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A STUDY OF ASSESSMENT OF FINANCIAL RISK TOLERANCE AND PREFERRED INVESTMENT AVENUES OF INVESTORS

Sarfaraz Ansari* and Yogeshwari Phatak**

Investment decisions in today scenario are influenced by many internal and external factors to the investors. Investors are worried because of many factors and their perception related to investment becomes negative as many investment avenues are either giving low returns or not performing according to investors expectations. Hence the risk taking capacity of individual investors is affected and dilemma in taking investment decision to choose investment avenues which perform according to expected is one of the most important question arises in the mind of investors. Present study is carried out to assess the financial risk tolerance of individual investors and identification of the most preferred investment avenues which suited investors risk tolerance level. It has been found that investors are average risk tolerance and insurance was the most preferred investment avenues.

Keywords: Risk Tolerance Level, Investment Preference, Investment Avenues, Risk Taking Capacity.

INTRODUCTION

Financial Risk tolerance may be defined as an investors’ willingness to accept the risk of an unfavorable outcome from investment for the chance of attaining favorable outcome (Grable, 2008). It can be understood with the help of two aspects. First, it is dependent on personal traits like attitude, perception and confidence of investors which keeps on changing over time and second aspects is that financial risk tolerance is determined by external factors like education, income (Roszkowski and Grable, 2010; Gibson, et al. Van de Venter and Michayluk, 2013). Every individual investor possesses different degree of financial risk tolerance level which influences his/her investment decision.

A number of socio-demographics variables influenced the financial risk tolerance level of investors and have a significant impact on investment decision making of individual investors. Demographic characteristics of investors such as education, income, number of dependents; knowledge level and ethical behaviour of investors were important predictors of financial risk tolerance. The assessment of financial risk tolerance can be done with the help of thorough analysis of socio-demographic characteristics and psychological and attitudinal aspects of investors (Grable and Joo, 1999, 2000 and Prabha, 2016).

From Investment Advisor and Consultant point of view, assessment of financial risk Tolerance of investors is foremost important step while creating investment portfolio for their client. Investing strategy and Investment policy of investors can only be determined only after analyzing the risk profile of investors. After analyzing risk taking capacity an investment consultant takes decision on asset allocation and diversification of clients’ portfolios (Nugyen 2015). In financial advice service context risk taking capacity assessment is to be analyzed in line with demographic profiling of clients. The main objective of such assessment is to understand market risk perception and to provide feasible financial advice to clients as per their requirement (Gibson et. al., 2013).

Grable and Lytton (1999) developed an instrument consisting of 13 item scale to assess the financial risk tolerance. This scale consisted of situation based question related to risk tolerance level of investors and on the basis of scores obtained from the scale; investors may be classified into five categories namely Low risk tolerance (i.e., conservative investor), Below-average risk tolerance, Average/moderate risk...
tolerance, Above-average risk tolerance, High risk tolerance (i.e., aggressive investor). The study focuses on assessment of financial risk tolerance and preferred investment avenues of investors.

**LITERATURE REVIEW**

Grabble and Lytton (1999) defined the financial risk tolerance as investment return volatility or the amount of uncertainty that an investor is willing to take when making an investment decision. They developed a scale to assess financial risk tolerance by taking data from household financial decisions. They proposed a 13-item scale to assess financial risk tolerance. The scale consisted of various situational based questions which identify the perception and attitude of investors towards risk. Investors’ responses were categorized as low risk tolerance, below –average risk tolerance, average risk tolerance, above average risk tolerance and high risk tolerance on the basis of their scores.

Anbar and Eker (2010) investigated the relation between personal financial risk tolerance and demographic characteristics of investors. They found that gender, type of job significantly predicted the financial risk tolerance. They also concluded that gender, type of job, monthly personal income and total net assets were significantly different among investors’ risk tolerance levels while age, marital status and number of children had no significant impact among investors’ risk tolerance levels.

Prabha (2016) investigated the financial risk tolerance and the influence of socio-demographic characteristics of retail investors and then classified the investors according to their risk profiles. He also studied relationship between various socio demographics factors like gender, age income etc. on the basis of their risk tolerance profiles. He found that maximum investors whose age lies under 25 years fall under average risk profile and investors between 26 years to 30 years of age were lies between high risk tolerance profiles. He also found that there is significant association between gender and risk tolerance level and further concluded that females were more risk averse in nature than male investors. His study also revealed that high income investors take more risk than low income group of investors and married investors take less risky asset investment decisions as compared to single investors. He finally concluded that maximum respondents fall under average risk tolerance category.

Rahmawati et al. (2015) studied the determinants of the risk tolerance of individual investors with an objective to evaluate various factors which were responsible financial risk tolerance and affect investment decisions. They concluded that male investors were high risk taker as compared to females hence, they possess higher risk tolerance level than female investors. Age of investors was also identified as main factor and financial risk tolerance decreases as the age of investor increases. Highly educated and financially literate investors take more risk as compared to uneducated investors and also it was also concluded that education has direct impact on risk tolerance level as awareness about financial market and products develop confidence among investors. Lastly they found that higher income investor takes more risk and have high risk tolerance as compared to low income group investors.

Chavali and Mohanraj (2016) investigated the impact of risk tolerance on investment decision by considering scale developed by Grable and Lytton (1999). They found that investors are by default risk averse in nature and do not want to take risk and always try to avoid risk while doing investment. The risk perception of investors depends on various demographic characteristics like age, gender and income etc. They found that it is the investors’ tendency to think for losses first than gaining from investment and these behavioral characteristics sometimes leads the investors to take biased decision which actually lead to loss and therefore, risk tolerance of investors affects the investment decision of investors.

Chattopadhyay and Dasgupta (2015) studied the demographic and socio economic impact on risk attitude of Indian investors. The main aim of their study was to investigate the role of various factors like age, gender, number of dependents, marital status, income, employment, education, saving patterns, investment amount, monetary planning and returns on risk tolerance of investors. They found a significant relationship
of age, gender, marital status and income of investors with financial risk tolerance. They concluded that age was an important factor and as it increases investors tend to take positions in less risky asset while income is another factor which affects decision making. If income of any investors increases the risk taking ability also increases. As far as gender is concerned both male and female were found averagere risk tolerant and have same tendency to take risk while investing. Lastly they concluded that education and awareness affects risk taking ability positively and more educated investors take more risk as compared to less educated investors.

OBJECTIVES

1. To assess the financial risk tolerance of Investors
2. To identify the preferred investment avenues of investors

RESEARCH METHODOLOGY

The Study: The study is descriptive in nature which measures the financial risk tolerance of investors and identifies the preferred investment avenues.

The Sample: The sample size of study was 1000 individual investors and convenience sampling technique was applied.

Tool for Data Collection: A self designed questionnaire were made and distributed to 1000 investors out of which 974 were found suitable for the study. The questionnaire was consisted of three parts A, B and C. Part A consisted of various demographics characteristics of investors while Part B consisted of Scale developed by Grable and Lytton (1999) to measure financial risk tolerance of investors with a little modification that, dollar value has been converted in rupee value through considering average rupee-dollar rate. Part C consisted of Preferred Investment Avenues in which respondents were asked to give response on five point scale namely Highest Investment, High Investment, Average Investment, Low Investment and Lowest Investment, where Highest assigned the value 5 and lowest assigned the value 1.

Tool for Data Analysis: Arithmetic Mean, Percentage and Graphical Analysis.

RESULTS AND DISCUSSION

Financial Risk Tolerance of investors was measured through a scale which consisted of 13 item scale developed by Grable and Lytton (1999) to measure risk tolerance level of investors. The scale measured the Financial Risk Tolerance of investors and on the basis of score obtained from result, investors were classified into five categories i.e., Low risk tolerance (i.e., conservative investor), Below-average risk tolerance, Average/moderate risk tolerance, Above-average risk tolerance, High risk tolerance (i.e., aggressive investor) (refer figure 1).

Result of Assessment of Financial Risk Tolerance

<table>
<thead>
<tr>
<th>Risk Tolerance Level of Respondents (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of Respondents</td>
</tr>
<tr>
<td>Low risk tolerance</td>
</tr>
<tr>
<td>Below-average risk tolerance</td>
</tr>
<tr>
<td>Average/moderate risk tolerance</td>
</tr>
<tr>
<td>Above-average risk tolerance</td>
</tr>
<tr>
<td>High risk tolerance</td>
</tr>
</tbody>
</table>

Figure 1: Showing the Number of Respondents Belonging to Respective Categories of Financial Risk Tolerance level
On the basis of score respondents were classified in five categories namely Low risk tolerance (i.e., conservative investor), Below-average risk tolerance, Average/moderate risk tolerance, Above-average risk tolerance, High risk tolerance (i.e., aggressive investor). It was found that majority of investors belong to average or moderate risk tolerance i.e., 50.10 percent followed by Above Average Risk Tolerance Level i.e. 23.10 percent, Below Average Risk Tolerance were 12.83 percent, High Risk Tolerance were 7.19 percent and Low Risk Tolerance were only 6.78 (Table 01).

**Results of Preferred Investment Avenues**

![Preferred Investment Avenues](image)

It has been observed from table 02, that the mean of Insurance (Mean = 3.20) was highest among all the avenues. Hence, it can inferred that the most preferred investment avenues was Insurance followed by Real Assets (Mean = 3.15) as the second most important preferred investment alternatives.

**RISK TOLERANCE LEVEL AND PREFERRED INVESTMENT AVENUES OF INVESTORS**

Table 3 shows the results of interrelationship between risk tolerance level categories and preferred avenues i.e., Variable Income Securities, Fixed Income Securities, Deposits, Tax Sheltered Alternatives, Mutual Fund, Insurance and Real Assets which was measured on a five point scale where five represent highest Preferred and one represent least Preferred Investment Avenues. Arithmetic Mean of Preferred Investment Avenue was taken and represented with respect to various Risk tolerance Categories.

![Low Risk Tolerance](image)
It has been observed from table 3, that arithmetic mean of Insurance was highest (i.e. 4.06) in Low risk tolerance categories of Investors. Hence, it can be inferred that Insurance was the highest preferred avenue for investors who belong to Low Risk Tolerance level. Deposits and Fixed Income Securities were found as second and third preferred categories of Investment Avenues to Low risk tolerance categories of Investors with mean of 3.94 and 3.89 respectively.

![Figure 4: Mean of Preferred Investment Avenue for Below Average Risk Tolerance Investors](image)

It has been observed from graph 4, that mean of Insurance was highest (i.e., 3.28) in Below Average Risk Tolerance categories of Investors. Hence, it can be inferred that Insurance was the highest preferred avenue for investors who belong to Low Risk Tolerance level. Real Assets and Fixed Income Securities were found as second and third preferred categories of Investment Avenues to Below Average Risk Tolerance categories of Investors with mean of 3.27 and 3.19 respectively.

![Figure 5: Mean of Preferred Investment Avenue for Average Risk Tolerance Investors](image)
It has been observed from figure 5, that mean of Mutual Funds was highest (i.e., 3.83) in Average Risk Tolerance categories of Investors. Hence, it can be inferred that Mutual Funds was the highest preferred avenue for investors who belong to Average Risk Tolerance level. Variable Income Securities and Fixed Income Securities were found as second and third preferred categories of Investment Avenues to Average Risk Tolerance categories of Investors with a mean of 3.43 and 3.10 respectively.

