.05	H ₀₁ is not rejected.
H ₀₂	Y=4.3259 M=4.3313 O=2.9060	Y=1.44826 M=1.59344 O=1.76782	F= 4.878	0.010	0.010 < 0.05	H ₀₂ is rejected.
H ₀₃	M= 3.6885 F=3.8813	M=1.49754 F=1.51258	t= -0.636	0.526	0.526 > 0.05	H ₀₃ is not rejected.
H ₀₄	Y=3.8426 M=4.0905 O=2.7949	Y=1.38344 M=1.40481 O=1.89044	F= 3.617	0.031	0.031 < 0.05	H ₀₄ is rejected.
H ₀₅	M= 3.7560 F=3.9495	M=1.44225 F=1.47998	t= -0.659	0.512	0.512 > 0.05	H ₀₅ is not rejected.
H ₀₆	Y=3.8463 M=4.2428 O=2.9829	Y=1.33476 M=1.47568 O=1.67949	F= 3.455	0.036	0.036 < 0.05	H ₀₆ is rejected.
H ₀₇	M= 3.1825 F=3.5253	M=1.52663 F=1.69534	t= -1.061	0.291	0.291 > 0.05	H ₀₇ is not rejected.
H ₀₈	Y=3.3630 M=3.6255	Y=1.59918 M=1.56564	F= 1.889	0.157	0.157 > 0.05	H ₀₆ is not rejected.

	O=2.5897	O=1.59435				
H ₀₉	M= 3.6416 F= 4.0915	M=1.44598 F=1.57933	t= -1.483	0.141	0.141 > 0.05	H ₀₉ is not rejected.
H ₁₀	Y=3.8606 M=4.2328 O=2.9252	Y=1.38884 M=1.49964 O=1.82326	F= 3.445	0.036	0.036 < 0.05	H ₀₆ is rejected.

Airline Tickets

1. Mean score on 7 point scale for online vs offline shopping preference of 100 respondents towards their preference for Airline tickets was 4.14, for books was 3.77, for electronics 3.84, for clothing 3.33, and for computers 3.83. Mean score across different product category reveals that the orders of preference for online vs offline shopping were Airline tickets, Electronics, Computers, Books and Clothing. Therefore, we can infer that Airline tickets were more preferred online and Clothing's were more preferred offline.
2. Mean score on 7 point scale for online vs offline shopping preference of 56 male respondents was 4.05 towards their preference for Airline tickets. However, mean score for online vs offline shopping preference of 44 female respondents was 4.25 towards their preference for Airline tickets. Therefore, female respondents were slightly more inclined towards online shopping of Airline tickets as compared to their male counterpart.
3. There is no significant difference between male and female respondents for online vs offline shopping preference towards Airline tickets. (t = - 0.645, sig. = 0.520, p < 0.05)
4. Mean score on 7 point scale for online vs offline shopping preference of 60 respondents Young Age (Below 25 years) was 4.32, of 27 respondents Middle Age (between 25-50) was 4.33 and of 13 respondents Old Age (Above 50) 2.90 towards their preference for Airline tickets. Therefore, respondents between age 25 to 50 years were slightly more inclined towards online shopping of Airline tickets as compared to other two age groups.
5. There is a significant difference among respondents of different age groups viz. Young (Below 25 years), Middle aged (Between 25 to 50 years) and Old (Above 50 years) respondents for online vs offline shopping preference towards Airline tickets. (f = 4.878, sig. = 0.010, p < 0.05)

Furthermore, Post Hoc Test (LSD) reveals that

- i. There is no significant difference between Young and Middle age respondents for online vs offline shopping preference towards Airline tickets. (Sig. = 0.988)
- ii. There is a significant difference between Young and Old age respondents for online vs offline shopping preference towards Airline tickets. (Sig. = 0.003)
- iii. There is a significant difference between Middle and Old age respondents for online vs offline shopping preference towards Airline tickets. (Sig. = 0.007)

Books

6. Mean score on 7 point scale for online vs offline shopping preference of 56 male respondents was 3.68 towards their preference for Books. However, mean score for online vs offline shopping preference of 44 female respondents was 3.88 towards their preference for Books. Therefore, female respondents were slightly more inclined towards online shopping of Books as compared to their male counterpart.
7. There is no significant difference between male and female respondents for online vs offline shopping preference towards Books. ($t = -0.636$, sig. = 0.526, $p < 0.05$)
8. Mean score on 7 point scale for online vs offline shopping preference of 60 respondents (Below 25 years) was 3.84, of 27 respondents (between 25-50) was 4.09 and of 13 respondents (Above 50) 2.79 towards their preference for Books. Therefore, respondents between age 25 to 50 years were slightly more inclined towards online shopping of Books as compared to other two age groups.
9. There is a significant difference among respondents of different age groups viz. Young (Below 25 years), Middle aged (Between 25 to 50 years) and Old (Above 50 years) respondents for online vs offline shopping preference towards Books. ($f = 3.617$, sig. = 0.031, $p < 0.05$)

Furthermore, Post Hoc Test (LSD) reveals that

- i. There is no significant difference between Young and Middle age respondents for
online vs offline shopping preference towards Books. (Sig. = 0.466)

- ii. There is a significant difference between Young and Old age respondents for online vs offline shopping preference towards Books. (Sig. = 0.021)
- iii. There is a significant difference between Middle and Old age respondents for online vs offline shopping preference towards Books. (Sig. = 0.010)

Electronics

10. Mean score on 7 point scale for online vs offline shopping preference of 56 male respondents was 3.75 towards their preference for Electronics. However, mean score for online vs offline shopping preference of 44 female respondents was 3.94 towards their preference for Electronics. Therefore, female respondents were slightly more inclined towards online shopping of Electronics as compared to their male counterpart.
11. There is no significant difference between male and female respondents for online vs offline shopping preference towards Electronics. ($t = -0.659$, sig. = 0.512, $p < 0.05$)
12. Mean score on 7 point scale for online vs offline shopping preference of 60 respondents (Below 25 years) was 3.84, of 27 respondents (between 25-50) was 4.24 and of 13 respondents (Above 50) 2.98 towards their preference for Electronics. Therefore, respondents between age 25 to 50 years were slightly more inclined towards online shopping of Electronics as compared to other two age groups.
13. There is a significant difference among respondents of different age groups viz. Young (Below 25 years), Middle aged (Between 25 to 50 years) and Old (Above 50 years) respondents for online vs offline shopping preference towards Electronics. ($f = 3.455$, sig. = 0.036, $p < 0.05$)

Furthermore, Post Hoc Test (LSD) reveals that

- i. There is no significant difference between Young and Middle age respondents for online vs offline shopping preference towards Electronics. (Sig. = 0.231)
- ii. There is a significant difference between Young and Old age respondents for online vs offline shopping preference towards Electronics. (Sig. = 0.050)
- iii. There is a significant difference between Middle and Old age respondents for online vs offline shopping preference towards Electronics. (Sig. = 0.010)

Clothing

14. Mean score on 7 point scale for online vs offline shopping preference of 56 male respondents was 3.18 towards their preference for Clothing. However, mean score for online vs offline shopping preference of 44 female respondents was 3.52 towards their preference for Clothing. Therefore, female respondents were slightly more inclined towards online shopping of Clothing as compared to their male counterpart.
15. There is no significant difference between male and female respondents for online vs offline shopping preference towards Clothing. ($t = - 1.061$, sig. = 0.291, $p < 0.05$)
16. Mean score on 7 point scale for online vs offline shopping preference of 60 respondents (Below 25 years) was 3.36, of 27 respondents (between 25-50) was 3.62 and of 13 respondents (Above 50) 2.58 towards their preference for Clothing. Therefore, respondents between age 25 to 50 years were slightly more inclined towards online shopping of Clothing as compared to other two age groups.
17. There is no significant difference among respondents of different age groups viz. Young (Below 25 years), Middle aged (Between 25 to 50 years) and Old (Above 50 years) respondents for online vs offline shopping preference towards Clothing. ($f = 1.889$, sig. = 0.157, $p < 0.05$)

Computers

18. Mean score on 7 point scale for online vs offline shopping preference of 56 male respondents was 3.64 towards their preference for Computers. However, mean score for online vs offline shopping preference of 44 female respondents was 4.09 towards their preference for Computers. Therefore, female respondents were slightly more inclined towards online shopping of Computers as compared to their male counterpart.
19. There is no significant difference between male and female respondents for online vs offline shopping preference towards Computers. ($t = - 1.483$, sig. = 0.141, $p < 0.05$)
20. Mean score on 7 point scale for online vs offline shopping preference of 60 respondents (Below 25 years) was 3.86, of 27 respondents (between 25-50) was 4.23 and of 13 respondents (Above 50) 2.92 towards their preference for Computer.

Therefore, respondents between age 25 to 50 years were slightly more inclined towards online shopping of Computer as compared to other two age groups.

21. There is a significant difference among respondents of different age groups viz. Young (Below 25 years), Middle aged (Between 25 to 50 years) and Old (Above 50 years) respondents for online vs offline shopping preference towards Computers. ($f = 3.445$, sig. = 0.036, $p < 0.05$)

Furthermore, Post Hoc Test (LSD) reveals that

- i. There is no significant difference between Young and Middle age respondents for online vs offline shopping preference towards Computers. (Sig. = 0.280)
- ii. There is a significant difference between Young and Old age respondents for online vs offline shopping preference towards Computers. (Sig. = 0.041)
- iii. There is a significant difference between Middle and Old age respondents for online vs offline shopping preference towards Computers. (Sig. = 0.010)

Discussion

The finding of this study extends support to the finding of several studies that shown “high touch” products that consumers feel they need to touch, smell or try on are those that require an offline presence at least at the final purchase stage (Chiang and Dholskia, 2003; Lynch, Kent, and Srinivasan 2001). Levin et al. (2003) showed that the special importance of being able to personally handle and inspect the product before purchasing underlies the preference for traditional brick-and-mortar shopping methods for products like clothing, sporting goods, and health and grooming products. At the other extreme, “low touch” products like airline tickets and computer software are products that generally favor online services because of the special importance placed on shopping quickly. In between this spectrum are products like books and CDs where some important attributes like large selection are better delivered online while other important attributes like personal service are better delivered “virtually” offline or by providing surrogate experiences through feedback provided by others. Levin et al (2005) has revealed that preferences for shopping online or offline were shown to vary across products, consumers, and stages of the shopping experience. However, many of these differences are product-specific. To a great extent, these differences could be accounted for by differential importance placed on product attributes that are perceived to be better delivered online or offline. When attributes such as large selection and shopping quickly are

predominant, online shopping is preferred. When attributes such as personal service and ability to see-touch-handle the product are predominant, offline shopping is preferred. Present study has revealed that the orders of preference for online vs offline shopping were Airline tickets, Electronics, Computers, Books and Clothing. It implies that Airline tickets were more preferred online and Clothing's were more preferred offline. Some studies found significant differences in gender where male consumers tend to shop online more compared to women consumers (Gupta et al., 1995; Haque et al., 2007). However, present study reveals that male and female consumers do not significantly differ for online vs offline shopping preference across different product category. Some of studies found that the age of a consumer also influence his / her online shopping behavior. These studies found that that the younger generation tends to become more online shoppers (Sulaiman et al., 2008). Sulaiman et al. (2008) found that younger generation would likely to do online shopping more because of their knowledge in computer technology as opposed to the older generation. This is not surprising since younger generation tends to become more internet users compared to older generation (Said et al., 2007). Moreover, Haque et al. (2006) found consumers' age does not influence their attitude towards online shopping. However, present study reveals that consumers of different age groups differ significantly for online vs offline shopping preference across different product category viz. Airline tickets, Electronics, Computers, Books and Clothing. Post hoc test reveals that consumers of young age group and middle age group do not differ significantly.