**Figure 6: Mean of Preferred Investment Avenue for Above Average Risk Tolerance Investors**

It has been observed from figure 6, that mean of Real Assets was highest (i.e., 3.16) in Above Average Risk Tolerance categories of Investors. Hence, it can be inferred that Real Assets was the highest preferred avenue for investors who belong to Above - Average Risk Tolerance level. Insurance and Fixed Income Securities were found as second and third preferred categories of Investment Avenues to Above Average Risk Tolerance categories of Investors with a mean of 3.04 and 3.00 respectively.

**Figure 7: Mean of Preferred Investment Avenue for High Risk Tolerance Investors**
It has been observed from figure 07, that mean of Real Assets was highest (i.e., 3.61) in High Risk Tolerance categories of Investors. Hence, it can be inferred that Real Assets was the highest preferred avenue for investors who belong to High Risk Tolerance level. Variable Income Securities and Insurance were found as second and third preferred categories of Investment Avenues to Risk Tolerance categories of Investors with mean of 3.31 and 3.10 respectively.

The study found that risk tolerance level is affecting the investment decision and maximum investor were lying in the category of Average Risk Tolerance which means investors were moderately risk tolerant. Khan (2017) studied the cognitive behaviour and risk tolerance level using 13 item risk tolerance scale developed by Grable and Lytton (1999) and found that investors are goal oriented and decide their investment alternatives according to their risk taking capacity. He also concluded that male take higher risk as compared to female investors and all the demographic variables influence their risk tolerance level. The study conducted by Grable (2000) reviewed his previous findings and extend the research to young investors and found that young investor take moderate risk while investing.

CONCLUSION

Investors' decision affected by many internal and external factors which sometimes creates a kind of fear in the investors mind and therefore, investors avoid investment. Every individual investor has risk has its own tolerance capacity which influence their selection of investment avenues. Some investment avenues characterized by high risk while some having low risk and investor select their investment alternatives according to their risk tolerance level. Study concludes that investors are neither high risk taker nor risk averse but they take moderate risk while taking investment decision. Study also found the most preferred investment avenue was Insurance as it is giving extra benefit as compared to other investment alternatives like risk cover, tax benefit and returns similar to mutual funds in case of endowment policies. These features make the Insurance as one of the most preferred investment alternative for investors.

References


### Annexures

**Table 1: Showing the Number of Respondents Belonging to Respective Categories of Financial Risk Tolerance level**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Scores</th>
<th>Risk tolerance category</th>
<th>No. of Respondents</th>
<th>No. of Respondents (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>18 or below</td>
<td>Low risk tolerance</td>
<td>66</td>
<td>6.78 percent</td>
</tr>
<tr>
<td>2</td>
<td>19 to 22</td>
<td>Below-average risk tolerance</td>
<td>125</td>
<td>12.83 percent</td>
</tr>
<tr>
<td>3</td>
<td>23 to 28</td>
<td>Average/moderate risk tolerance</td>
<td>488</td>
<td>50.10 percent</td>
</tr>
<tr>
<td>4</td>
<td>9 to 32</td>
<td>Above-average risk tolerance</td>
<td>225</td>
<td>23.10 percent</td>
</tr>
<tr>
<td>5</td>
<td>33 and above</td>
<td>High risk tolerance</td>
<td>70</td>
<td>7.19 percent</td>
</tr>
</tbody>
</table>

**Table 2: Descriptive Statistics of Preferred Investment Avenues**

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>974</td>
<td>1.00</td>
<td>5.00</td>
<td>3.11</td>
<td>1.57733</td>
</tr>
<tr>
<td>FIS</td>
<td>974</td>
<td>1.00</td>
<td>5.00</td>
<td>3.11</td>
<td>1.27896</td>
</tr>
<tr>
<td>Deposits</td>
<td>974</td>
<td>1.00</td>
<td>5.00</td>
<td>3.09</td>
<td>1.61253</td>
</tr>
<tr>
<td>Tax Sheltered</td>
<td>974</td>
<td>1.00</td>
<td>5.00</td>
<td>2.70</td>
<td>1.40695</td>
</tr>
<tr>
<td>Mutual Fund</td>
<td>974</td>
<td>1.00</td>
<td>5.00</td>
<td>2.93</td>
<td>1.32982</td>
</tr>
<tr>
<td>Insurance</td>
<td>974</td>
<td>1.00</td>
<td>5.00</td>
<td>3.20</td>
<td>1.23786</td>
</tr>
<tr>
<td>Real Asset</td>
<td>974</td>
<td>1.00</td>
<td>5.00</td>
<td>3.15</td>
<td>1.62819</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>974</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 3: The Arithmetic Mean of Preferred Investment Avenues in Each Categories of Financial Risk Tolerance

<table>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Low risk tolerance</td>
<td>66</td>
<td>1.91</td>
<td>3.89</td>
<td>3.94</td>
<td>1.98</td>
<td>3.23</td>
<td>4.06</td>
<td>2.17</td>
</tr>
<tr>
<td>Below-average risk tolerance</td>
<td>125</td>
<td>2.30</td>
<td>3.19</td>
<td>3.00</td>
<td>2.89</td>
<td>2.99</td>
<td>3.28</td>
<td>3.27</td>
</tr>
<tr>
<td>Average/moderate risk tolerance</td>
<td>488</td>
<td>3.43</td>
<td>3.10</td>
<td>3.06</td>
<td>2.74</td>
<td>3.83</td>
<td>3.00</td>
<td>3.22</td>
</tr>
<tr>
<td>Above-average risk tolerance</td>
<td>225</td>
<td>2.82</td>
<td>3.00</td>
<td>2.52</td>
<td>2.71</td>
<td>2.91</td>
<td>3.04</td>
<td>3.16</td>
</tr>
<tr>
<td>High risk tolerance</td>
<td>70</td>
<td>3.31</td>
<td>2.70</td>
<td>2.86</td>
<td>2.80</td>
<td>2.96</td>
<td>3.10</td>
<td>3.61</td>
</tr>
</tbody>
</table>

Preference of Investment Avenues was measured on five point scale where five represent highest preferred and one represent least preferred.
A STUDY ON ATTITUDE OF YOUNG INDIANS TOWARDS ORGANIC FOOD

Pavan Kumar* and Sushil Chaurasia**

Food safety has become a major issue of public concern encouraging the Indian government and food industry to take steps to increase agriculture production. Many food industry and agriculture farms are using more pesticides and plant growth regulators in crop cultivation. The high use of pesticide and other chemicals has harmful effect on human health as well as animals and environment. In the last decades there has been an increased interest in food related health risks among consumers. This concern pertains to different type of health risks related to the food and eating. The motive of this study to examine the attitude towards organic food related to health conscious, environment consciousness and healthy lifestyle among young consumers. The data was collected in city Pune, Maharashtra state of India. A series of regression models are used to detect how healthy lifestyle, health consciousness and environmental attitude construct plays on the purchasing behavior of organic food and the consumer's attitude toward organic foods.

Keywords: Food Safety, Pesticides, Food Related Health Risks, Attitude, Lifestyle, Consumer Behavior, Organic Food, India.

INTRODUCTION

India, with 1,289,531,964 (1.28 billion) people is the second most populous country in the world. With the population growth rate at 1.58 percent India is predicted to have more than 1.53 billion people by the end of 2030. More than 50 percent of India's current population is below the age of 25 and over 65 percent below the age of 35. However, almost 40 percent of children under three are underweight and 45 percent are stunted, 22 to 30 percent children are born with low birth weight, 36 percent adult women and 34 percent adult men suffer from chronic energy deficiency. The National Family Health Surveys show a marginal increase in anaemia from 74 percent to 79 percent in children under five and 52 percent to 56 percent in young women, iodine deficiency disorders; vitamin A and vitamin B deficiency are fairly rampant, (NFHS-3, 2005-06).

The dietary energy supply (DES) for India has been estimated to be 2,360 kcal per capita per day. The India State Hunger Index, released by IFPRI, measures calorie undernourishment by taking a cut-off of 1,632 kcal per capita per day. According to the FAO, the main reason of food insecurity is lack of food absorption. Food security is thus, a multi-dimensional concept and extends beyond the production availability, and demand for food. To complete the supply of food against garneting demand, the Government of India has started many agriculture production improvement programs viz: NFSM, NHM to name of few, and taking steps to encouraging food industry to increase their production. Nowadays many food industry and agriculture farms are using more chemical fertilizers, pesticides and plant growth regulators to increase their production which has harmful effect on both human health and environment.

In the last decades there has been an increased awareness in food related health risks among consumers. This concern pertains to different type of health risks related to the food and eating. Consumers have become more conscious about the nutrition, health, and quality of the food they eat, and healthiness has become an important criterion for food purchases (Magnusson et al., 2001; Wandel and Bugge, 1997). Thus the demand of original produce is increasing. Organic food

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has purity of essential nutrients and less harmful additives so they do not have any additional risk of food poisoning. Nowadays consumers are more conscious about organic food for a healthy lifestyle, therefore, the demand of organic food is increasing.

ATTITUDE TOWARDS HEALTH CONSCIOUSNESS

The increasing number of studies reveals that a consumer’s concern for health is the most commonly stated motive to choose organic foods (Magnusson et al., 2003; Schifferstein and Oude Ophuis, 1998; Tregear et al., 1994; Wandel and Bugge, 1997; Williams and Hammit, 2001). There have been many studies investigating the influences on consumer purchasing and consumption of organic foods. These have often taken the form of asking consumers directly about their reasons for purchase or no purchase of organic foods to find out which types of beliefs and attitudes are actually related to purchase or consumption (Richard Shepherd, et al. 2005). In several studies, a majority of the consumers state that they have a preference for and an interest in organically produced foods (Ekelund. 1989; Wilkins, and Hillers. V.N. 1994) and consumers also express interest in issues relating to food and health (Wandel, 1994. J. Consumer., Fagerli. and Wandel, 1999). Healthiness is an important criterion for purchase and a parameter of quality for many consumers (Wandel and Bugge, 1997., Land, 1998). Many consumers perceive that organic foods are healthier than conventional foods and health-related reasons are the major motives for purchasing organic foods (Wandel and Bugge, 1997., Von 1998, Zanoli and Naspetti. 2002).

ATTITUDE TOWARDS ENVIRONMENT CONSCIOUSNESS

Since the last decade environment issues have taken important place in human society. The conventional and mechanized form of agriculture is extremely energy intensive, requiring fossil fuels to power the machines that allow humans to farm on such a large scale (Pimentel et al. 1973, Pimentel et al. 2005). Conventional agricultural practices have contributed to climate change through heavy use of fossil fuels--both directly on the farm and in the manufacturing of pesticides and fertilizers--and through degradation of the soil, which releases carbon. Fertilizers are also the cause of one of the primary concerns of CA. Methane and nitrous oxide emissions are respectively the second and third most important GHGs after carbon dioxide (UNESCO-SCOPE, 2007). Climate change presents challenges for farmers in all parts of the world. The use of synthetic pesticides in conventional farming has been one of the most significant impacts on wild flora and fauna (Unwin et al., 1995). Due to the production systems, there may also be fewer differences in organic matter levels between conventional and organic grassland. Stockdale et al. (2001) stated that changes in organic matter drive/underpin many of the other changes in soil biological and physical properties.