Conclusion

The study very clearly indicates that there is difference in the preferences of consumers towards online and offline shopping with respect to product categories viz. Airline tickets, Electronics, Computers, Books and Clothing. Airline tickets were more preferred online and Clothing's were more preferred offline. The study reveals that male and female consumers do not significantly differ for online vs offline shopping preference across different product category. However, consumers of different age groups differ significantly for online vs offline shopping preference across different product category viz. Airline tickets, Electronics, Computers, Books and Clothing.

Implications

As the present study underlined gender and age as a determinant of preference for online and offline shopping difference across products and services and suggested that consumers needs

to be understood more microscopically than just macro segmentation. It is imperative for the marketers to give due importance to age as important demographic variables for formulating and implementing marketing strategies to attract the Indian consumers for online shopping. Secondly, due to time constraint the study could not expand its horizon to other demographic variables like income, occupation, and other psychographic variables under the purview of the study. Further research is needed to replicate this investigation by incorporating this variable on a large sample to validate the findings of the study.

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The changing mindset of a new age leader-challenges and opportunities

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Abstract

With the economy beginning to show signs of life, leaders must take stock of their attitude, approach and style and identify ways to improve their performance for the betterment of the employees and the organizations they serve. This process begins by accepting the fact that you may need to adopt a new leadership mindset – a realization awakened by your past experiences, previously missed opportunities and the business trends that demand it. Changing your mindset requires you to look at the manner in which you engage people, approach situations, make decisions and evaluate opportunities. As you continue your leadership journey it, resolve to embrace a new mindset by taking a close look at these eight critical realities of the workplace:

Key words: Leader, mindset, decisions, opportunities, people, ownership

Introduction

As a leader, it's not about waiting for your business, clients or the marketplace to shape your mindset – but rather about being acutely aware of the dynamics around you to anticipate when it's time to change. If you wait, and don't have time to prepare for a mindset shift that is when it feels forced, uncomfortable and awkward. On the other hand, when you can anticipate and begin to make the required behavioral changes, you are better able to sustain your leadership momentum.

21st century leaders see opportunities everywhere, every day, and they make the most of those that cross their path. Many times they are opportunities that others don't see.

To adopt a new leadership mindset, stop judging others and begin to see people through a lens of opportunity. Everyone has something to offer and when given the opportunity to reach their full potential, people tend to deliver more than what is expected from them – especially when their leader displays a positive mental attitude, sees the glass as half-full and accepts people for who they are rather than expecting everyone to be just like them. Leaders inspire higher-levels of performance through genuine engagement and choosing the right attitude and outlook that motivates their employees to achieve and succeed.

Mental toughness defines the leadership game. You need wide-angle vision to continuously navigate the terrain that awaits you and to make the big decisions that support your vision. The tension points of leadership can be extremely exhausting and pressure-packed. Nevertheless, the leadership journey must continue with a demeanor unfazed as if it were business as usual.

Mental toughness is acquired over time through trials and tribulations. To be mentally tough means that you have grown accustomed to anticipating crisis and managing change – a by-product of experiencing failure and knowing how to renew and reinvent yourself.

Unless you are willing to accept that you must take calculated risks whatever the consequences, your days in leadership are numbered. If you lead with the mindset that risk is your best friend, you will stop being afraid to fail, and instead be empowered to learn from the risks you take.

Review of literature:

Bernard M. Bass (2000): Transactional Leadership has been one of the significant contribution to the increasing organizational satisfaction, commitment and effectiveness. The future of leadership and administration will be considered in the light of the current state of affairs in educational leadership. The future educational leaders will be democratic and should be capable of handling multiple problems.

During this stage, rigid adherence to procedure gives way to spontaneity and flexibility. This is achieved through teams and other social groupings in the organization. These stages of growth and the challenges therein can be of immense help to leadership of organization who are interested in growth.

David Stehlik(2014) : Research in the fields of leadership and organization design explains that innovativeness is a competency advanced by particular kinds of leadership and through specific organization designs. The research reveals that organization design and leadership, when combined and based upon studied cultural awareness, optimized for unique industry and environment alignment, leads to greater innovation effectiveness.

Thomas J. Hurley et al (2010): Conversational leadership uses conversation as a core process to create tipping points for change. It invites us to complement our traditional focus on methods for business process improvement with a focus on methods for talking and thinking

together effectively to simultaneously create the social process improvement needed to maximize business and social value.

Barbara S Miller et al (2008):Leadership on boards takes many forms, ranging from asking useful questions about the direction, priorities and practices of the organization, to assuming responsibility for addressing the questions raised. In order for board members to feel comfortable and motivated to assume their leadership responsibilities the organization has to engage in practices that allow board members to develop the skills and conditions that promote leadership.

STEVEN S. TAYLOR“You don’t see to draw, you draw to see.” And then Fred said, “It’s just the same for leadership, you don’t learn to lead, you lead to learn.” The arts can teach us to stay with our senses and not know and in that way to provide a balance to the dominance of the analytic approaches to our organizational worlds.

David J. Carrington (2015): When facing a crisis, leaders' sense making can take a considerable amount of time due to the need to develop consensus in how to deal with it so that vision formation and sense giving can take place. However, research into emerging cognitive consensus when leaders deal with a crisis over time is lacking.

Thomas S. Bateman, and Stephen Strasser(1984) : From longitudinal data from 129 nursing department employees, organizational commitment was found to be antecedent to job satisfaction rather than an outcome of it. Furthermore, several other variables were found to be causally related to satisfaction but not commitment. Implications of unsubstantiated assumptions regarding causes of commitment are discussed.

(MousaKhairuddin) 2015 The aim of this study is to examine the five big traits(extraversion, agreeableness, openness, conscientious, and neuroticism), and to investigate their impact on the prevailing leadership style of the branch managers of banks working at Hashemite Kingdom of Jordan.

(Leroy Hannes),2012, Authentic leadership occurs when individuals enact their true selves in their role as a leader. This article examines the role of authentic followership in the previously established relationship between authentic leadership and follower in-role and extrarole performance behaviors.

Lawton Allan(2015): It addresses three interlocking questions. First, who are ethical leaders and what are their characteristics? Second, how do ethical leaders do what they do? Third, why do leaders do as they do and what are the outcomes of ethical leadership?

Objectives:

- 1) To study the change mind set of a leader.
- 2) To study the critical realities of the leader and its challenges and opportunity.
- 3) To understand the need for the project undertaken for the teams progress.
- 4) To study the role of a leader in the Project implementation and guidance.
- 5) To suggest how the mindset of a leader will help in designing the organization.

Data collection**Secondary Data**

Literature from Text Books, articles published in Newspapers, articles published in journals Pertaining to Leadership Mindset.

Limitations of the Study

- The information collection is based on the secondary data.
- The findings and conclusions are generated based on the opinions and reviews of the literature

Key Observations**1. A Positive Mental Attitude Fuels Endurance and Performance**

A positive mental attitude allows you to drown out the noise, and see opportunity where others see chaos and uncertainty. If you don't maintain a positive attitude, it's all too easy to grow tired of the rat race and let bitterness rise to the surface; this creates unnecessary disruption and negatively impacts those we lead. To adopt a new leadership mindset, stop judging others and begin to see people through a lens of opportunity. Leaders inspire higher-levels of performance through genuine engagement and choosing the right attitude and outlook that motivates their employees to achieve and succeed.

2. Mental Toughness Makes You Stronger

Mental toughness defines the leadership game. You need wide-angle vision to continuously navigate the terrain that awaits you and to make the big decisions that support your vision. The tension points of leadership can be extremely exhausting and pressure-packed. Nevertheless, the

3. Risk Must Be Your Best Friend

As a business leader, I have learned one thing above all about adverse circumstances. It is a certainty that those who venture more, risk more adversity. Risk is always in the gap between opportunity and success. You must therefore make risk your new friend. Risk is at times fickle, but without it the greatest opportunities will not be realized.

4. Authenticity Leads to Discovery

When you lead in ways that come most naturally to you, you start to stand out from the crowd and people begin to take notice. People gravitate towards those leaders who are most authentic and have the self-trust to be themselves – not what others want them to be. Being authentic is difficult, especially when you feel the pressure to fit-in-the-culture of the workplace.

5. What You Read Shapes How You Lead

It's easy to spot a leader with an identity crisis because they rely on the reuse of other people's content, rather than looking inside themselves to discover their own creativity of thought and originality of purpose. How many times have you heard your boss or another leader quote a book and then repurpose key messages from that book as if they were their own?

7. Fierce Competition

Competition is so fierce in the workplace that only leaders with the right strategic focus who never lose momentum will be able to keep their competitive edge.

8. Honesty

The foundation of any relationship, both personal and professional, is honesty. People want to work for a leader they can trust—a leader that has morals, values, and integrity.

9. Communication

Giving constructive feedback, and in training new employees. With great communication, your employees will know exactly what they are working for, will rely on you, and will give their best effort for you.

10. Confidence

When things go wrong, employees look to you for the answers and judge the situation based upon your reaction. Even if the company is experiencing a major downturn, it's important to always be confident, calm, and set a good example. If you aren't confident with the organization in a situation, then be confident in your own leadership skills.

11. Inspiration

Whether you're starting a new business, or you're leading a team in a business that's already been established, it's important to get employees invested in the vision and future of the company. You must be inspired and invested in the company in order to inspire others, like Larry Page and Sergey Brin, the founders of Google.

12. Positivity

Regardless of the situation, always stay positive. Positivity is essential to productivity, employee happiness, and work environment.

13. Delegation

When it comes to delegation, the idea is to decide what strengths each employee possesses, and to assign them tasks that best fit those strengths. The ability to delegate successfully will lead to higher quality work and productivity.

14. Humor

Although not a requirement, a sense of humor goes a long way in leadership. It helps create a positive work environment and enhances the feeling of camaraderie.

15. Creativity

Some decisions have to be made quickly, and catch us by surprise. In times like these, it's up to you to think outside the box to find a solution. Your team will be looking to you in these situations for guidance, so a quick decision must also be a good decision.

Intuition

Sometimes we are presented with situations that aren't in the textbooks, and for which you might not be prepared as a leader. The first decision isn't always the best one, and taking your time to come up with a unique solution can be in the best interest of your workers and organization. Sometimes, leaders have to draw upon their instincts, past experiences, and mentors for help in these complicated situations.

Conclusion(s)

Growth is not an easy thing to come by. Everyone, nay, every organization, desires to grow. However, growth comes along with its challenges which leadership must face and surmount if it must grow. Below are some of these challenges. Business organization naturally co-exists with others as they pursue their mission in an industrial setting. Each player is locked in competition with the others in seeking to get and retain the attention of the market. Except where the market is not fully reached with the products, for a firm to grow it would almost always have to diminish the market size of the other competitors.

Human beings by nature. The major challenge that faces leadership across organizations is to acquire the skill of maintaining focus amidst change and direction in the face of chaos. The twin forces of globalization and advancement in Information Technology have made innovation the rule of competition across various industries. To survive, let alone growing, leadership has the onerous task of creating and introducing new products. For organizations, which desire leadership in the market, this is a must. Growth comes with demands for increased capacities in various areas. Diverse skills and expertise are required as organizations grow from small to big organizations. Capital needs grow tremendously as well

Scope for further studies

Have the demands of the current era required incumbents in the most senior roles in business to respond by just applying the best of age-old thinking about leadership to new challenges? Or are we seeing something genuinely new emerging? From our conversations, a nuanced answer with two consistent themes has been emerging. First, that a growing number of today's business leaders have felt they have needed to adopt a new perspective on their role and purpose. And second, that acting on this new perspective has required a set of leadership practices, many of which are familiar (which is not to say easy), but many of which are new. These findings can be further investigated in three different ways : 1. A different perspective: Reframing the business leader's role and purpose 2. A familiar leadership role: Leading

change across the business 3. A new leadership role: Leading change beyond business boundaries

Leadership today may be better positioned to address people in ways that benefit the field and that maintain the police leaders' position at the forefront of the Profession. Today's generation leaders are trained to operate in an ingrained bureaucratic structure. This training, the resulting organizational culture and fixed attitudes present conditions similar to those in the auto industry a few short years ago. Many police leaders, however, have seen the need to alter these traditions in favor of becoming more flexible and adaptive to the world we currently live in and to the people with whom we work. Their efforts will be the key to preventing systemic failure in policing similar to what has occurred in some segments of the private sector. Today's leaders and tomorrow's visionaries will continue to need a strong foundation anchored in the values

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International Tax Planning Within Current Tax Reform Regime Brought By OECD

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Abstract

The international tax planning by multinationals takes into consideration running operations in the four corner of law and strive to minimize the cost of doing business including taxation cost. Public at large and NGOs are also in a situation where tax revenues lower due to the economic recession, the tax planning opportunities for MNCs will be greeted with skepticism not only by governments politically concerned but also by taxpayers, the NGOs , the media and other stake holders. After the deceleration of 15 action points by OECD on addressing the tax challenges of the digital economies, neutralize the effects of hybrid mismatch arrangement and prevention of treaty abuse. There exists scope for international tax planning through proper optimization of earning after tax and reduction of tax liability by alignment of marginal revenue and marginal cost. This paper encompasses different perspectives for International tax planning with special reference to current reforms incorporated by OECD.

Key Words: OECD, Tax Planning, International Tax Planning, Tax evasion, Double taxation, etc.

1.0 Introduction:

The international tax planning by multinationals takes into consideration running operations in the four corner of law and strive to minimize the cost of doing business including taxation cost. The similar argument given by Mr. Matt Brittin, Google UK in his defense against the allegation posed by Ms. Margaret Hodge, MP in UK Public Account Committee of being immoral by not paying reasonable contribution to UK by dubious planning . It gives researchers an opportunity to dig even deeper to build a solid base for overall development of economies at all level. The question whether corporations are contributing their fair share of taxes to the countries in which they are doing their business by not paying taxes or paying little taxes raised again and again in media , newspapers, articles and documentaries and rendering the subject interesting for the purpose of research.

It can be emphasized upfront as long as a multinational operates within the confines of the law, international tax planning is not illegal or unlawful. The planning per se is not against the law. The countries as stakeholders worldwide have taken legislative action to reduce international planning opportunities for MNCs. As second player/stakeholder in international tax planning, organization such as OECD and EU are engaged in controlling and promoting the international tax planning of multi-nationals by issuing directives to avoid tax whilst operating business as MNCs. Public at large and NGOs are also in a situation where tax revenues lower due to the economic recession, the tax planning opportunities for MNCs will be greeted with skepticism not only by governments politically concerned but also by taxpayers, the NGOs, the media and other stakeholders.

2.0 Theoretical Background:

The tax planning relates down a long time ago in 1920 when the progression of bilateral treaties stimulated the League of Nations, the predecessor of United Nation. Initially bilateral treaties were concluded on a relatively small scale between neighbor countries but after the world war an exclusive treaty network developed for example in 1922 treaty between United Kingdom and Ireland; in 1925, Germany with Italy and in 1939, US with Sweden & France. It was founded in 1920 after world war to develop a kind of uniform model tax treaty in 1921. It asked four experts from the field of public finance; 1. Bruin (Rotterdam) 2. Einaudi (Turin) 3. Seligman (New York) & 4. Stamp (London), to prepare report on double taxation treaty which led to a famous publication in 1923. This publication was subsequently put forth in various sub committees leading to the first model treaty in 1928. Thereafter it evolved as model treaty of Mexico in 1943 and in 1946 as model treaty of London.

After the Second World War the League of Nations ceases to exist and it was succeeded by the United Nation. The work on the model tax treaty was however continued by the organization of European Economic Co-operation (OEEC) and its successor the Organization for Economic Co-operation and Development (OECD). In 1963, the development happened to be a complete model tax convention on income & capital and commentary. The model convention has undergone further improvisation in 1977 and 1992. It got worldwide recognition as reference documents in formulation of double taxation treaties. The work of OECD has taken flight to redress the grievances in international tax planning requirement of G20 on July 19, 2013 and issued 15 action plan to address the concern to heart by BEPS.

Exhibit 1:
15 Point Action Plan

Action 1	Address the Tax Challenges of the Digital Economy
Action 2	Neutralise the Effects of Hybrid Mismatch Arrangements
Action 3	Strengthen Controlled Foreign Company (CFC) Rules
Action 4	Limit Base Erosion via Interest Deductions and Other Financial Payments
Action 5	Counter Harmful Tax Practices
Action 6	Prevent Treaty Abuse
Action 7	Prevent the Artificial Avoidance of (Permanent Establishment) PE Status
Action 8	Assure that Transfer Pricing Outcomes are in Line with Value Creation/Intangibles
Action 9	Assure that Transfer Pricing Outcomes are in Line with Value Creation/Risks and Capital
Action 10	Assure that Transfer Pricing Outcomes are in Line with Value Creation/Other High-Risk Transactions
Action 11	Establish Methodologies to Collect and Analyse Data on BEPS and the Actions to Address
Action 12	Require Taxpayers to Disclose their Aggressive Tax Planning Arrangements
Action 13	Re-examine Transfer Pricing Documentation
Action 14	Make Dispute Resolution Mechanisms More Effective
Action 15	Develop a Multilateral Instrument

The international tax planning and tax avoidance practices causing concern as base erosion and profit shifted are studied by the researchers over the period on issue specific basis.

2.1 Root Causes for BEPS:

The most significant problems with the existing system for taxing the profit of multinational companies stem from two related sources. First, the underlying ‘1920s compromise’ for allocating the rights to tax profit between countries is both inappropriate and increasingly hard to implement in a modern economic setting. Second, because the system is based on taxing mobile activities, it invites countries to compete with each other to attract economic activity and to favour ‘domestic’ companies. (VELLA, 2014). The full extent to which MNEs

will be affected by the OECD's work on BEPS remains unknown. Early signs indicate a significant shift in the focus of tax rules away from the pricing of specific transactions between related entities to the total global value chain of an MNE opening the door for more widespread adoption of enterprise liability and for states to obtain a complete view of MNE tax and asset protection planning, potentially including previously impenetrable trusts and limited liability companies.(Smith, 2014 22:4)

2.2 Circumvent Tax Base Erosion:

A base erosion arrangement is defined as any transaction or series of transactions that reduces the amount of foreign income tax paid or accrued, involving either: 1) a hybrid transaction or instrument, 2) a hybrid entity, 3) an exemption arrangement or 4) a conduit financing arrangement. (ANDROFF, 2014)

2.3 Neutralize abusive tax planning through mismatch arrangements:

The Organization for Economic Co-operation and Development (OECD) identified three arrangements: (1) hybrid financial instruments, (2) hybrid entity payments, and (3) reverse hybrid and imported mismatch arrangements to neutralize abusive tax planning through hybrid mismatch arrangements.(RUCHELMAN, May/June 2014)

2.4 Debt financing: eliminate tax on interest income in the payee's jurisdiction:

The tax benefits derived through structured financial products marketed by financial institutions and global tax advisory firms will become a relic of the past, and financial institutions may face additional difficulties unique to their specific operations.(SHAH, March/April 2015). The OECD makes a distinction between combating BEPS and reducing distortions between the tax treatment of various methods of financing. (Kayis-Kumar, 2015). The differential deductibility of debt entailed by various current tax law provisions leads to potential distortions in the patterns of asset ownership across MNCs and various proposed solutions have significant limitations.(Dharmapala, September 2015)

2.5 BEPS and cross-border financial products and transactions:

Action 2 (Neutralise the Effects of Hybrid Mismatch Arrangements), Action 4 (Limit Base Erosion via Interest Deductions and Other Financial Payments), and Actions 8, 9 and 10

(Assure that Transfer Pricing Outcomes Are inLine with Value Creation) involve proposals that would significantly impact commonplace financial products and transactions. (Seales, 2015)

2.6 Treaty abuse via business structures:

Treaties should be amended by the inclusion both of a 'principal purpose test' (PPT) and a limitation of benefits ('LOB') clause. (Sussman, September 2015). As part of action 6 of the base erosion and profit shifting (BEPS) initiatives, the Organisation for Economic Co-operation and Development (OECD) is considering alternatives to address "improper uses" of tax treaties, including treaty shopping. In September 2014, the OECD released a report in which it proposed to revise the model convention to include a limitation-on-benefits provision and a new general anti-abuse rule in response to treaty shopping concerns. Before BEPS, Canada started its own treaty-shopping consultation, and, in the 2014 federal budget, Canada proposed to adopt a domestic anti-treaty shopping rule. However, in August 2014, Canada announced that instead of proceeding with this domestic solution, it would wait for further work by the OECD as part of the BEPS initiatives. Consequently, it is expected that Canada will reconsider the domestic anti-treaty-shopping rule in light of the OECD final BEPS recommendations, which are expected in September 2015, and that these recommendations may play a greater role in the direction that Canada may ultimately take. Because the various treaty-shopping initiatives are ongoing, this topic is divided into two articles. In this article, the author discusses the treaty-shopping proposals in the September 2014 OECD report and the 2014 federal budget, and provides some comments on the direction that Canada may ultimately take to counter treaty shopping. The final treaty-shopping recommendations made by the OECD and ensuing developments in the Canadian context will be discussed in a subsequent article. (Watson, 2014)