ATTITUDE TOWARDS HEALTHY LIFESTYLE:

In recent years, lifestyle factors have become important and are applied widely in describing how consumers make food decisions (Senauer et al., 1991). Currently, healthy foods and drinks market is performing well, in terms of innovation and market penetration; according to (A.C. Nielsen data 2007) the healthy foods in Europe have a turnover of € 5.7 billion. In general, a person's identity, in relation to his or her choice of diet, can be seen as being dependent on early experiences of food, in terms of trajectories, such as persistent thoughts, feelings, strategies, and actions (Bisogni, et al., 2005). This makes the young adult's choice of a particular diet a way to connect and to belong to a certain lifestyle as well (Hunt et al, 2011). A healthy lifestyle emphasizes physical health-related activities such as natural food consumption, health care, and life equilibrium (Gil et al., 2000). Authors adopted a narrower and operationalizable definition of the lifestyle, focusing on health-related behavior on the determinants of food (Gil et al., 2000).

ORGANIC FARMING

Organic production requirements are Biological intensive nutrient management-organic manures, vermicomposting, green manuring, recycling of organic residues, biofertilizers; Soil improvement and amendments; Integrated
diseases and pest management – use of biocontrol agents, biopesticides pheromones, trap crops, bird perches; Weed management; Quality considerations, certification, labeling and accreditation processors, marketing, exports, (ICAR).

ORGANIC FOOD

Organic food, a broadly defined category of food which, in the purest farm, is grown without chemical fertilizers or pesticides and sold to the consumers without adding preservatives and synthetic food enhancers. In other words Organic foods are foods produced by organic farming. While the standards differ worldwide, The Organic Foods Production standards comes under the Food Safety and Standards Act, 2006, and controlled by National Center of Organic Farming Ghaziabad, served to establish uniform national standards for the production and handling of foods labeled as organic.

BUYING BEHAVIOR OF YOUNG CONSUMERS RELATED TO ORGANIC FOOD

A study shows that, healthy diets become a cultural responsibility, in order to promote health and quality of life for society at large (Bisogni, et. al. 2012). Investigating the conception of a healthy diet from the perspective of the young adult, some researchers have emphasized that they defined health as an act of doing, and more specifically as doing the ‘right’ thing in terms of some type of physical act (e.g., healthy eating or exercise) (Woodgate and Leach, 2010). To accentuate, there is more to a healthy diet for the young adult than just objectively picking out the right amount of nutrients. A healthy diet also seems to constitute a search for values and a lifestyle that portrays to others their identity and belonging. Organic food as a healthy way of eating has been a target for consumer studies in recent years as a result of its increasing popularity (Hjelmar, 2011; Magnusson, et. al. 2003). For example, one study showed that those who prefer organic food as constituting their lifestyle have a life philosophy where food plays a central role for subjectivity (Pellegrini and Farinello, 2009). Other studies addressed psychological components, such as the appreciation of the taste of organic food, the experience of well-being, and being able to contribute to a better future for them (Kopke, 2005).

The young adult’s choice of a healthy lifestyle based upon an organic diet might indicate a motivation to return to the natural world. Organic foods are marketed as healthier than conventional foods and environmentally friendly. It is of interest to investigate the relationships between these two key factors and the consumer’s attitude toward organic foods. Many studies use general food choice motives to analyze the consumer’s attitude toward organic foods, this study is something different and use more specific attitudes, such as health consciousness and environmental attitudes, to analyze the consumer’s attitude toward organic foods. The main objective of the present study is to test the hypothesis that health consciousness and environmental attitudes influence a consumer’s attitude toward organic foods through an individual’s healthy lifestyle.

HYPOTHESES DEVELOPMENT

An attitude is a psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor (Eagly and Chaiken, 1995). Values and beliefs are the building blocks of attitudes (Eagly and Chaiken, 1995; Verplanken and Holland, 2002). Previous studies show that causality flows from values through attitudes to behavior, forming a hierarchical relationship of value-attitude-behavior (Bernard et al., 2003; Homer and Kahle, 1988; Luzar and Cosse, 1998; Maio and Olson, 1994; Stienstra et al., 2002; Thogersen and Olander, 2002). This means that values have an impact on attitudes, which in turn influence a person’s behavior. We are proposing following three hypotheses.

H$_1$: The consumer’s health consciousness has positive relation to the consumer’s attitude towards organic food.

H$_2$: The consumer’s environment attitude has positive relation to the consumer’s attitude towards organic food.

H$_3$: The consumer’s healthy lifestyle has positive relation to the consumer’s attitude towards organic food.
RESEARCH METHODOLOGY

The Study: The study is exploratory in nature and is aimed at identifying the attitude of young Indians towards organic food.

The Sample: India is the developing country and 2nd largest producers of fruit and vegetables. The Indian consumers nowadays show increased awareness towards health related risk and healthy lifestyle, where organic food industry has new market opportunity. The data was collected from 156 respondents in city of Pune (Maharashtra) India.

Tool for Data Collections: For the present study there are four dimensions used with the research framework, attitude toward health consciousness Oude Ophuis (1989), attitude toward environment consciousness Gil et al. 2000 and healthy lifestyle (Gil et al. 2000), attitude toward organic food (Gil et al. 2000). A questioner was prepared and respondents asked to rate five-point Likert scale questions, where 1 is indicated strongly disagree and 5 indicated strongly agree.

Tool for Data Analysis: The data has been analyzed with the help of Multiple Regression technique where dependent variable is Attitude toward organic food (X1) and independent variables are Attitude towards environment consciousness (X3) and attitude towards healthy lifestyle (X4) According to the hypothesis assumption three equations are formed

1) \( H_1: ?X2 \times X1 = 0 \)
2) \( H_2: ?X3 \times X1 = 0 \)
3) \( H_3: ?X4 \times X1 = 0 \)

RELIABILITY ANALYSIS

Reliability assesses the consistency of result across items with in test. It is the degree to which an assessment tool produces stable and consistent result.

In general reliability should be = 0.7 (Daniel B. Wright, 2009). The cronbach’s a value is shown in the Table II. The values from (0.32 to 0.48) can’t be reached to 0.7 which was assumed as a problematic, and no correction for multicolinearity between predictor were applied. (Mei-Fang Chen, 2009)

HYPOTHESES TESTING

Table II shows the results of various steps related to attitude towards organic food and effect of young consumer attitude towards health conscious, environment conscious and healthy lifestyle. The result in regression analysis reveal that the attitude of young consumer towards health conscious, environment conscious and healthy lifestyle account for 53 percent variance for the consumer’s attitude towards organic food.

In regression analyses, the regression coefficient, attitude toward health conscious (\( \beta_1 = 0.46, p = 0.001 \)), attitude toward environment conscious (\( \beta_2 = 0.37, p = 0.001 \)) and attitude toward healthy lifestyle (\( \beta_3 = 0.43, p = 0.001 \)) are significantly greater than zero therefore, we can’t reject hypothesis \( H_1, H_2 \) and \( H_3 \). The result of study shows that consumers’ attitude towards health conscious, environment attitude and healthy lifestyle has positive relation with consumers’ attitude towards organic food. A study by (Beharrel and MacFi, 1991, Mei-Fang Chen, 2009) also shows similar result and state that health consciousness is an important factor in forming a positive attitude towards organic food. The research by (Tregear et al., 1994; Wandel and Bugge, 1997; Magnusson et al., 2003; Padel and Foster, 2005) also state that health concern appears as the most important reason for purchasing and consuming organic food. A study by (Chan, 1999) state that environment factors play an important role in buying decision for the environment conscious consumers. The research by Gill et al, 2000, and Chan, 2001) also favor that value and lifestyle is an essential factor on consumers buying behavior of organic product.

For the model F-ratio is (9.78) is also highly significant (p < 0.001). From the magnitude of t-statistics, attitude toward health conscious (t (152) = 3.25, p = 0.001) attitude toward environment conscious (t (152) = 1.52, p = 0.001) attitude toward healthy lifestyle (t (152) = 1.83, p = 0.001) significantly predict attitude towards organic food. From the t-statistics the consumers’ attitude towards environment and healthy lifestyle had similar and less impact whereas the consumers’ attitude toward health conscious had more impact on attitude toward organic food.
CONCLUSION

The study helps to identify factors affecting consumer attitude towards organic food. The result of this research states, that environment degradation and healthy lifestyle are the factors for a consumer to form positive attitude towards organic food. The findings are consistent with many previous studies (e.g. Baker and Crosbie, 1993; Mei-Fang Chen, 2009; Chumpitaz and Keslemont, 1997; Grunert and Juhl, 1995).

India is a country where more than 50 percent of India's current population is below the age of 25 and over 65 percent below the age of 35. Internal factor (I often think on my current state of health) under health consciousness shows the higher mean (3.78) in appendix than others on that basis we can conclude that most of the young Indians shows the positive health conscious attitude towards organic food.

The study also finds that young Indian consumers are getting more aware about environment degradation and environment conscious factors show mean (> 3.50). On that basis we also can conclude that most of the young Indians show positive environment conscious attitude towards organic food. This study also finds that young consumers like to eat fruits and vegetates for a healthy lifestyle with a higher mean of (3.72) and they also think that organic food has superior quality with the mean of (3.99) or organic product are healthier with the mean of (3.94). On that basis we can conclude that healthy lifestyle has positive attitude towards organic food.

On the bases of above finding the selection of the advertising message should be to include the attitude of consumers related to environment conscious and health and healthy life style. In the new millennium the young consumers are more aware about health risk and healthy life style; they want to have a healthy body for their stressful schedule. The consumers also believe that organic food has a superior quality and nutritive value. Moreover, producers and marketers in the organic foods sector in the food industry should provide more evidence to persuade consumers to believe that organic food is tasty and superior to conventional food.

REFERENCES

Daniel B. Wright; Discovering of Statistics using SPSS, 2nd publication SAGE publication London.


Webliography


### Table 1: T Scores

<table>
<thead>
<tr>
<th>Predictors</th>
<th>coefficient of Regression ($\beta$)</th>
<th>t-value</th>
<th>Signi. (p)</th>
<th>$R^2$</th>
<th>$\hat{R}^2$</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude toward Health conscious</td>
<td>.46</td>
<td>3.25</td>
<td>.001</td>
<td>.53</td>
<td>.51</td>
<td>9.78</td>
<td>.000</td>
</tr>
<tr>
<td>Attitude toward environment conscious</td>
<td>.37</td>
<td>1.52</td>
<td>.001</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitude toward healthy lifestyle</td>
<td>.43</td>
<td>1.83</td>
<td>.001</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent Variable: Attitude toward organic food