2.7 Common international principles to curb BEPS:

It will prevent multinational taxpayers from using techniques that cause their income to fall through the cracks without any country able to meaningfully tax it. (Rosenzweig, 2014)

2.8 Transfer Pricing:

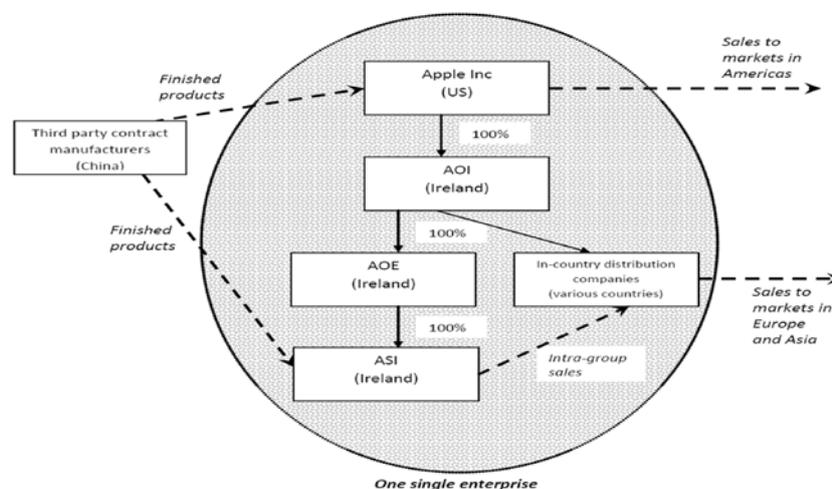
One of the few areas of income tax law in which taxpayers may be subjected to taxation on the basis of a hypothetical alternative to the actual transaction undertaken is the new profit-shifting regime contained in Subdiv 815-B of the Income Tax Assessment Act 1997 (Cth).

Determining arm's length prices can be challenging enough, particularly for complex or unusual transactions, but when the related party transaction itself is open to reconstruction, the task can be even more difficult. This article describes some of the nuances and potential ambiguity associated with the new Subdiv 815-B in the context of the requirement to reconstruct transactions. The authors provide an overview of Subdiv 815-B and contrast these provisions with the former transfer pricing law (contained in Div 13 of the Income Tax Assessment Act 1936 (Cth)), before undertaking a closer examination of the reconstruction provisions contained in the new laws. (Houseman, Mar2014)

3.00 Organization Restructuring under Tax Planning”

Business restructuring is the cross border redeployment of functions, assets and risks. A business restructuring can involve cross border transfer of valuable tangibles or the termination of substantially renegotiation of existing arrangements. The restructuring is implemented by MNC group to maximize synergies and economies of scale to streamline the management of business lines to improve the efficiency of the supply chain. This's taking advantage of the development of internet based technologies that has facilitated the emergence of global organizations. Moreover restructuring of the businesses has been used to preserve profitability or limit losses in a down turn economy for example in the event of over capacity situation.

MNCs are engaged in tax planning by shifting the profit to newly floated supply Chain Company incorporated in low tax or tax heaven country by routing the strategic function, transfer of assets removal or provision of service from such location & risk and attaining the objective of economies of scale also. This arrangement is illustrated with the help of landmark APPLE case and known as “double Irish with the Dutch sandwich”.



The analysis of Apple Co. reveals that the US Government has knowingly facilitated the avoidance of foreign income tax by its multinational enterprises (MNEs), thus creating double non-taxation. It also highlights the structural issues of domestic and international tax rules that enable the creation of double non-taxed income. (Ting*, 2014)

4.00 Operational Level under Transfer Price within the Group of Companies:

Since the OCED is progressing with its deliverable in the BEPS project, the classic tax planning opportunities resulting from mismatches between tax systems of different countries will gradually disappear. Moreover opportunities to abuse bilateral tax treaties to avoid withholding taxes on outgoing payment are also restricted to a great extent. Now opportunities lie in Transfer price planning by MNCs. Transfer price is a technique which is used to allocate the profit made by a group of companies to the individual group members. Subsequently the country in which the designated group member is resident, may tax the profit of that company. This technique can be used by MNCs to shift profits from high tax country to low tax countries.

As per art.9 OECD MC, the arm's length principle recommends that where conditions are made or imposed between the two enterprises in their commercial or financial relations which

differ from those which would be made between independent enterprises, then any profit which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profit of the enterprise and taxed accordingly.

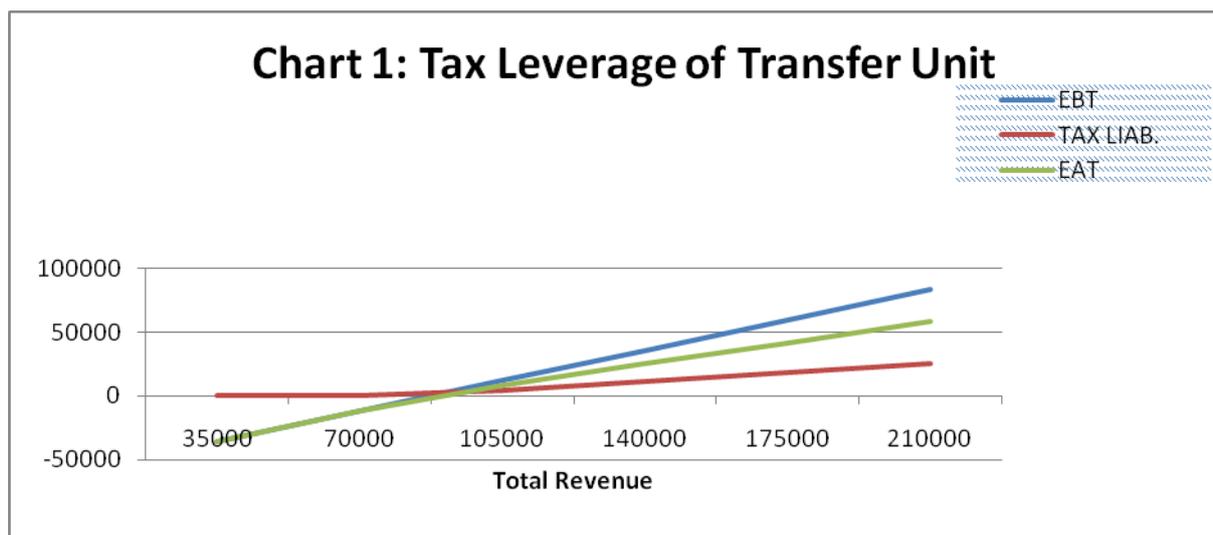
Any group of companies can use transfer price methods recognized globally like comparable uncontrolled price method (CUP), resale price method (RPM) or cost plus method (CPLM), transactional net margin method (TNMM) or profit split method (PSM) as per the situation.

A hypothetical situation of a group of companies is developed to analyze the tax leverage and a match between marginal revenue and marginal cost to determine the level of the business in cross border environment. The holding company of group is indulged in high tax country and arranging distribution through its associated company from a low tax country. It is assumed the manufacturing co has no external sale and the total business is carried on through the associate. The study shows through the following projection that there is enough scope for planning the business level economic activities.

TABLE 1:INTERGROUP TRANSACTION
MANUFACTURING COMPANY EARNING AFTERTAX AND TAX LIABILITY

OUTPUT LEVEL	TOTAL REVENUE	VARIABLE COST	CONTRIBUTION	FIXED COST	EBT	TAX LIAB. @ 30 %	EAT
1000	35000	11000	24000	60000	-36000	0	-36000
2000	70000	22000	48000	60000	-12000	0	-12000
3000	105000	33000	72000	60000	12000	3600	8400
4000	140000	44000	96000	60000	36000	10800	25200
5000	175000	55000	120000	60000	60000	18000	42000
6000	210000	66000	144000	60000	84000	25200	58800

Based on the table and calculation, the maximum level of earnings after tax is available when it is manufacturing the highest output level 6000 but the maximum tax burden also lies at the same level. Now the synergy of the distribution company can be achieved by identifying the optimum level of business production level.

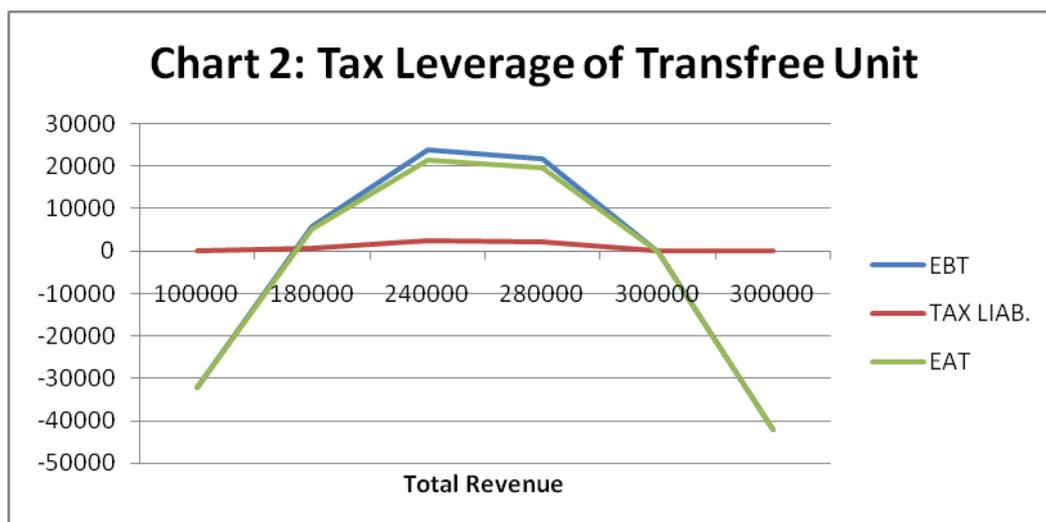


The chart shows a clear co-relation among EBT, EAT and tax liability due to operating leverage at manufacturing level and its increasing EAT inclined to sale at maximum possible level but the dependency of sale depends to an extent at distribution end.

TABLE 2: INTERGROUP TRANSACTION
DISTRIBUTOR COMPANY EARNING AFTER TAX AND TAX LIABILITY

OUTPUT LEVEL	TOTAL REVENUE	VARIABLE COST	CONTRIBUTION	FIXED COST	EBT	TAX LIAB. @ 10 %	EAT
1000	100000	42000	58000	90000	-32000	0	-32000
2000	180000	84000	96000	90000	6000	600	5400
3000	240000	126000	114000	90000	24000	2400	21600
4000	280000	168000	112000	90000	22000	2200	19800
5000	300000	210000	90000	90000	0	0	0
6000	300000	252000	48000	90000	-42000	0	-42000

Based on the table and calculation, the market for the product may be imperfect or perhaps no market exists. If the supply division has no supply constraints, the correct transfer price is the marginal cost of Mfg. company for that output at which marginal cost equals the sum of the receiving company net marginal revenue from converting the product and marginal revenue from any sale of products on external market.



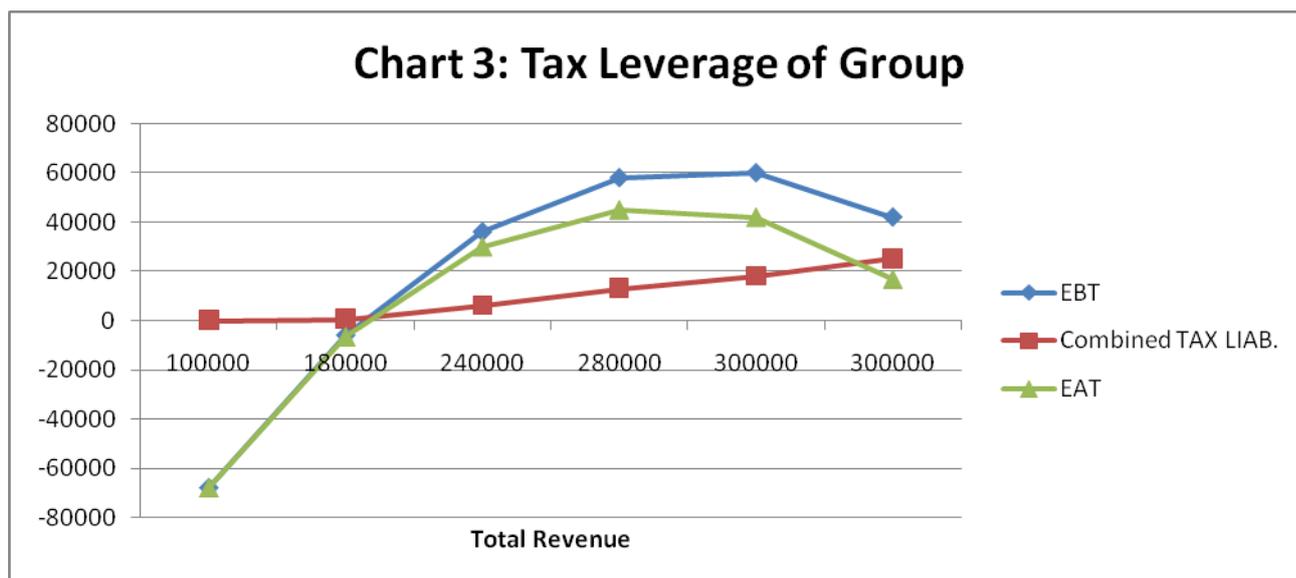
The tax leverage charge chart shows saturation and decline trend due to mismatch in marginal revenue and marginal cost. It gives the level of production to maximize the earning profit after tax. The optimization of EAT is possible by aligning the marginal revenue and cost.

TABLE 3: INTERGROUP TRANSACTION

DISTRIBUTOR COMPANY EARNING BEFORE TAX AND TAX LIABILITY

OUTP UT LEVE L	TOTAL REVEN UE	VARIA BLE COST	CONTRIBUTI ON	FIXED COST	EBT	Combine d TAX LIAB.	EAT
1000	100000	18000	82000	150000	-68000	0	-68000
2000	180000	36000	144000	150000	-6000	600	-6600
3000	240000	54000	186000	150000	36000	6000	30000
4000	280000	72000	208000	150000	58000	13000	45000
5000	300000	90000	210000	150000	60000	18000	42000
6000	300000	108000	192000	150000	42000	25200	16800

Based on the group profitability chart, EAT is the function of contribution, fixed cost & weighted tax liability and tends to decline after certain level of sale and that can be considered as the optimum level of sale keeping the goal congruence into account. Tax liability is directly based on earning before tax which limited with the alignment between marginal revenue and marginal cost so as to optimize the overall profitability of the organization.



Based on the chart 3, the tax liability lines tend to increase despite the decline in EBT & EAT. At production level 4000, EBT is Rs. 58,000 whereas at 5000 level, it is 60000 showing increase of EBT by Rs. 2000. But the change in Tax liability for the same level difference is Rs. 3000 and making magnifying impact on earnings after tax.

5.0 Conclusion:

In the present scenario of efficient market and active role of governments in circumventing the dubious tax planning, it has become the need of hour with the multinationals to do smart planning aligning with the substance of law not the format per se. MNCs opportunities of treaty shopping, allocation of profits between countries as per treaties, base erosion by hybrid transaction or instrument/entity/exemptions, debt financing & dubious tax planning in transfer price. After the deceleration of 15 action points by OECD on addressing the tax challenges of the digital economies, neutralize the effects of hybrid mismatch arrangement and prevention of treaty abuse. There exists scope for international tax planning through proper optimization of earning after tax and reduction of tax liability by alignment of marginal revenue and marginal cost.

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An Analytical and Comparative Study of the Performance of Selected Public and Private Sector Mutual Fund Schemes In India {With Special Reference to Selected Equity (Growth and Income) Oriented Schemes for the Period 2002-2012}

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ABSTRACT

Mutual funds come in all shapes and sizes. Currently with over 4875 schemes of all kinds, the investors face a problem of 'choice'. Further, private sector and public sector funds have given diverse returns. Additionally, investors risk appetites vary and hence fund managers have developed multiple objective based schemes to target different types of investors.

With more than one trillion rupees invested in the mutual fund industry, academicians and market stakeholders aim to evaluate the performance of mutual funds using multiple tools that have being developed over time. These tools include Sharpe ratio, Treynor Ratio, Jensen`s Alpha, Fama Net Selectivity Model, Treynor-Mazuy model, Henriksson-Merton model, Brinson`s Attribution model amongst others.

The Researcher had under taken the doctoral research in the area of performance evaluation of fifty mutual funds equally from private and public sector as the sample for analysis. The performance for the period 2002-2012 was evaluated using the Sharpe ratio, Treynor ratio, Jensens alpha and Fama Net selectivity. The funds selected had an underlying objective of Growth and Dividend.

A primary survey of the fund managers was undertaken to evaluate the industry perspective for evaluation of the performance of mutual funds based on the theoretical models as aforementioned and its application in the industry.

The findings suggested that fund managers relied upon the performance evaluation tools and regularly use the aforementioned tools. The research outcome has suggested that private sector funds have outperformed the public sector funds; growth funds have generated superior returns than dividend funds.

Key Words: Mutual Funds, Beta, Standard Deviation, Sharpe ratio, Treynor ratio, Jensen`s Alpha, Fama Net Selectivity

Introduction

India opened up its economy in 1991, by ushering in an era of reforms in the different sectors of the economy leading to creation of new asset classes the technical know-how of which became essential. This led to an opportunity for the growth of *Mutual Fund* as investment vehicle post liberalization with more 4875 schemes existing as on 31.3.2012 (amfiindia.com). However, in the back drop of the constantly changing global and domestic economic scenarios, the mutual fund returns vary and hence the need to evaluate the past performance of the mutual funds. Mutual funds are playing a significant role in spreading the equity culture and this can be seen from the increase in the funds mobilised by the mutual fund companies for the period 2002-03 to 2011-12 from 314,706 Crores to 50,82,845 Crores in the same period giving a compounded annual growth rate of four hundred and fifty two per cent. Mutual Funds play an important role, since mutual funds are professionally managed and fund managers are considered to have a better knowledge of markets. They possess better stock selection and market timing abilities due to their niche and technical qualifications, experience and track record. This enables them to generate higher returns and aim to meet investor expectations. Further, mutual fund provides income tax benefits, attract foreign capital flow in the country and secure profitable investment avenues abroad for domestic savings. Being regulated by SEBI has led to an increased investor's perception of safety of investments is associated with mutual funds. In India, the history of mutual funds in India can be broadly divided into four distinct phases beginning with the First Phase – 1964-87 where, Unit Trust of India (UTI) launched the Unit Scheme 1964 -with a huge success, the Second Phase – 1987-1993 saw the entry of Public Sector Funds). A further push for the industry was visible when entry of public sector mutual funds was permitted from 1993. The industry saw an substantial growth from 2003, when participation of foreign fund houses were permitted (amfiindia.com)

Literature Review

Sharpe (1966) undertook substantial research in developing and empirically testing performance evaluation models for the mutual fund sector. He developed the reward-to-risk ratio as a portfolio performance evaluation tool that considers the excess returns, on the portfolio over the risk free rate, as a proportion to total risk (measured by Standard deviation). This formula enables to rank portfolios vis-à-vis their performance. He evaluated thirty four open ended mutual funds covering the duration 1954-63 by the measure he

developed. His findings indicated that only eleven funds outperformed the DJIA index and others underperformed the market. (Chander, 2002).

Treynor and Mazuy (1966) found no statistical evidence that the investment manager of any of the fifty seven funds had successfully outguessed market. The results suggested that an investor in mutual funds was completely dependent on fluctuations in the general market. This is not to say that a skillful fund management cannot provide investors with a rate of return that is higher in both bad and good times than the one provided by market averages. But it did suggest that improvement in the rate of return was due to the fund manager's ability to identify underpriced industries and companies, and not because of their ability to outguess turns in the level of market as a whole. These findings were based on the earlier developed methodology for reviewing the performance of fund management.

Levy (1968) identified the need to develop an accurate and complete measure of investment performance. In an attempt to develop theoretically sound measures of risk and return in portfolio evaluation, he focused on Sharpe's measure and put forward some modifications in the Sharpe's methodology for calculation of risk and return. He advocated the use of geometric mean against simple arithmetic mean of sub-period return and vulnerability, for the variability as used by Sharpe (1966).

Jensen (1968) developed a composite portfolio evaluation technique that considered excess returns over the risk free rate, as a proportion to systematic risk (measured by beta). He used this measure for evaluating one hundred and fifteen open-ended mutual funds during period 1945-66. For evaluating the full period Jensen examined returns net of expenses and gross of expenses. The analysis of net returns indicated that thirty nine funds (34%) had above average returns adjusted for risk, while seventy six funds (66%) experienced abnormally poor returns. His findings indicate that mutual funds were on average not able to predict security prices well enough to outperform buy-the-market-and-hold policy.