### Table 2: Mean Scores of Variables in Scale

<table>
<thead>
<tr>
<th>Variables</th>
<th>S.D</th>
<th>Mean</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Consciousness</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>€ Myself very health conscious about food.</td>
<td>1.210</td>
<td>3.35</td>
<td>Oude Ophuis (1989)</td>
</tr>
<tr>
<td>€ I prepared to leave a lot, to eat as healthy as possible.</td>
<td>1.184</td>
<td>3.21</td>
<td></td>
</tr>
<tr>
<td>€ I take health into account a lot in my life.</td>
<td>1.162</td>
<td>3.60</td>
<td></td>
</tr>
<tr>
<td>€ My health is so valuable to me that I am prepared to sacrifice many things for it.</td>
<td>0.904</td>
<td>3.47</td>
<td></td>
</tr>
<tr>
<td>€ I think, I don’t ask myself whether everything I do an eat as healthy</td>
<td>0.904</td>
<td>3.47</td>
<td></td>
</tr>
<tr>
<td>€ I often think on my current states of health</td>
<td>0.903</td>
<td>3.78</td>
<td></td>
</tr>
<tr>
<td>Environment Consciousness</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>€ The current development path is destroying the environment.</td>
<td>0.956</td>
<td>3.59</td>
<td>Gil et al. (2000)</td>
</tr>
<tr>
<td>€ I prefer consuming recycled products.</td>
<td>0.900</td>
<td>3.50</td>
<td></td>
</tr>
<tr>
<td>€ I dispose off my garbage in different containers.</td>
<td>0.973</td>
<td>3.51</td>
<td></td>
</tr>
<tr>
<td>Healthy Lifestyle</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>€ I follow a low-salt diet.</td>
<td>0.995</td>
<td>3.26</td>
<td>Gil et al. (2000)</td>
</tr>
<tr>
<td>€ I think that vegetarians have active lifestyle.</td>
<td>0.941</td>
<td>3.40</td>
<td></td>
</tr>
<tr>
<td>€ I avoid eating processed food.</td>
<td>1.098</td>
<td>3.18</td>
<td></td>
</tr>
<tr>
<td>€ I often eat fruits and vegetables.</td>
<td>0.962</td>
<td>3.72</td>
<td></td>
</tr>
<tr>
<td>€ I avoid eating food products with additives.</td>
<td>0.918</td>
<td>3.33</td>
<td></td>
</tr>
<tr>
<td>€ I try to have an organized and methodical lifestyle.</td>
<td>0.884</td>
<td>3.69</td>
<td></td>
</tr>
<tr>
<td>Organic Food</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>€ Organic products are healthier.</td>
<td>0.776</td>
<td>3.94</td>
<td>Gil et al. (2000)</td>
</tr>
<tr>
<td>€ Organic products have superior quality.</td>
<td>0.857</td>
<td>3.99</td>
<td></td>
</tr>
<tr>
<td>€ Organic products are tastier.</td>
<td>0.935</td>
<td>3.77</td>
<td></td>
</tr>
<tr>
<td>€ Organic products are more expensive.</td>
<td>0.792</td>
<td>3.87</td>
<td></td>
</tr>
<tr>
<td>€ Organic products have no harmful effects.</td>
<td>0.754</td>
<td>3.85</td>
<td></td>
</tr>
<tr>
<td>€ Organic products are in fashion.</td>
<td>0.959</td>
<td>3.45</td>
<td></td>
</tr>
</tbody>
</table>
EXPLORING THE RELATIONSHIP BETWEEN JOB SATISFACTION AND ORGANIZATIONAL CITIZENSHIP BEHAVIOR IN SERVICE ORGANIZATIONS: AN EMPirical STUDY

Mandip Gill*

Job satisfaction contributes significantly to employee behavior. Organizational citizenship behavior (OCB) helps employees to cope with many unforeseen contingencies under stressful conditions by providing them the necessary flexibility to work interdependently. Both these variables significantly affect the effectiveness of an organization. The present study is designed to explore and measure the relationship between two facets of job satisfaction (intrinsic and extrinsic) and the two dimensions of organizational citizenship behavior (OCBI and OCBO). To achieve the research objectives, convenient judgmental technique was employed among the service organizations of Indore city. Findings of this study reveal that both extrinsic and intrinsic job satisfaction are very important in predicting citizenship behavior and its dimensions. Managerial implications of the study are discussed.

Keywords: Job Satisfaction, Organizational Citizenship Behavior.

INTRODUCTION

The global world market today offers a diversified portfolio of products to global customers. Competing with global competitors in a highly technology driven, innovative and dynamic environment, it is not only the products which are the source of sustained competitive advantage for organizations but the intellectual human capital, the driver of creativity and innovation which are the key differentiating success factors of any organization. Different individual behaviours result in varying organizational outcomes. It’s crucial to understand which behaviors generate organizational effectiveness that is desirable to an organization. Researchers posit that Organization Citizenship Behaviour (OCB) contributes indirectly to an organization through the organization’s social system. OCB provides the necessary flexibility to work through many unforeseen contingencies, and it helps employees in an organization to cope with stressful conditions through interdependence (Smith, Organ, and Near, 1983). Qualitative evaluation of employee performance often includes OCB for determining promotions and pay increases. Thus, employees who engage in these pro-social behaviours are expected to be motivated and satisfied with their jobs, than employees who do not.

Voluntary behavior of employees is important in service organizations as they involve interacting with customers of varying needs, demands and behaviours under uncertain conditions. Thus, additional roles are performed by employees apart from official tasks and often these are the part of the official roles. The purpose of this study is to explore this relationship between job satisfaction and OCB in service organizations as this relationship is relatively unexplored.

REVIEW OF LITERATURE

The term job satisfaction has taken a huge importance all over the world because it’s the key to the performance and productivity of the employees (Mehboob and Bhutto, 2012). Job satisfaction is defined as a pleasurable or positive emotional state resulting from the appraisal of one’s job experience (Locke; 1983). This definition consists of both cognitive (an appraisal of one’s job) and affective (emotional state) elements, denoting the degree to which individuals feel positive or negative about their jobs. Conceptually, it also indicates the degree to which the expectations in someone’s

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psychological contract are fulfilled (Arvey, et al., 1989). According to Armstrong (2003) job satisfaction is influenced by both intrinsic and extrinsic motivational factors. Intrinsic sources originate from within the individual and have psychological value such as work itself, recognition, responsibility, feedback and growth etc. In contrast, extrinsic sources of satisfaction originate from the environment (outside the individual) such as company policy, supervision, salary, interpersonal relationship, benefits, working conditions, flexibility to balance life and work issues etc.

The concept of OCB is based on social exchange theory of Blau (1964) that suggests reciprocity between the employees and the organization who are connected through mutual dependencies. There are numerous definitions of OCB with varied meanings. The earliest reference can be traced to Katz and Kahn (1978) who divided behaviors in organizations into in-role behavior in accordance with formal role descriptions, and extra-role behavior beyond formal role requirements. According to this view, extra-role behavior arises from feelings of “citizenship” with respect to the organization. Organ (1988) defined it as individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization. Later on, he defined OCB as performance that supports the social and psychological environment in which task performance takes place (Organ, 1997). These definitions suggest that when employee perceives that they are well treated, given resources or opportunities by an organization, by the norm of reciprocity they will be obliged, in return, to exert extra efforts or perform non-required behaviors within an organization environment (Organ 1988, and Organ et al., 2006). Similarly, Dhitiporn and Brooklyn (2004) termed OCB as an informal psychological contract which employees show with the hope that the organization and boss will perceive it as extra effort and reward it back accordingly. Wyss (2006) postulates that an organization which depends solely on its blueprints of prescribed behaviours are a very fragile social system.

Different researchers have proposed various dimensions to operationalize OCB. Podsakoff et al. (2000) propose individual characteristics, task characteristics, organizational characteristics and leadership behaviors to influence OCB level. According to Moorman (1993) OCB consists of a wide range of behaviours known as dimensions of OCB which include altruism, civic virtue, conscientiousness, courtesy and sportsmanship. Altruism consists of all the discretionary behaviours that have the effect of helping a specific other person with an organizationally relevant task or problem (Organ, 1997; Werner, 2007). Civic virtue dimension of OCB involves protecting the organization's best interests such as participation in organization policy making, attending optional meetings and attending company sponsored events (Allison et al., 2001).

Conscientiousness involves going above and beyond the minimal requirement of the organization (Tayyab, 2005). An employee who arrives early at work and leaves late, avoiding unnecessary breaks or observing short lunch period, making constructive suggestions and completing tasks before they are due represent conscientiousness dimension of OCB. Werner (2007) describes courtesy as act of thoughtfulness and considerate behaviour that prevents work related problems for others. Sportsmanship involves the willingness to tolerate the inevitable inconveniences and impositions that are inherent in the workplace without complaining (Allison et al., 2001). Williams and Anderson (1991) have divided the dimensions of OCB into two categories: (1) behaviours directed at specific individuals in the organization, such as courtesy and altruism as OCBI; and (2) behaviours concerned with benefiting the organization as a whole, such as conscientiousness, sportsmanship and civic virtue as OCBO. The present study employs these two dimensions of OCB to achieve the research objective.

Considerable researches support the relationship between job satisfaction and OCB (Bateman and Organ, 1983; Lee and Allen, 2002; MacKenzie et al., 1998). Bateman and Organ (1983) conducted a longitudinal, cross-lagged study and found a strong and positive relationship between overall OCB and contextual job satisfaction with the most consistent and strongest relationship between OCB and satisfaction with supervision and promotions. It has been assumed that it is
only highly satisfied employees that are likely to engage in OCB because of a reciprocal exchange relationship (Gadot and Cohen, 2004). This assumption is based on the social exchange theory which proposes that the type of behavior (positive or negative) exhibited by an employee is a response to the treatment they received from their employers (Greenberg and Scott, 1996). The authors further posit that a strong social satisfaction relationship between employer and employee will help maintain positive working relationships and would elicit positive sentiments in employees such as job satisfaction and trust, which will in turn inspire employees to engage in OCB.

William and Anderson (1991) found positive relationships between both extrinsic and intrinsic job satisfaction and each of the OCB dimensions. In contrast, Lee and Allen (2002) found that intrinsic satisfaction is positively related to OCBO but not to OCBI. The findings were supported by other researchers who also did not find any association between intrinsic job satisfaction and OCBI or OCBO (Randall et al., 1999). Conversely other researchers have found no significant relationships between job satisfaction OCBO and (Chen, et al., 1998; Schappe, 1998 and Adam (2000). On the other hand, Pornpongsuriya (2001) found that correlation between all attitudinal variables and OCB are significant and positive. Analysis through multiple regression analysis, revealed that all given job attitude variables in the study accounted for about 13.5% of the variance of nurse’s OCB. Ahmad (2006) has stated that four job attitudes, namely, organizational commitment, job satisfaction, procedural justice and distributive justice have a positive and direct impact on academicians’ citizenship behaviours. Furthermore, a study among nurses in a health care institution (Othman, 2002) found that job satisfaction, organizational commitment and ethical climate were correlated to OCB.

Bell and Menguc (2002) examined OCBs as critical links between aspects of the employee-organization relationship (perceived organizational support, organizational identification) and customer’s perceptions of service quality in the retail industry and found firstly, that there was a positive relationship between OCBs and service quality; secondly, organizational support and organizational identification had significant impact on both OCBs and service quality and thirdly, an autonomous work environment provided employees with the behavioral latitude to engage in OCBs. These findings have important implications for managers in service organizations. Farh et al., (1997) found that satisfaction accounts for unique variance either in altruism or the compliance dimensions of OCB only. A study conducted by Chiboiwa et al., (2011) among administrative employees of five organizations of Zimbabwe showed that there exists positive but a weak relation between job satisfaction and OCB. A study on Egyptian managers indicated that OCB was positively associated with both overall job satisfaction and its challenge dimension. But significant association with other dimensions viz. social, pay, security and growth were not found (Parnell and Crandall, 2003).

The literature review leads to the following objectives and hypothesis.

**OBJECTIVES**

1. To study the relationship between job satisfaction and organization citizenship behavior (OCB) in service organizations.
2. To study the impact of job satisfaction on organizational citizenship behavior.
3. To study the relationship between the dimensions of job satisfaction and organization citizenship behavior (OCB) in service organizations.

**HYPOTHESES**

The present study investigates the relationship between two facets of job satisfaction (intrinsic and extrinsic job satisfaction) as the independent variable and the two dimensions of OCB (OCBI and OCBO) as the dependent variable. It has been assumed that employees who report high levels of intrinsic satisfaction and extrinsic satisfaction with their work are more willing to help their colleagues and defend and support their organization in front of others. On the basis of these assumptions, the following hypotheses have been developed.
There is no significant correlation between job satisfaction and OCB amongst the employees of the service sector. 

There is no significant impact of job satisfaction on OCB among the employees of the service sector. 

There is no significant relationship between intrinsic job satisfaction and OCBI among the employees of the service sector. 

There is no significant relationship between extrinsic job satisfaction and OCBI among the employees of the service sector. 

There is no significant relationship between intrinsic job satisfaction and OCBO among the employees of the service sector. 

There is no significant relationship between extrinsic job satisfaction and OCBO among the employees of the service sector. 

**PROPOSED RESEARCH MODEL**

**RESEARCH METHODOLOGY**

**The Study:** The present study is an exploratory investigation to explore the relationship between job satisfaction and organization citizenship behavior (OCB) in service organizations in Indore city.

**The Sample:** Data was collected from the employees of various service organizations located at Indore. The organizations covered were professional institutions, banks etc. Convenient judgmental sampling technique was used to collect the responses (120). After screening for inexplicable responses the final sample of 102 (n=102) was selected. The demographic profile of the sample composed of 62 males and 40 females. The average age was 25.5 years, average job tenure was also 25.5 years. 11 respondents were graduates, 5 were postgraduates (non-professional), and 33 professional postgraduates as MBA while the remaining had other degrees (Refer Table-1 Respondent Profile).

**Tools for Data Collection:** Two standardized scales were administered to the respondents. The Job Satisfaction Scale (Wood et al., 1986); Cronbach alpha 0.76 and Organization Citizenship Behaviour Scale (Motowidlo and Van Scotter; 1994 and Lee and Allen 2002); Cronbach alpha 0.86. A high score indicates the reliability of the instrument.

Job Satisfaction was measured using 19 items on a 5-point Likert-scale with 1 (very dissatisfied) and 5 (very satisfied) on which the respondents were asked to indicate their level of satisfaction. The scale was adapted to measure intrinsic satisfaction with statements e.g., “opportunity for independent thought and action and feedback”.

OCB was measured using 19 items with respondents indicating their level of agreement for each statement by using a 5-point Likert scale with 1 = never and 5 = always. The scale was adapted to measure OCBO with statements as e.g., “I take action to protect the organization from potential problems” and OCBI e.g., “I help others who have been absent”.

**Tools for Data Analysis:** Kolmogorov-Simonov test was applied to examine the normal distribution of data and due to the normality of data correlation and regression were applied to test the various hypotheses. Statistical Package for Social Sciences (SPSS version 18.0) was used to analyze and interpret data.

**RESULTS AND DISCUSSION**

1. \( r = 0.473; p = 0.00 \)

\( H_0 \) stands rejected.

There is a significant relationship between job satisfaction and organizational citizenship behavior among the employees of the service sector (Refer Table-2)
2. \( r = 0.473; R^2 = 0.224; p = 0.00 \)

\( H_0 \) stands rejected.

* r value indicates a strong correlation between job satisfaction and OCB. The \( R^2 \) value indicates that 22.4% of variance in OCB is explained by job satisfaction. \( F = 28.87 \) (p = 0.000) reflecting the overall strong relationship between the two variables. \( \beta = 0.473 \) which means that one standard deviation increase in job satisfaction would yield a 0.473 standard deviation increase in predicted OCB; \( t \)-test = 6.73 (p = 0.000) and is statistically significant meaning that the regression coefficient is significantly different from zero. Hence, job satisfaction has a positive impact on OCB (Refer Table-3).

**REGRESSION EQUATION**

\[
\text{Job satisfaction (Pred) = 43.880 + 0.473(OCB)}
\]

3. \( r = 0.356; R^2 = 0.126; p = 0.00 \)

\( H_0 \) stands accepted.

* r value indicates a weak correlation between intrinsic job satisfaction and OCBI. The \( R^2 \) value indicates that 12.6% of variance in OCBI is explained by intrinsic job satisfaction. \( F = 14.48 \) (p = 0.000) reflecting the overall weak relationship between the two variables. \( \beta = 0.356 \) which means that one standard deviation increase in intrinsic job satisfaction would yield a 0.356 standard deviation increase in predicted OCBI; \( t \)-test = 3.806 (p = 0.000) and is statistically significant meaning that the regression coefficient is significantly different from zero. Hence, intrinsic job satisfaction has a weak impact on OCBI (Refer Table-3).

**REGRESSION EQUATION**

\[
\text{Intrinsic Job satisfaction (Pred) = 17.007 + 0.356(OCBI)}
\]

4. \( r = 0.168; R^2 = 0.028; p = 0.00 \)

\( H_0 \) stands accepted.

* r value indicates an insignificant correlation between intrinsic job satisfaction and OCBO. The \( R^2 \) value indicates that only 2.8% of variance in OCBO is explained by intrinsic job satisfaction. \( F = 2.88 \) (p = 0.000) reflecting the overall insignificant relationship between the two variables. \( \beta = 0.168 \) which means that one standard deviation increase in intrinsic job satisfaction would yield a 0.168 standard deviation increase in predicted OCBO. Hence, intrinsic job satisfaction has an insignificant impact on OCBO (Refer Table-3).

**REGRESSION EQUATION**

\[
\text{Extrinsic Job satisfaction (Pred) = 34.598 + 0.398(OCBO)}
\]

5. \( r = 0.531; R^2 = 0.282; p = 0.00 \)

\( H_0 \) stands rejected.

* r value indicates a significant correlation between extrinsic job satisfaction and OCBI. The \( R^2 \) value indicates that 28.2% of variance in OCBI is explained by extrinsic job satisfaction. \( F = 38.25 \) (p = 0.000) reflecting the overall significant relationship between the two variables. \( \beta = 0.531 \) which means that one standard deviation increase in job satisfaction would yield a 0.531 standard deviation increase in predicted OCBI; \( t \)-test = 6.266 (p = 0.000) and is statistically significant meaning that the regression coefficient is significantly different from zero. Hence, extrinsic job satisfaction has a positive impact on OCBI (Refer Table-3).

**REGRESSION EQUATION**

\[
\text{Extrinsic Job satisfaction (Pred) = 16.84 + 0.531(OCBI)}
\]

6. \( r = 0.398; R^2 = 0.158; p = 0.00 \)

\( H_0 \) stands accepted.

* r value indicates a weak correlation between extrinsic job satisfaction and OCBO. The \( R^2 \) value indicates that 15.8% of variance in OCBO is explained by extrinsic job satisfaction. \( F = 18.812 \) (p = 0.000) reflecting the overall weak relationship between the two variables. \( \beta = 0.398 \) which means that one standard deviation increase in extrinsic job satisfaction would yield a 0.398 standard deviation increase in predicted OCBO; \( t \)-test = 4.337 (p = 0.000) and is statistically significant meaning that the regression coefficient is significantly different from zero. Hence, extrinsic job satisfaction has a weak impact on OCBO (Refer Table-3).

**REGRESSION EQUATION**

\[
\text{Extrinsic Job satisfaction (Pred) = 34.598 + 0.398(OCBO)}
\]

Overall, intrinsic job satisfaction and extrinsic job satisfaction were significantly correlated (\( r = \).
of OCB which is consistent with the previous researches by Organ and Lingl (1995) and Baron et al., (2006) who posit that only satisfied employees engage in discretionary or pre-social behaviours. The findings of the study indicate that extrinsic job satisfaction is positively and significantly correlated with OCBI (r=0.531) and moderately correlated with OCB (r=0.398). This is supported by the study of Foote and Tang (2008) who found a significant correlation between extrinsic job satisfaction and OCBI relationship and an insignificant between extrinsic job satisfaction and OCBO. Consistent with the social exchange theory, when employees feel that their organization is considering financial and material rewards or advantages for their job performance (e.g., pay, security, fair treatment, promotion, working conditions and others), they find themselves satisfied with their work and are more willing to reciprocate by expressing and displaying positive attitudes and behaviours. This could be directed towards the organization as a whole or any specific colleague(s) or supervisor(s). The present results indicate a shift in behavior towards OCB. A possible explanation could be that in service organizations employees perform additional roles along with the official tasks which are often part of their official roles. They are more motivated to help their co-workers, likely to show courtesy, abstain from complaining about petty issues along with being strongly engaged to organizational activities.

Based on this study, the main application for the service organizations is to focus on the importance of providing challenging tasks with varying competency levels instead of emphasizing solely on those tasks that are related to the job description requirements. Moreover, in service organizations, it is crucial to encourage behaviour that goes beyond the role description and contributes significantly to their effectiveness. Furthermore, OCB is correlated with job satisfaction, job commitment, job involvement and other important behaviours that ensure sustainability of the organization. Therefore, within the context of service organizations, it is recommended to adopt and support the environment and the conditions that will enhance both extrinsic and intrinsic satisfaction as well as OCBI and OCBO as they are found to be highly correlated.

References


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Appendix

Table: 1 Respondent Profile

<table>
<thead>
<tr>
<th>Respondents' Characteristics</th>
<th>Sub-Profile</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td></td>
<td>62</td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td>40</td>
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<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21-25 years</td>
<td></td>
<td>17</td>
</tr>
<tr>
<td>26-30 years</td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>31-35 years</td>
<td></td>
<td>21</td>
</tr>
<tr>
<td>36-40 years</td>
<td></td>
<td>40</td>
</tr>
<tr>
<td><strong>Job Tenure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-1 years</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>1.5-2.5 years</td>
<td></td>
<td>13</td>
</tr>
<tr>
<td>3-4.5 years</td>
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<td>15</td>
</tr>
<tr>
<td>5 &amp; above</td>
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<td>65</td>
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<tr>
<td><strong>Educational Qualifications</strong></td>
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<tr>
<td>Graduates</td>
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</tr>
<tr>
<td>Post graduates</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Professionals</td>
<td></td>
<td>33</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>53</td>
</tr>
</tbody>
</table>
Table 2: Correlation

<table>
<thead>
<tr>
<th></th>
<th>JS Total</th>
<th>OCB Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>JSTotal</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>102</td>
<td>102</td>
</tr>
<tr>
<td>OCBTotal</td>
<td>Pearson Correlation</td>
<td>.473**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>102</td>
<td>102</td>
</tr>
</tbody>
</table>

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

Table 3: Results for Regression Analysis

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<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>R²</th>
<th>F</th>
<th>P</th>
<th>t</th>
<th>p</th>
<th>B</th>
<th>Impact Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>OCB</td>
<td>0.224</td>
<td>28.87</td>
<td>.000</td>
<td>5.37</td>
<td>.000</td>
<td>0.473</td>
<td>Positive</td>
</tr>
<tr>
<td>Intrinsic Job</td>
<td>OCBI</td>
<td>0.126</td>
<td>14.482</td>
<td>.000</td>
<td>3.806</td>
<td>.000</td>
<td>0.356</td>
<td>Weak Positive</td>
</tr>
<tr>
<td>Satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intrinsic Job</td>
<td>OCBO</td>
<td>0.028</td>
<td>2.88</td>
<td>.000</td>
<td>1.7</td>
<td>.000</td>
<td>0.168</td>
<td>Negative</td>
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<tr>
<td>Satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extrinsic Job</td>
<td>OCBI</td>
<td>0.282</td>
<td>39.25</td>
<td>.000</td>
<td>6.266</td>
<td>.000</td>
<td>0.531</td>
<td>Positive</td>
</tr>
<tr>
<td>Satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extrinsic Job</td>
<td>OCBO</td>
<td>0.158</td>
<td>18.812</td>
<td>.000</td>
<td>4.337</td>
<td>.000</td>
<td>0.158</td>
<td>Weak Positive</td>
</tr>
</tbody>
</table>
Factors Influencing Job Satisfaction of Teachers in Government Degree Colleges of Tripura

Kingshuk Adhikari* and Surajit Paul**

Job satisfaction among college teachers is important not only for themselves but also for the society as a whole. Teachers are the most important group of professionals for any nation's future. Their contribution as a nation builder depends upon their degree of job satisfaction, if not fully, but to a great extent. A teacher can perform to the maximum of his/her capacity; if he/she is satisfied with his/her job. Every profession has certain aspects responsible for job satisfaction and teaching is not an exception. Unless and until teachers derive satisfaction on job performance and develops a positive attitude towards education, they cannot motivate themselves to work at the optimum level for the benefits of the student community and the society as a whole. Only satisfied and well-contented teacher can think of the well-being of the students and society. But it has been observed that the teachers are under tremendous pressure to deliver quality education to the students. It is astonishing to know that even today many of the college teachers are dissatisfied with their job on different counts. The present study makes an attempt to assess the degree of job satisfaction of teachers working in Government degree colleges of Tripura. In addition to this, an attempt has also been made to study the influence of select organisational factors on overall job satisfaction of teachers working in Government degree college of Tripura.