Fama (1972) suggested an alternative performance evaluation method for evaluating investment performance for managed portfolios. He suggested that the overall performance and the returns could be broken down into several components leading to such returns. His study developed methods differentiating the components of the observed return due to ability to pick up the best securities at given level of risk (selectivity) from part that is due to the

predictions of general market price movements. It also indicated the part of the component due to market timing ability and being able to forecast the general market movements (market timing). Selectivity can be further decomposed into Net Selectivity and Diversification.

Rationale of Study

A unique problem associated with the mutual fund industry is the existence of the plethora of public sector and private sector schemes to choose from in addition to the multiple objectives of each fund. Over the last six decades multiple tools have developed to evaluate the performance of mutual funds including the Sharpe ratio, Treynor ratio, Jensen's alpha, Henriksson-Merton Model, Treynor-Mazuy model amongst others. An increase in the assets under management both in the public and private sector funds has enabled mutual funds to establish itself as a sound financial product. Further, after the private sector participation was permitted in the mutual fund industry, they have mobilized more resources than their public sector counterparts. The private sector mutual funds had 65.6 percent of the total investors accounts compared to 34.4 percent in public sector mutual funds, additionally; the private sector mutual funds managed 82.4 percent of the net assets as against 17.6 percent of net assets managed by public sector mutual funds as on March 31, 2012. (sebi.gov.in/cms)

Research Methodology

Objectives of the study

The objectives of the present study are:

- a) To measure and analyze the performance of selected mutual fund schemes based on their nature and objectives for the period 2002-2012
- b) To measure and evaluate the performance of selected mutual fund schemes in terms of risk and return for the period 2002-2012
- c) To make a comparative analysis of the performance of selected public and private sector mutual funds schemes for the period 2002-2012

Research Hypothesis

The hypotheses of the present study are:-

- a) There is a positive correlation between performance of mutual funds schemes and its objectives.

b) The performance of closed ended mutual fund schemes is better than open ended mutual fund schemes.

c) The returns of Public sector mutual fund schemes are higher than Private sector mutual fund schemes

Sampling design

Sample Universe: Includes all forty four asset management companies and all their schemes as registered with SEBI as on 31st March, 2012 since 1964.

Sample period: The period of study is the ten year duration from 1.4.2002 to 31.3.2012. The Net asset values were collated for the same period. Further, the data relating to the benchmark, that is, S&P BSE SENSEX has been collected from the Bombay Stock Exchange (BSE) website and the 10 year g-sec yields which have been considered as the risk free surrogate were compiled from the RBI website.

Primary Data: The respondents consisted of the fund managers or their representatives of the aforementioned fifty schemes.

Methodology

The methodology was divided in three parts as follows:

Stage 1: Primary data based on data collated from Questionnaire

Stage 2: Secondary data based on Returns, Total risk, Systematic risk, Sharpe ratio, Treynor ratio, Jensen`s alpha and Fama`s Net selectivity model

Stage 3: Hypothesis testing using relevant test and statistical tools.

The data was then tested for normality through use of Histogram and Box plot using the Kolmogorov-Smirnov^a and Shapiro-Wilk test.

After testing the normality of the data, the following have been calculated:

- Annualized holding period returns (Mean returns, Market returns and Yields of risk free rate),
- Annualized total risk (standard deviation) of funds and market
- Systematic risk (Beta).

Subsequently, the below mentioned performance evaluation tools were used:

- Sharpe ratio, - Treynor ratio, - Jensen`s alpha and - Fama`s Net selectivity (overall performance, Selectivity, Diversification and Net selectivity).

Limitation of study

- a) The findings are applicable in the economic scenarios that prevailed during 2002-2012 and hence findings should be read in accordance with circumstances of these financial years.
- b) The study is for the period 1.4.2002 to 31.3.2012 for selected schemes only.

Data analysis: Discussed below is the brief data analysis.

Factors affecting evaluation of Stock selection

The primary data was collated through a semi-structured questionnaire. The respondents of the questionnaire were fund managers or their representatives. The questionnaire consisted of three parts. The data collated in **Part A** was relating to the general information of the funds including the nature and objectives of the fund and general strategies to achieve fund objective. **Part B dwells upon the Stock selection** and its important aspects including risk, return and value investing, diversification, and investment strategy, stock selection through fundamental or technical analysis amongst others. **Part C was to understand the criteria such as benchmarks, and fund performance evaluation tools** used by fund managers.

The data was then uploaded into the statistical software- SPSS software for further analysis. Of the respondents 71.11 percent (thirty-two funds) indicated that stock selection as the criteria to achieve better returns, thus, stock selection plays an important role in the fund manager's investment decisions. Classifying the stock selection criteria on a five-point scale and significance being tested using one sample t-test, Risk, Return, Value, Margin of Safety and Diversification were found to be significant for stock selection and portfolio construction.

Of the sampled responses, 35.56 percent respondents use Standard Deviation to evaluate the total risk associated with funds. Of the sample schemes 75.6 percent of the fund managers preferred to diversify their portfolio to extent of 31-50 securities whereas 15.6 percent prefer to diversify their portfolio in the range of 50-75 securities. Of the collated responses, 68.89 percent of the respondents used the benchmark portfolio to compare and evaluate their fund performance.

Of the respondents, 44.44 percent use Sharpe ratio as a prominent tool to evaluate the past fund performance. Further, 20 percent use Treynor ratio to evaluate the fund performance, which ranks the fund based on risk adjusted returns per unit of systematic risk (as measured by 'Beta'). Additionally, 35.56 percent of the respondents), however, preferred a combination of the different measures of mutual fund evaluation as used in the study.

Analysis based on secondary data

Table 1: Summary of the overall sample averages and top-bottom five schemes

Average of parameters to evaluate the performance of Sampled schemes		(%)
Return	Fund Annualized Mean (Rp)	26.61
Risk	Fund Annualized Standard deviation	26.16
Market return	Sensex Annualized Mean	21.66
Market risk	Sensex Annualized Standard deviation	26.64
Fund evaluation Tools		
Sharpe Ratio	$[Rp - Rf] / \sigma p$	0.75
Treynor Ratio	$[Rp - Rf] / \beta p$	21.99
Jensen's Alpha	$\alpha p = Rp - \{Rf + \beta p * (Rm - Rf)\}$	6.05
FAMA Components		
Risk free rate	Rf	7.25
Systematic Risk	$(Rm - Rf) * \beta p$	13.19
Risk/Diversification	$[(Rm - Rf) * ((\sigma p / \sigma m) - \beta p)]$	1.52
Net Selectivity	$(Rp - Rf) - [(\sigma p / \sigma m) * (Rm - Rf)]$	4.52
Selectivity	Net selectivity + Diversification	6.05
Overall Performance	Rp - Rf	19.35

Table 2: Summary of top 5 and bottom 5 funds based on performance evaluation tools:

<u>Name of Fund</u>			<u>Name of Fund</u>		
Top 5 funds	Sharpe Ratio	Rank	Top 5 funds	Treynor Ratio	Rank
ICICI Pru Tax Plan	1.14	1	Canara Robeco Equity Tax Saver Fund	33.89	1
Franklin India Taxshield	1.12	2	ICICI Pru Tax Plan	33.17	2
Canara Robeco Equity Tax Saver Fund	1.12	3	Franklin India Taxshield	31.82	3
Reliance Tax Saver (ELSS) Fund	1.01	4	Reliance Tax Saver (ELSS) Fund	29.61	4
HDFC Top 200 Fund (G)	0.98	5	SBI Contra Fund (D)	28.56	5
Bottom 5 funds			Bottom 5 funds		
Franklin India Index Fund-BSE Sensex Plan(D)	0.51	46	LIC NOMURA MF Tax Plan	13.99	46
SBI Magnum Index Fund (D)	0.50	47	Franklin India Index Fund-BSE Sensex Plan(G)	13.70	47
LIC NOMURA MF Tax Plan	0.50	48	Franklin India Index Fund-BSE Sensex Plan(D)	13.70	48
SBI Magnum Index Fund (G)	0.49	49	SBI Magnum Index Fund (D)	13.61	49
SBI Magnum Multiplier Plus 93 (D)	0.11	50	SBI Magnum Index Fund (G)	13.16	50
<u>Name of Fund</u>			<u>Name of Fund</u>		
Top 5 funds	Jensen's Alpha	Rank	Top 5 funds	Net Selectivity	Rank
Canara Robeco Equity Tax Saver Fund	14.38	1	ICICI Pru Tax Plan	12.78	1

ICICI Pru Tax Plan	13.99	2	Canara Robeco Equity Tax Saver Fund	12.47	2
SBI Contra Fund (D)	13.22	3	SBI Contra Fund (D)	11.72	3
HDFC Top 200 Fund (G)	12.21	4	HDFC Top 200 Fund (G)	11.47	4
SBI Magnum Global Fund 94 (D)	12.14	5	HDFC Top 200 Fund (D)	11.38	5
Bottom 5 funds			Bottom 5 funds		
Franklin India Index Fund-BSE Sensex Plan(G)	-0.70	46	Franklin India Index Fund-BSE Sensex Plan(D)	-0.84	46
Franklin India Index Fund-BSE Sensex Plan(D)	-0.70	47	SBI Magnum Index Fund (D)	-1.05	47
SBI Magnum Index Fund (D)	-0.79	48	SBI Magnum Index Fund (G)	-1.50	48
SBI Magnum Index Fund (G)	-1.24	49	LIC NOMURA MF Tax Plan	-4.22	49
LIC NOMURA MF Tax Plan	-3.48	50	SBI Magnum Multiplier Plus 93 (D)	-19.11	50

Testing of Hypothesis

Research Objective 1:-

TO MEASURE AND ANALYZE THE PERFORMANCE OF SELECTED MUTUAL FUND SCHEMES BASED ON THEIR NATURE AND OBJECTIVES FOR THE PERIOD 2002-2012.

Performance analysis based on nature of the scheme (Open and Close Ended)

Hypothesis: - The performance of closed ended mutual fund schemes is better than open ended mutual fund schemes.

Comparative Analysis of performance of Open ended and Close ended schemes:

H0:- There is no significant difference in average return generated by open Ended schemes and close ended schemes.

H1:- The average return generated by close ended schemes is better than open ended schemes.

Table 3: Analysis of performance of Open Ended and Close ended schemes

T-Test Group Statistics

Type of Mutual Fund Scheme on Nature	N	Mean	Std. Deviation	Std. Error Mean
Return Given by Scheme Open Ended	40	.2583	.04522	.00715
Close Ended	10	.2968	.05671	.01793

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	T	df	Sig. (2 tail)	Mean Diff.	Std. Error Diff.	95% Conf. Interval	
								Lower	Upper
Return Given by Scheme	1.03	.315	-2.289	48	.027	-.03851	.01682	-.072	-.004
Equal variances assumed									
Equal variances not assumed			-1.995	12.0	.069	-.03851	.01931	-.080	.003

Inference: - Since p-value (0.027) is less than 0.1, we failed to accept our null hypothesis at 5% level of significance. i.e. the close ended schemes are likely to yield on an average better return than open ended schemes.