Keywords: Pay, Colleague, Physical facilities, Promotion and Co-operation. Job satisfaction, Colleges, Govt. Colleges, Tripura.

Introduction

Job satisfaction is a cluster of evaluative feelings about the job and it is measured by various facets of job satisfaction (Spector, 1997). Salary is not one and only factor determining the degree of job satisfaction. Faculty members in today’s knowledge economy also thrive for professional growth and development to secure better position in future (Shetty and Gujarathi, 2012). Job satisfaction is the emotional reaction an employee has towards his/her job after a comparison of outputs he/she expects or desires with real outputs he/she gets from the organisation. Job satisfaction is the sense of inner fulfillment and joy achieved when performing a particular job (Mandip et al., 2012). Teachers are considered as the pillars of society, who help students to grow and shoulder the responsibility for providing meaningful contribution to the society. Teachers expect from their job not only security and recognition but new experience and independence as well. When these needs are not fulfilled, dissatisfaction generates and a high degree of discontentment among teachers or any kind of employees is undesirable not only for organisation but also for the society at large (Nisamudheen, 2013).

The importance of higher education for the development of the society can hardly be over-emphasised. The teachers' role in the institutions of higher learning is extremely important for guiding the students in right direction. Thus, the degree of satisfaction of teachers towards their job cannot be undermined rather over the years it has become one of the important areas of research. A large number of studies have been carried out on job satisfaction of teachers in different parts of the globe. The present study also makes an attempt not only to assess the degree of job satisfaction of teachers working in Government Degree Colleges of Tripura but also to find out the influence of select organisational factors on overall job satisfaction of such teachers.

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** Research Scholar, Department of Commerce, Assam University, Silchar.
REVIEW OF LITERATURE

Job satisfaction is a multidimensional phenomenon and its nature and extent is contingent upon a host of factors. The review of various related literature generally forms the basis for identification and selection of factors as well as their components capable of influencing job satisfaction of teachers. A brief review of literature carried out for conducting the present study is provided below in a summarised form:

Saba (2011) found that teachers are satisfied with their co-workers, salary, working condition, job security. But a large number of teachers have registered their dissatisfaction with the promotion mechanism. Siddique et al. (2002) studied that majority of college teachers are not satisfied with their social status, chances of promotion and fringe benefit. Katoch (2012) revealed that female teachers are more satisfied with their job than their male counterparts. Mangi et al. (2011) found that the non-PhD faculty members have shown dissatisfaction with their job. Their opinions with respect to promotion, administration, policies and compensation have been significantly dissatisfactory. Muthuvelayutham and Mohanasundaram (2012) found that there is a considerable impact of stress on job satisfaction and job involvement among teachers. Chaudhari (2012) stated that the job satisfaction of teacher educators is positively but not significantly related to their attitude towards teaching. Celia (2012) revealed that job satisfaction of employees on the whole depends upon their experience, designation and the salary paid to them.

All the above mentioned studies highlighted different factors that affect the level of job satisfaction of teachers in one way or the other. Further such studies also tried to analyse the factor wise degree of job satisfaction of teachers working in colleges, universities and other institutes of higher learning.

OBJECTIVES

The objectives of the study are as follows.

1. To assess the degree of job satisfaction of teachers working in Government Degree Colleges of Tripura.

2. To analyze the influence of select organisational factors on overall job satisfaction of teachers working in Government Degree Colleges of Tripura.

RESEARCH METHODOLOGY

The Study: The study is descriptive in nature based on primary data.

The Sample: A non probability convenient sampling was used to select the sample for the study. The sample size chosen was 105.

Tools for the Data Collection: The teachers working in twenty two Government degree colleges of Tripura is the population of the study. Out of these twenty two (22) government degree colleges, eight (8) colleges have been selected randomly for the purpose of the study. These are as follows: (1) Maharaja Bir Bikram College, (2) Women's College, Agartala, (3) Ramthakur College, (4) Bikram Memorial College, (5) Govt. Degree College, Dharmanagar, (6) I. C. Vidyasagar College, Belonia, (7) K.N. Mahavidyalaya, Sonamura and (8) D. D. M. College, Khowai. Out of these eight (8) colleges, One hundred and five (105) numbers of teachers have been randomly selected to elicit responses on different facets of their job. A structured schedule covering five factors relating to the job has been incorporated for obtaining the responses from the college teachers under the study. A five (5) point Likert type scale ranging from 'Highly Satisfied = 5' to 'Highly Dissatisfied = 1' has been used to assess the level of satisfaction /dissatisfaction of college teachers. In order to analyse the data obtained through field survey, mean and standard deviation (SD) and multiple regression technique have been applied.

Tools for the Data Analysis: The data was analysed using statistical tools such as Mean, Standard Deviation, t-test, one way ANOVA and Factor Analysis.

RESULTS

Table 1 shows the profile of the respondents. The total numbers of respondents have been classified on the basis of their gender, educational qualification and designation.

Table 1 shows that out of 105 respondents, 63.8 percent teachers are male and 36.2 percent are female. Among the total number of respondents,
only 39 percent have Ph.D. degree while remaining 61 percent of the respondent is yet to acquire their Ph.D. degree. As far as designation of the respondent is concerned, 75 numbers of respondents are Assistant Professor and remaining 30 are Associate Professor.

Table 2 portrays the mean and standard deviation (SD) based on the responses of college teachers’ satisfaction on all the five select factors, namely, ‘Pay and Allowance’, ‘Co-operation from Colleagues’, ‘Work Itself’, ‘Physical Facilities inside the Classroom’ and ‘Promotion Matters’ for Teachers. Mean and SD have also been computed for overall job satisfaction of college teachers.

It has been observed from table 2 that college teachers’ have been dissatisfied with three factors influencing job satisfaction, namely, ‘Pay and Allowance’, Physical Facilities inside the Classroom’, and ‘Promotion Matters’. College teachers’ have expressed their highest degree of dissatisfaction with respect to the factor ‘Promotion Matters’ out of five factors considered in the study. Majority of the teachers are very much satisfied with the factor ‘Co-operation from Colleagues’ as the mean score of the opinion of respondents with respect to this factor is the highest.

Table 2 also reveals that the value of SD (0.538) for the factor ‘Pay and Allowance’ is the lowest which implies that the opinion of the respondents is more concentrated about this factor, whereas, the value of the SD (0.865) about the factor ‘Promotion Matters’ since is the highest it denotes that the tilt of the views of the respondents is bent more about this factor. It is really interesting to note that value of standard deviation for overall job satisfaction is too high and it clearly signifies the extent of variation in opinion of college teacher about their overall job satisfaction.

Table 3 shows the degree and direction of relationship between overall job satisfaction and different organisational factors capable of influencing job satisfaction of college teachers. It is evident from the table 3 that all the factors are positively correlated with overall job satisfaction at 1% level of significance. The moderate degree of correlation has been found between overall job satisfaction and ‘Promotion’ (0.584), ‘Physical Facilities inside the Classroom’ (0.550), ‘Pay and Allowance’ (0.535) and ‘Co-operation from Colleagues’ (0.508). However, very low degree of correlation has been observed between ‘Work Itself’ (0.260) and overall job satisfaction.

Table 4 discloses the regression results of explanatory variables. It reveals that all the select independent factors have positively influenced the overall job satisfaction of the college teachers’ of Tripura as it is evident from the values of unstandardized coefficient (b).

The result of t value and p value make it clear that overall job satisfaction of teachers working in Government Degree Colleges of Tripura have been influenced significantly by three factors, namely, ‘Pay and Allowance’, ‘Co-operation from Colleagues’ and ‘Promotion Matters’ at 5% level of significance. Although all the factors positively influence the overall job satisfaction of teacher under study, the factor ‘Co-operation from Colleagues’ has the highest degree of positive influence among all the five organizational factors on overall job satisfaction of teachers working in Government degree colleges of Tripura.

The value of R² (0.531) as given in table 4 suggests that 53.1 percent of the variation in overall job satisfaction can be explained with the variation in the select organisational factors. Thus, the variables selected for the study could explain a large amount of variation in overall job satisfaction of college teachers’ of Tripura. The F statistics (22.422) with p- value 0.000 shows that the regression model is significant which implies that the data are well suited in explaining the influence of all the select organisational factors on the overall job satisfaction of the college teachers’ of Tripura. Thus, overall predictability of the model is also good.

CONCLUSION

The teachers working in Government degree colleges of Tripura are by and large dissatisfied with three (3) factors out of five (5) selected factors considered in the study. They have expressed their highest degree of dissatisfaction with the factor ‘Promotion Matters’. However, college teachers are very much satisfied with the
factor ‘Co-operation from Colleagues’. But least variation in the responses of teachers has been observed regarding ‘Pay and Allowance’ factor while highest variation has been noticed with respect to ‘Promotion Matters’. The study also reveals that overall job satisfaction of teachers have been positively influenced by all the factors selected for this study. However ‘Pay and Allowance’, ‘Co-operation from Colleagues’ and ‘Promotion Matters’ have significantly influence the overall job satisfaction of teachers’ working in different Government degree colleges of Tripura.

The scope of the present study is confined to regular teachers drawing UGC scale of pay and working in Government degree colleges in the state of Tripura. The study is based on only five organisational factors capable of influencing overall job satisfaction of teachers and hence the findings of the study need to be interpreted with great caution for making any kind of generalization. The chances of biasness in selecting sample for the present study cannot be completely eliminated. Further, the study is based upon the responses of only 105 numbers of teachers’ working in eight different Government degree colleges of Tripura.

References


ANNEXURE

Table 1: Profile of the Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>No. of Respondents</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>67</td>
<td>63.8</td>
</tr>
<tr>
<td>Female</td>
<td>38</td>
<td>36.2</td>
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</table>

<table>
<thead>
<tr>
<th>Educational Qualification</th>
<th>No. of Respondents</th>
<th>Percentage of Respondents</th>
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</thead>
<tbody>
<tr>
<td>Non Ph.D</td>
<td>64</td>
<td>61.0</td>
</tr>
<tr>
<td>Ph.D</td>
<td>41</td>
<td>39.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Designation</th>
<th>No. of Respondents</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assistant Professor</td>
<td>75</td>
<td>71.4</td>
</tr>
<tr>
<td>Associate Professor</td>
<td>30</td>
<td>28.6</td>
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</table>

Source: Field Survey
### Table 2: Factor wise Job Satisfaction of College Teachers

<table>
<thead>
<tr>
<th>Factors</th>
<th>Mean</th>
<th>SD</th>
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<tbody>
<tr>
<td>Pay and Allowance</td>
<td>2.97</td>
<td>0.538</td>
</tr>
<tr>
<td>Co-operation from Colleagues</td>
<td>4.04</td>
<td>0.667</td>
</tr>
<tr>
<td>Work Itself</td>
<td>3.62</td>
<td>0.639</td>
</tr>
<tr>
<td>Physical Facilities inside the Classroom</td>
<td>2.90</td>
<td>0.750</td>
</tr>
<tr>
<td>Promotion Matters</td>
<td>2.86</td>
<td>0.865</td>
</tr>
<tr>
<td>Overall Job Satisfaction</td>
<td>3.49</td>
<td>1.030</td>
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</table>

Source: Field Survey

### Table 3: Correlation between Organisational Factors and Overall Job Satisfaction

<table>
<thead>
<tr>
<th>Factors</th>
<th>Correlation Coefficient</th>
<th>Sig. (2-tailed)</th>
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</thead>
<tbody>
<tr>
<td>Pay and Allowance</td>
<td>0.535</td>
<td>0.000</td>
</tr>
<tr>
<td>Co-operation from Colleagues</td>
<td>0.508</td>
<td>0.000</td>
</tr>
<tr>
<td>Work Itself</td>
<td>0.260</td>
<td>0.007</td>
</tr>
<tr>
<td>Physical Facilities inside the Classroom</td>
<td>0.550</td>
<td>0.000</td>
</tr>
<tr>
<td>Promotion Matters</td>
<td>0.584</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Field Survey

### Table 4: Influence of Organisational Factors on Overall Job Satisfaction of College Teachers

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t-value</th>
<th>p - value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>-1.589</td>
<td>.610</td>
<td>-2.604</td>
<td>.011</td>
</tr>
<tr>
<td>Pay and Allowance</td>
<td>.390</td>
<td>.167</td>
<td>.204</td>
<td>.021</td>
</tr>
<tr>
<td>Co-operation from Colleagues</td>
<td>.430</td>
<td>.117</td>
<td>.279</td>
<td>.000</td>
</tr>
<tr>
<td>Work Itself</td>
<td>.152</td>
<td>.116</td>
<td>.095</td>
<td>.192</td>
</tr>
<tr>
<td>Physical Facilities inside the Classroom</td>
<td>.245</td>
<td>.124</td>
<td>.179</td>
<td>.051</td>
</tr>
<tr>
<td>Promotion Matters</td>
<td>.321</td>
<td>.103</td>
<td>.269</td>
<td>.002</td>
</tr>
</tbody>
</table>

R Square value: 0.531
Adjusted R Square value: 0.507
F value: 22.422
p-value: 0.000

*Note: Dependent Variable is Overall Job Satisfaction*
WORKFORCE DIVERSITY AND ITS IMPACT ON PRODUCTIVITY

R.B. Solanki* and Ankita Saxena**

The rapid growth in the Banking industry has posed several challenges such as workforce diversity which is a natural phenomenon that has both negative and positive impacts on employee performance depending on how well it is managed. The study covered the bank’s branches in Agra specifically, whose zonal offices lie in Agra. The study tackled areas of workforce diversity, effects of diversity on employee performance and how workforce diversity can be managed so as to maximize the positive outcomes. The respondents were the managers and employees of the Bank. To make the study more focused, the researchers have selected certain variables of diversified workforce. The study reveals that there is a positive correlation between age and productivity of organization. The employees whose age is above 50 years are very much effective in client handling. If we talk about the qualification of employees and productivity then we find that, the qualification of the bank employees and their performance are associated significantly with each other. Next diversity factor is the experience of various employees, the results shows that the working experience of the bank employees and their performance are associated significantly with each other. Another variable is interpersonal relationship. Research shows that if the employees are satisfied at their workplace and are having cordial and harmonious relations with other employees, they can contribute positively towards the productivity of an organization. Recent studies have also shown a strong correlation between good diversity practices and profits.

Keywords: Workforce Diversity, Age, Experience, Productivity, Interpersonal Relationships.

INTRODUCTION

The world has now recognized India as one of the prime economic driver in the global scenario. Various companies are coming India to explore this opportunity. Employing diversified workforce is a very essence for each and every organization. In the current scenario the organizations that employ quality and competitive workforce regardless of their age, attitude, language, gender, religion, region can only compete at the marketplace. Human resource is an important asset for any organization. Capital and physical resources, by themselves, cannot improve efficiency or contribute to an increased rate of return on investment. It is through the combined and concerted efforts of people that monetary or material resources are harnessed to achieve organizational goals. But these attitudes, efforts and skills have to be sharpened from time to time to optimize the effectiveness of human resources and to enable them to meet greater challenges. Without employees the organization cannot move an inch. Therefore, the management of this resource is also an important issue. When the organizations employ human resource having different age, gender, perception, attitude, caste, religion, region then it will be very difficult for the management as well as for the employees to manage and adjust with that environment. To manage diversified workforce is a big challenge for any organization.

Diversity to us means all aspects in which people differ from one another. This includes both the visible and relatively easily demonstrable personal characteristics such as gender, age and ethnicity, as well as the less visible personal characteristics, such as competencies, needs and wants, work styles and character traits. Each employee has his or her own, unique combination of such characteristics. Another definition describes diversity as creating high performing organizations through valuing and using all the talents of employees of different groups. Regardless of how diversity is defined, it is an issue that is sweeping the nation. If the

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Corporate society does not address the issue by learning how to manage diversity, they will fail. Each and every individual is different from each other because of their different religion, educational background to which they belong, age and also the perception that forms their personality. When different types of people in terms of thinking, perception, generation come together to work at the same place then definitely a situation may come where all these different types of people may not agree at the same point. At that point of time it is going to affect the interpersonal relationship among people. The researcher has taken some aspects which are a part of diversity among workforce they are age, experience, professional qualification and interpersonal relationship among employees. On the basis of above statement, researcher has prepared the following model.

![Impact of Diversified Workforce on Productivity](image)

Any organization’s main motive is to earn profit, for that management wants productive employees in their organization. For every organization, employees are considered as an asset or resources, because they come with skills, knowledge, talent which is scarce in nature. Therefore organizations want to employ such manpower which is productive in nature and every organization wants optimum utilization of available resources. That is why the researcher wanted to identify impact of workforce diversity on productivity. The researcher has chosen certain parameters of workforce diversity like age, nowadays the government banks are creating new vacancies for young generation by introducing certain schemes like voluntary retirement scheme etc. Privatization is increasing at a fast speed therefore number of private banks is also increasing at a fast speed. Even youngsters are coming into private and public sector banks. Next parameters are employees' work experience and professional qualification. Today, the organizations are giving equal opportunities to fresher as well so that the management can infuse new blood with new ideas in their organization. Organizations specifically the banking sector is also hiring those people who are just graduate and fresher.

Gone were the days when the workplace was meant for males only, nowadays females are working in different sectors. Today, hiring diversified workforce is the very essence for every organization to compete in this cut throat competitive world regardless of their language, educational background, experience and geographical region which creates diversity at workplace and can affects their interpersonal relationship which is ultimately going to affect the productivity of an organization. Cordial interpersonal relationship among the employees is one of the major ingredients for smooth functioning of an organization. Organization is a network of people who work together to achieve common objective and if this network has some loopholes then it would be very difficult for any organization to achieve those objectives effectively.

Productivity shows whether the activity of an organization is efficient and effective. Though the terms like productivity, efficiency and effectiveness are used together and practicians sometimes alternate their meanings, however we must not identify productivity with efficiency and/or effectiveness. Productivity requires both efficiency and effectiveness, because a certain activity will not be productive if it is only
efficient, but not effective, or effective, but not efficient. Productivity in economic position is defined as the relation between output and input. Input element in an organization consists of resources used in the product creation process, such as labour, materials, energy. Output consists of a given product, service and the amount of both. Service sector input elements such as materials, machines and energy are not as important as in manufacturing. The main element in service sector is labour because service sector is more personnel-intensive comparing to manufacturing. Output in manufacturing is measured by quantity units and boosted by increasing the amounts of production, its realization. Service sector output usually has no high values by the quantity aspect, therefore it is mostly increased by the attempt to provide higher quality services to the customer, seeking for better customer satisfaction.

**SERVICE PRODUCTIVITY**

The amount of output per unit of input (labor, equipment, and capital), a measure of the efficiency of a person, machine, factory, system, etc., in converting inputs into useful outputs is known as productivity. There are many different ways of measuring productivity. For example, in a factory productivity might be measured based on the number of hours it takes to produce a good, while in the service sector productivity might be measured based on the revenue generated by an employee divided by his/her salary. The current paper will measure the productivity on certain parameters. Since banks are service providers one cannot measure its productivity on the basis of number of hours spent by an employee or on the basis of production but we can set standards on the basis of banks’ profit, business growth and quality of work. On the basis of above statement, researcher has prepared the following model.

![Fig.2 Basis of Bank’s Productivity](image)

Majorly the bank’s growth depends upon two things of banks, they are the deposits accepted from public and advances given by the bank. This is one of the instruments to measure the profitability of a bank because the main business of any bank is based upon deposits and advances made by bank.

No doubt workforce diversity provides so many benefits to an organization but it comes with various challenges as well. On the basis of the above statement, researcher has prepared the following chart.
WORKFORCE DIVERSITY IN BANKING SECTOR

The rapid growth in the Banking industry has posed several challenges such as workforce diversity which is a natural phenomenon that has both negative and positive impacts on employee performance depending on how well it is managed. This has affected the commercial banks, Non-Banking Financial Institutions, and even the Micro-Finance sector.

The unprecedented growth of the Indian economy over the last few years portends well for the banking sector. That said, Indian banks need to address two key issues to maintain growth and profitability in the coming decade—financial inclusion and streamlining human resource management. Reinventing HR processes and acquiring and retaining quality talent is critical to addressing the imbalance that is being created by growth in the banking sector.

Fig.1.3: Benefits & challenges of Workforce Diversity

<table>
<thead>
<tr>
<th>BENEFITS</th>
<th>CHALLENGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase marketing opportunities</td>
<td>• Increases ambiguity complexity confusion</td>
</tr>
<tr>
<td>• Recruitment</td>
<td>• May find it hard to reach a single agreement</td>
</tr>
<tr>
<td>• Creativity</td>
<td>• Have difficulty agreeing on courses of action.</td>
</tr>
<tr>
<td>• Business image</td>
<td>• Stereotyping</td>
</tr>
<tr>
<td>• Improve corporate culture</td>
<td>• Cultural clashes</td>
</tr>
<tr>
<td>• Help foster better client relations.</td>
<td>• Communication problem</td>
</tr>
<tr>
<td>• Increase shareholder value</td>
<td>• People feel threatened by working with people of a different age, sex, or culture</td>
</tr>
<tr>
<td>• Diverse knowledge and experiences can aid in generating profits</td>
<td>• Increase in the cost of training</td>
</tr>
<tr>
<td>• Potential to understand the international market</td>
<td>• Miscommunications</td>
</tr>
<tr>
<td>• Represent different customer bases</td>
<td>• Longer decision times,</td>
</tr>
<tr>
<td>• Contribute diverse operational skills</td>
<td>• Lower member morale</td>
</tr>
<tr>
<td>• Help with decision-making</td>
<td>• Lower team cohesiveness than culturally homogeneous workgroups.</td>
</tr>
<tr>
<td>• Diverse age and experience provide different perspectives.</td>
<td>• Can reduce creativity and innovation, problem solving, and workgroup cohesiveness.</td>
</tr>
<tr>
<td>• Increase productivity</td>
<td></td>
</tr>
</tbody>
</table>
industry and rapid retirements in banks. New hires at the entry level, however, will require a wide-ranging knowledge, skills and the right attitude to make them ‘job ready’.