Fulfillment of Objectives in reference to the findings based on performance of mutual fund with respect the nature of the schemes: - Both the types of schemes have yielded better returns than market. The close ended schemes are likely to yield on an average better return than open ended schemes.

Performance analysis based on objective of the scheme (Growth and Dividend)

Table 4: Comparative Analysis of performance of growth and dividend based schemes

T-Test Group Statistics

Type of Mutual Fund Scheme on Objective	N	Mean	Std. Deviation	Std. Error Mean
Return Given Growth	30	.2793	.04567	.00834
by Scheme Dividend	20	.2462	.04971	.01111

		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Return Given by Scheme	Equal variances assumed	.006	.940	2.421	48	.019	.03307	.01366
	Equal variances not assumed			2.380	38.430	.022	.03307	.01389

Inference: - Since p-value (0.000) is less than 0.1, we failed to accept our null hypothesis at 5% level of significance. i.e. the growth schemes are likely to yield on an average better return than dividend schemes.

Fulfillment of the research objectives in reference to the findings based on performance of mutual fund with respect the objectives of the schemes: - The growth based schemes yield on an average better returns than market. The dividend based scheme yield on an average better returns than market. The growth based schemes perform better than dividend based schemes, thereby indicating that there is a positive correlation between performance of mutual funds and its objectives.

RESEARCH OBJECTIVE 2:-

TO MEASURE AND EVALUATE THE PERFORMANCE OF SELECTED MUTUAL FUND SCHEMES IN TERMS OF RISK AND RETURN FOR THE PERIOD 2002-2012

Hypothesis:-

H₀:- there is no significant relationship between total risk and return.

H₁:- Higher is the total risk, higher is the return generated by the scheme.

Table 5: Correlation between risk and return

		Return	Total Risk
Return	Pearson Correlation	1	-.181
	Sig. (2-tailed)		.209
	N	50	50
Total Risk	Pearson Correlation	-.181	1
	Sig. (2-tailed)	.209	
	N	50	50

Inference:-The correlation coefficient is not significant at 5% level of significance. We accept null hypothesis that there is no significant relation between total risk and return of the scheme.

RESEARCH OBJECTIVE 3:-

TO MAKE A COMPARATIVE ANALYSIS OF THE PERFORMANCE OF SELECTED PUBLIC AND PRIVATE SECTOR MUTUAL FUNDS SCHEMES FOR THE PERIOD 2002-2012

Comparative Analysis of performance of public and private sector schemes:

Hypothesis: - The returns of Public sector mutual fund schemes are higher than Private sector mutual fund schemes

H0:- There is no significant difference in average return generated by public sector schemes and private sector schemes.

H1:- The average return generated by private sector schemes is better than public sector schemes.

Table 6: Comparative Analysis of performance of public and private sector schemes:

T-Test Group Statistics

Type of Mutual Fund Scheme on Sector	N	Mean	Std. Deviation	Std. Error Mean
Return Given Private by Scheme	25	.2689	.04630	.00926
Public	25	.2632	.05350	.01070

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
	Equal variances assumed	F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Return Given by Scheme	Equal variances assumed	.033	.85	.40	48	.685	.00577	.01415	-.0226	.03422

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Return Given by Scheme	Equal variances assumed	.033	.85	.40	48	.685	.00577	.01415	-.0226	.03422
	Equal variances not assumed			.40	47.0	.685	.00577	.01415	-.0227	.03423

Inference: - Since p-value (0.685) is greater than 0.1, we accept our null hypothesis at 5% level of significance. i.e. there is no significant difference between returns of public sector schemes and private sector schemes and that they both yield on average similar returns. Thus, the sponsor of a scheme may not be related to the performance of the scheme.

Fulfilment of the research objectives in reference to the findings based on performance of mutual fund with respect the objectives of the schemes: - The sponsor of the scheme has no impact on the performance of the scheme. The private as well as public sectors scheme have both performed better than market for the period under study.

Findings and Conclusions:**Primary data:**

- (a) Of the respondents 71.11 percent preferred stock selection over market timing, additionally, no fund manager suggested market timing as the sole criteria.
- (b) Of the respondents 35.56 percent used standard deviation and beta as measures to evaluate the risk associated with their investment decisions.
- (c) Of the respondents 75.6 percent, consider diversification in the range of 31-50 percentage of their portfolio.
- (d) Out of the total responses, 62.22 percent of the respondents use S&P BSE Sensex or CNX-Nifty-NSE as the benchmark for performance evaluation of their funds. Further, 28.89 percent of the respondents also, use peer group comparison for fund evaluation.

(e) Of the respondents, 44.44 percent use Sharpe ratio to evaluate fund performance. Further, twenty percent use Treynor ratio to evaluate the fund performance. Additionally, 35.56 percent prefer a combination of the different measures of mutual fund evaluation.

(f) All the sampled funds have generated positive returns and returns above the risk free rate (7.25%); this indicates that fund managers have performed well. Further, eighty six percent of the schemes have outperformed the market over the ten year period under the study.

(g) Eighty five percent of the Open ended schemes and ninety percent of the Close ended schemes have generated above market returns. Further, the average returns from Close ended schemes (29.69%) are higher than Open ended schemes (25.83%). Based on returns, the selected Close ended schemes have performed better than the open ended schemes.

(h) The overall average risk of schemes (26.16%) was less than the average market risk (26.64%). Further, the following SBI schemes have generated returns by taking more risks when compared to other schemes. SBI Magnum Multiplier Plus Dividend 93 has a risk of 44.34% and return of just 12.13%, which is less than the average fund returns of 26.60% , SBI Magnum Global Fund Dividend 94 had a risk of 31.15% with a return of 34.11%, which justifies the risk taken, SBI Magnum Global Fund Growth 94 showed a risk of 30.78% with a return of 28.47%, again risk is justified as returns are more than the benchmark returns of 21.66%, SBI Contra growth Funds risk was 29.66% the corresponding returns were 22.81% and the SBI Magnum Multiplier Plus Growth 93 showed a risk of 29.45% with a return of 30.16% which was more than the market returns.

(i) On analysis of the systematic risk as measured by beta, it was found that the overall average beta of all schemes (0.88) was less than the market beta (1.0). Close ended schemes (0.86) were marginally less volatile than the open ended schemes (0.88); Beta of growth schemes (0.88) was marginally higher than Income schemes (0.87) and private sector funds (0.89) performed marginally better than public sector schemes (0.86). The data reveals that most of the funds have a beta near to the market but were found to be less volatile than the market.

(j) The average Sharpe ratio (0.75) based on all schemes was more than the Sensex (0.54), indicating that the funds have generate superior returns than the average market returns.

(k) The average Treynor ratio based on all schemes (21.99) was more than the Sensex (14.54), indicating that the funds have generated superior returns than the average market returns.

(l) Of the sampled funds eighty four percent of the funds have a Jensen`s alpha more than the market, indicating superior performance by fund managers.

(m) Of the sampled funds eighty six percent of the funds have an overall performance (excess return) more than the market, indicating superior performance by fund managers. The average excess return based on nature of the schemes indicated that the close ended funds (22.44 percent) have performed better than the open ended funds (18.58 percent).

(n) Net selectivity indicates the stock selection skills of the fund managers. The net selectivity results have been mixed. Sixteen percent of the fund managers have a negative net selectivity indicating that fund manager had undertaken diversifiable risk but failed to compensate by additional returns, the remaining funds have generated a positive net selectivity.

(o) A comparative summary of the rankings based on the performance evaluation tools under study indicate that ICICI Pru Tax plan and Canara Robeco Equity Tax Saver Fund have been among the top performing schemes in all the performance evaluation tools as aforementioned. Franklin India Taxshield and Reliance Tax Saver (ELSS) Fund are in the top five performers as per Sharpe and Treynor ratio but not as per Jensen`s alpha and Net selectivity. However, Franklin India Taxshield has been ranked seventh under Jensen`s alpha and sixth in Net selectivity. Further, Reliance Tax saver (ELSS) has been ranked eighth as per Jensen`s alpha as well as Net selectivity (which is positive). Also SBI Contra Fund (Dividend) and HDFC Top 200 fund (Growth) have been among the top performers.

(p) Among the worst performing bottom five funds, Franklin India Index Fund-BSE Sensex Plan (D), SBI Magnum Index Fund (Dividend), LIC NOMURA MF Tax Plan, SBI Magnum Index Fund (G) and SBI Magnum Multiplier plus 93 (D) were the laggards based on the performance evaluation tools under study.

Conclusion

The mutual fund industry in India has attracted a large part of the financial savings and there have been a positive correlation between the financial savings and the growth of total resources mobilized by mutual funds. The study indicates that the private sector funds have outperformed the public sector funds based on the sample selected for analysis but though not significantly. Performance evaluation tools enable an investor as well as the fund manager to analyze, compare the review the fund returns and risk. Strategies can be reviewed and changed based on the past performance. These tools facilitate decision making for fund managers and investors.

Scope for further research

A further analysis into the market timing abilities using the Treynor-Mazuy model and Henriksson-Mazuy model can be undertaken to evaluate whether fund managers have relied upon market timing. This along with the stock selection ability of the fund managers will enable fund managers to review their performance and will also assist investors to identify top funds and top fund managers.

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Case Study

Retail Strategies

From “No” to “Not Possible to Say No”

Lamba Pushpp* & Chawla Anju**

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According to a report published by CCI, the retail sector has contributed a staggering 15% to the GDP of our country, valuing it to be worth \$450 Billion an year industry. Those are indeed great numbers for any sector. Post-liberalisation, this sector has seen a phenomenal growth. The interesting part in all these numbers is that the organised sector, which constitutes only 4% of the entire retail industry, has contributed 16% to the entire retail trade with an annual growth rate of nearly 50%! So this tells us that in the years to come, the organised retail is going to contribute even a larger share to the entire retail basket. With FDI being allowed, the space has become even more exciting.

We wonder now what all could be the reasons which makes the organised generate such marvellous numbers. On the looks of it, the major reasons are the westernisation of our buying habits, more disposable income, and a better propensity to spend. But is that all that meets the eye?!

The organised retailer is someone who is very well aware of the purchase psyche of the Indian consumer – the price sensitivity, the urge to compare, the need of variety and so on. The little that he does not know, he uses research to know all that. The consumer, who thinks himself to be a mighty person and a decision taker who is basing her decisions on logic is very cleverly enticed using some orthodox methods and certain unorthodox methods.

The orthodox ones of course include the merchandising, the mannequins, and other ‘limited time’ discounts; the more recent and relatively unknown consists of certain subtle yet very effective strategies.

So you go to a mall and want to go to the PVR located at the top-most floor. One of the options is to walk across the mall, the distance and crowd not making it any more comfortable and take the elevators.

The thought itself leaves fatigue in our not-used-to-walking bodies. So what’s the other option? Well, the mall management has set up these escalators which are positioned in the centre of the mall. A much more convenient option! But choosing escalators over elevators is something like purchasing a product in EMI’s. No matter what the brand promises, there are

always some hidden costs and you end up paying more even if it's a so-called 'zero percent interest' offer. When you climb up the escalator, the next escalator is almost never immediately succeeding the previous. Instead you need to walk all around the length that you just covered to take the next escalator. This way you end up being exposed to the brand of shops which would otherwise be left unnoticed if you would have taken up the option of going up by the elevators. Taking the same logic forward – the food courts are always at the top of the mall.

This is because, the couple who has come in the mall just to hang around, grab a bite and go back, should at least be given some temptations to purchase. After all how much money can a mall make from the rentals of just the food court! So they make you travel the length and breadth of the mall and thereby making you see that attractive looking belt or the latest Nike t-shirt, which otherwise you would have been oblivious to.

Another reason why the entry and exit points of the stores are not the same. They would like you to roam around the store for a bit more time than your wish. After all there is a huge variety on display which becomes redundant if you don't look at them at least. Going through the store may remind you to purchase those items which you either forgot to put in the list or leading to the marketer's delight into an 'impulse purchase'. Look, that's very clear that we normally do not put items like chocolates and chewing gums and even products like socks and torches in our buying list. So how to sell these items, which are not on the buying list, but would still end up giving a huge profit margin to the retailer? The answer is – approach him when he is in a 'captive' state. So, while waiting in the check-out line, when you have nothing better to do, you always end up checking out what's there in the small rack the retailer has put besides the queues. After all he is trying to make your purchase exhaustive! Bigger and more elite stores would have socks, handkerchiefs or a 3-set deodorant or even a fantastic looking candle or a show-piece put on the mantle right where you pay, in the hope that these would be the last minute purchase and again not much time is there for the buyer to rationalise his/her purchase decision.

Moving on - ever wondered why do many big stores have a distinct smell emanating from them. Is it that the staff has been using strong perfumes or there have been customers using the deodorants and perfumes available in the market. Nothing like that! For our sake of understanding, we call refer to it as 'aroma marketing'. Are these scents chosen randomly – well, no. There are clinical researches performed and certain smells and scents demarcated. These scents once inhaled (well, you will breathe – right?) act as triggers to put you in a 'good mood'. If the mall is too big for this strategy to be used, you might see a florist or a

freshly baked cookies shop or even a perfume selling shop near the entrance of the mall/big shops. The idea here is that ideally we like to think and react, but in this case the smells goes directly to our brain and without us giving an explicit command to our brain, puts it at ease. This strategy is more potent and effective than the subtle look it carries. It acts as a catalyst in making us hurry to our shop of choice and quicken up the decision making process so that there is not as much time to think and rationalise our purchase.

And the saga continues. If you are a male reading this caselet, chances are that you would agree to this hypothesis – Men want instant gratification and are not very interested in walking around looking for exactly what they want. That's why, probably, men do their shopping quickly. If you are a female reading this, you are probably thinking – “what good is shopping until and unless I am sure that I have the best which is also value-for-money.” Right? Research shows that women are more likely to walk that extra mile to go and search for their beloved pair of shoes, branded and stylish kurris or even a birthday gift for the neighbour whereas men are not that inclined towards all this. The result – if your outlet offers products meant only for women and kids, you could be located on the first or the second floor of the mall. But if you are a brand that sells exclusively men's products or even a combination of both women and men's categories, you better be there on the ground floor, else chances are that your target audience doesn't know of your existence.

Not just this, with the holiday season approaching, you witness a flood of promotion coupons reaching your mail boxes or the inbox of your handheld device. The purpose is simple- boss, go take a holiday because we are luring you with the discounts on travel, food, accommodation (what else one can desire for!). For instance, goibibo.com was promising free shopping worth Rs. 5,000 on every flight, hotel or bus booking, but you would have ended up spending over Rs. 12,000 at the partnering sites to bag the entire discount. These portals are careful to display the relevant fine print prominently, but there will be an ample number of players who will deliver the whammy to unsuspecting customers after they have parted with the cash. One thought can be – “Thanks to the deal, at least I am up for a break!” which is just the psyche these brands want to cash upon. Your spouse with the kid shall press you to take up the deal as you are getting a comfort (at least seemingly) and that too at a cheaper price.

Customers have to become mature and understand that there is no such thing as a FREE LUNCH!! A complimentary water-park coupon or Free cup of coffee is good enough to drown their hard earned investment.

So now we know the absolutely docile and unassuming looking retail giants have so much flowing beneath the surface. Let your case not be the of the one who realises what has happened only when it's too late and the credit card "bill" for your recent purchases at the mall has hit your inbox.

Book Review

Three Merchants of Bombay

***Prof. Vijaya Hake**

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Three Merchants of Bombay Trawadi Arjunji Nathji, Jamsetjee Jeejeeboy and Premchand Roychand Doing Business in Times of Change.

LAKSHMI SUBRAMANIAN forwarded by Gurcharan Das.

In this book author have tracked the life and times of three merchants. All three of them worked in what can conveniently be called a time of transition although in each of these cases the idea of transition had several registers temporal, social and political. While Trawadi Arjunji Nathji lived through a period of a major political transition, namely from PaxMughlica to Pax Britannica, Jamsetjee Jeejeebhoy and Premchand Roychand participated in the emerging colonial economy through its various Stages of articulation and in the process displayed their commitment to a new order that colonial Bombay embodied What made each of them so important and distinctive was the fact that they were exemplary representatives of the times they lived in who were able to keep step with the changes they witnessed in their lifetimes.

In the eighteenth & nineteenth centuries foregrounds the initiative of the gentry, the scribe, the merchant and the banker in participating aggressively in a changing environment & in the process embracing a complex orientation to the world in which they operated, These are the people who took risk who made spectacular gains & suffered enormous losses. Moghal sovereignty was replaced by the political hegemony of the English East India Co., A body of merchants who won an empire for their masters in Britain. In the century that followed imperial rule subordinated India to the status of a key colony whose centrality was acknowledged by one and all. What was so remarkable about the century of transition? One could answer this question from multiple vantage points & each would be as legitimate as the other. Form the point of view of politics and political claimants the most noticeable change was the displacement of Mughal authority and regional state power by the Company which slowly nibbled away at the decaying edifice of Mughal rule and by a canning combination of strateegems diplomacy & war face, became the ultimate master of the subcontinent. In Mughal era merchant were especially despised as creditors with claims on assignment and

known to drive hard bargains and as power brokers and kingmakers they were scorned upon as they moved into positions of importance created by changing circumstances.

Thus for merchants the century of transition was not only one of risk and uncertainty but also equally of opportunity where everything depended on how effectively they responded to the challenges of political transition. Some of them like our protagonists did this with alacrity responding to both the changing political economy of transition as well as to the advent of the company as a new political aspirant. The new political economy was constituted in part by the changed revenue arrangement that involved working with anticipated income guaranteed by banker's sureties as well as by the increasing requirements on the part of regional states for swift and easy credit transfer occasioned by the political and military arrangements of the period. Few merchants whom were central to the smooth function of power regimes and political project of the company were Jagat Seth in Bengal Bania bankers and firms like the house of Trawadi Shree Krishna Arjunji Nathji & Jagannathdas Parekh who became the real power brokers.

There were merchant kulas—oswal, Agarwal, kapo, porwal, shrimalimedatval, BaniaMahajansawantsanglia etc.,

Second Chapter talked about journey of Trawadi Arjunji Nathji he was the surat bankers Arjunji Nathji Trawadi was had made an impression on the servant and officials of the English East India Company as a crucial figure in the commercial world of western India in the second half of the eighteenth century Trawadi proposed that the co take up the position of quiladdaar & assume some degree of responsibility for the cities governance. His ability to negotiate on the company's behalf with the Mughal authorities in Delhi was determined by the evident reputation his firm enjoyed as bankers and remitters duties to him Indian bankers expanded quite sub

Fourth chapter talked about Premchand Roychand -A man for all seasons. He was one chemiagar (master alchemist) who could turn dust into the yellow metal, the one unrivalled magician who could by his magic wand transmute the sands of Backbay into solid nuggets of gold wherewith to pave the way to paradise.Dinesh Eduljee Wacha on Premchand Roychand, quoted in Sharada Dwivedi, Premchand Roychand (1831-1906) His Life and Times, Mumbai 2006.

Premchand Roychand a smooth conman who created the illusion of profit to tempt his naïve prospectors? Or was he a genuine speculator who had his finger on the pulse of the market and was propelled by the romance associated with commerce? Was he merely an opportunistic manipulator of stock, share and schemes, or someone who also instinctively know how to create consolidate & deploy networks of association and information to his advantage? What moved his imagination and gave him the necessary resources mental & moral – to ride through crests of success and through of failure during the year that have been characterized as ‘an insane interlude’ in the annual of nineteenth century Bombay?

He has something magical even if illusory, about the way he was able to create a bubble and then survive its explosion and show true grit as he resurfaced and went on to build a substantial business for a second time, and thereafter assume public and civic responsibilities as a modern subject fashioned by colonial rule and its accoutrements.

He tend to focus on the expansive temperament and grit of the young and almost entirely self tutored businessman who looked for an opportunity and having found it , put it to good use. On the other hand economic historians of modern India like Dwijendra Tripathi and Amiya Bagchi have offered a more critical explanation of Premchand Roychand’s business methods which were helped and endorsed by lax banking practices of British officials and directors in charge of the Old Bank of Bombay. He decided sometime in the 1840 to try his luck in the island city. Legend has it that he brought his family –a wife, two sons and three daughters to the city of dreams on a bullock cart. The family took up residence in a small tenement at Champa gully in kalbadevi-Bhuleshwar where the senior Roychand familiarized himself with business prospects. He enrolled his sons in schools. He sensed where the opportunities lay and what sort of training and apprenticeship his sons should be given. Premchand acquire a command over the usage of English, He was also able to put this to good use in developing close contacts with the city’s European business community and the Bombay officialdom whose extensive involvement in trade became an important constituent in his future plans.

Most of his businesses are the cotton agency system, guarantee brokerage, and the banking business & export trade and commission business in Bombay. He encouraged the formation of business organizations such as the Bombay Chamber of Commerce.

To appreciate the philanthropy of Premchand is to actually understand the nature of his larger public engagement as a modern citizen. Beyond the conventional role merchants were known to perform as donors and builders of charities and trusts, Premchand seems to have been

especially interested in the idea of dissemination of education as a public good and in safeguarding the welfare of the destitute, both among his community and outside. His extensive endowments to the universities of Bombay and Calcutta reflect an abiding concern for the dissemination of education among Indians. He would appear to have shared a vision for the city of Bombay and for its public space and architecture, one that embodied a notion of progress and improvement.

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