**REVIEW OF LITERATURE**

This study tries to assess the impact of diversity on productivity of the organization. The various findings of past researches were of great help for the researcher to sort out the different factors to be used in the study. This review also helped in finding out the differences between the past researches and the current research on the same topic. Let us look at glance on the earlier researches.

Goyal S. (2009) In his article has depicted four models to understand the dimension of diversity they are diversity wheel in this model the author has classified the model into two dimensions first is primary which includes age, gender, mental/physical abilities, race, ethnic heritage, sexual orientation and the secondary dimension includes geographic location, work experience, income, religion, first language, organizational role and level, communication style, family status, work style, education, military experience. Next model is four layers of diversity in this the author adds on two more layers with the diversity wheel they are personality at the core and external dimension includes work field, division, seniority, work location, union affiliation, management status, organizational dimensions. Third model is diversity iceberg in this the author adds one more dimension in diversity wheel which is tertiary dimensions like beliefs, assumptions, perceptions, attitude, values, group norms. And the last model is kaleidoscope perspective of the individual in this the author has described various attributes like age, region, gender, qualification, caste, family status.

Milliken and Martins (1996), opined that diversity appears to be a double-edged sword, increasing the opportunity for creativity as well as the likelihood that group members will be dissatisfied and fail to identify with the group. McGath, et al. (1995) conceptualized workplace diversity by developing a five cluster classification. This often cited categorization is as follows: demographic characteristics such as age, ethnicity, gender, sexual orientation, physical status, religion and education; task-related knowledge, skills and capacities; values, views and attitudes; personal, cognitive and attitudinal styles; Status in the organization such as one’s hierarchical position, professional domain, departmental affiliation and seniority. Saha and Mukherjee Patra (2008) focused over the requirements due to globalized market and benefits of workforce diversity further they said that if the organization is not employing the diversified workforce then that organization is not competitive enough and the sales managers can make their diversified workforce effective and competent by providing them training.

Jha (2009) suggested that the most important asset of any organization is diversified workforce because the diversified workforce is good at problem solving as they provide different and creative ideas and gives competitive advantage to the organization. Further the author focused over making the workforce happier by proper understanding of the expectations and needs of each individual. Magoshi and Chang (2008) found that diversity management is an important issue in current scenario due to increasing globalization. In order to make these diversified employees as competitive resources the organizations have to manage them effectively. Further the authors have concluded by saying that if the organizations will focus over managing the diversified employees then the employees will become more committed. Greenberg (2004) defined the workforce diversity as a variety of differences between people in an organization. The diversified workforce in an organization affects interactions among the employees because diversity not only involves how people perceive themselves but how they perceive others. The author further said that the organizations employing diversified workforce faces lot of challenges like communication problem, resistance to change among employees, implementation of diversity in the workplace policy, successful management of diversity in the workplace etc but the organizations also enjoys certain benefits like larger pool of ideas and experiences, variety of solutions to problem in service, sourcing and allocation of resources.
Joplin and Daus (1997), emphasized that various companies are focusing over capitalizing the skills of a diverse workforce but they have to face many challenges like diverse opinion, lack of empathy, differences in perception, lack of participation. Further the author has concluded that these challenges can be faced by effective leadership style instead of implementing traditional methods. Sanchez-Burks and Mor Barak (2004) discussed one's perceptions, values, and behavior in such situations reflect deep-seated beliefs about the nature of interpersonal work relationships. He further emphasized that to understand and manage these differences requires understanding the nature of cultural diversity and how it influences relational and communication styles. Chanda (2006), investigated that workforce diversity is a hot and burning issue in every organization of current scenario. Every human resource manager has to take care in managing this diversity and finally he concluded that there is a lack of awareness towards diversity management approach, the manager don't have sufficient knowledge and competency to manage diversified workforce.

Mallikarjunan (2007) found that each and every individual is different, everybody is having their own perception, attitude and thoughts and to manage such type of different individuals require a specific skill because of the complexities involved in this process. Chebolu (2007) emphasized that the culturally diversified workforce is really competent but to manage such a talent is not an easy task it requires such a leader that have an organizational vision and an attitude that are line in culture. Saha (2007) investigated that due to the increased globalization the world is shrinking day by day. Hence the organizations have to recruit cross cultural employees but it is very difficult for the employees to adapt and adjust with a new environment and culture. At this point of time a manager can play a very important role like a leader by providing the employees with training, interactive sessions so that they come to know about the rituals, dressings, mannerisms, food habits of different people.

Hall and Parker, (1993) found that good workforce diversity practices in the area of human resources are believed to enhance employee and organizational performance. Diversity brings the value of different employee perspectives and varied types of contribution especially when organizational members increasingly reflect the diverse custom base of the organization. This provides a way in which organizations can understand, and therefore meet, their customer needs. Following the sameline of argument, Allen and Montgomery (2001) found that for an organization to succeed, its strategies must consist of managing change, establishment of appropriate diversity management policies and procedures and target diversity related competencies.

Hayles and Mendez (1997) explained a strong correlation between good diversity practices and profits as diversity allows increased creativity, a wider range of perspectives, better problem definition, more alternatives and better solutions. Managing workforce diversity refers to a comprehensive managerial process for developing an environment that works for all employees. Fernandez (1993) argued that good workforce diversity practices in the area of human resources are believed to enhance employee and organizational performance. This is because managing diversity involves leveraging and using the cultural differences in people's skills, ideas and creativity to contribute to a common goal, and doing it in a way that gives the organization a competitive edge.

**OBJECTIVES**

1. To find out the impact of age on productivity.
2. To find out the impact of employee work experience on productivity.
3. To determine the impact of professional qualification on productivity.
4. To find out the impact of interpersonal relationship among the employees on productivity.
5. To determine the impact of workforce diversity on productivity of organization.

**HYPOTHESES**

H₀: There is no significant relationship between age of employees and productivity of an organization.
H₀₁: There is no association between qualification and productivity of employees

H₀₂: There is no significant relationship between experience of employees and productivity of the organization.

H₀₃: There is no significant relationship between interpersonal relationship among the employees and productivity of an organization.

H₀₄: There is no association between workforce diversity and productivity of the organization.

RESEARCH METHODOLOGY

The researcher did this research among the banking sectors in Agra, whether the differences like age, qualification, employees’ work experience and interpersonal relationship among the employees were affecting the productivity of the organization. The researcher wanted to investigate the advantages and disadvantages faced by the organization and problems faced by employees due to these differences.

The another main motive of this research is to suggest counseling & mentoring techniques that can help removing the problems like absenteeism, employee turnover due to diversified workforce from organizations.

Managing diversity in the workplace should be the concern of every organization. In order to survive, a company needs to be able to manage and utilize its diverse workplace effectively. Failure to manage diversity in terms of race, gender, level of education, profession, ethnic affiliation, religious affiliation often leads to differences in promotions, pay, training, turnover, mutual acceptance, job satisfaction and other forms of inequality (Tilly, 1998). Due to the rapid expansion of the bank nationally and even internationally, there has been an increase in the diversity of the employees and managers within the bank. These employees and managers have varied worldviews, perceptions, culture and these can only be successfully tapped to the advantage of the bank, if there is an effective workforce diversity management strategy in place. Various researchers studying diversity in the workplace have consistently found that organizations that emphasize collectivism in the work environment see more benefits of workplace diversity than organizations that emphasize individualism (Dwyer, et al., 2003).

Jayne and Dipboye (2004) in their research also found out that some diversity management strategies such as emphasis on teamwork fosters better relationships within a department and can promote identity within the department or organization that moves beyond surface level differences. This study aims at filling up knowledge gaps identified in previous studies by establishing the effects of workforce diversity management on employee performance in the banking industry in Agra.

The findings of the study are of great significance in offering guidelines to address the current challenges in Human Resource Management and Development and ultimately enhance employee performance in organizations. The research is helping managers by expanding the literature in the management of workforce diversity to improve employee performance for competitive advantage of their various organizations. It also enables practicing Human Resource Managers in the Bank to remain relevant amidst the contemporary challenges by putting in place programmes for managing workforce diversity and employing strategies for management of workforce diversity in their organizations to get better employee performance. To the researchers, it poses a challenge to be proactive in the search for solutions to the contemporary HRM challenges and also enrich the limited body of knowledge on workforce diversity. This study also provides benefit to the Bank by improving the benefits from unity in diversity, be it in terms of knowledge, cultural, gender, racial among others. This includes improvement of employee performance and consequently, the overall performance of the organization. The research shall benefit the employees in terms of improved interpersonal relationships, mutual understanding, and mutual acceptance of each other regardless of the various differences.

The study covered the bank’s branches in Agra specifically, whose zonal offices lie in Agra and not other branches or other commercial Banks. The study tackled areas of workforce diversity, effects of diversity on employee performance and how workforce diversity can be managed so as to maximize the positive outcomes and minimize the negative outcomes. The
respondents were the managers and employees of the Bank.

Multi stage stratified random sampling technique was used for selecting the respondents in the present study. Agra region was selected purposely in the first stage as it is convenient to the researcher. Agra region consist of 8 regional offices, all the offices were included in the present study in the second stage. All the regional office consist of 10-20 branches in Agra city, out of these branches five branches of each bank were selected randomly in the third stage and each selected branch will consist of 12-15 employees. Out of these employees of the selected branch of each bank, 50 percent were selected randomly in the 4th stage. Thus, about 250 employees was the unit of information in the presentation. (See Annexure I, Selection of sample)

The Sample: Research is qualitative in nature rather than rigorously quantitative in nature. Research was Exploratory in nature focused on exploring human behavior, whether the factors like age, experience, professional qualification and interpersonal relationship among the employees are going to affect the productivity of the organization. The region of Agra, U.P. was selected for the study. The researcher has selected 8 public sector banks whose zonal offices are located in Agra and the branches govern by their zonal offices. The list is as follows:-

1. Canara Bank
2. Punjab National Bank
3. Allahabad Bank
4. State Bank of India
5. Bank of India
6. Syndicate Bank
7. Central Bank
8. Union Bank

The sampling method used in the study is Stratified Random Sampling.

Tools for Data Collection: Primary Data Source was collected through Questionnaire and Interviews. The researcher has prepared questionnaire for employees. 250 employees of 8 banks of state of UP were selected fro purpose of study. Secondary Data Source included HR journals, Magazines, Books, Past Database provided by the institutions and Internet.

Techniques were Projective techniques, Depth interviews, Group interviews; Mass observation, Attitude Scales and further appropriate effective tools.

The impact of age on productivity

H01: There is no significant relationship between age of employees and productivity of an organization.

The Coefficients table gives us the values for the regression line. Basically in the (Constant) row the column B provides us with our intercept - this is where X = 0. In the Age standard marks row the B column provides the gradient of the regression line which is the regression coefficient (B). This means that for every one standard mark increase in age score the model predicts an increase of 2.923 standard marks in productivity score. Notice how there is also a standardized version of this second B-value which is labelled as Beta (ß). Now we can say productivity is 2.923 times dependent on age and add to the value ie constant 54.199. Therefore we can say if age is increasing than productivity is also increased.

Univariate Analysis of Variance (ANOVA)

If F sig. value in the ANOVA Table is less than .05, we reject our null hypothesis (at 95 percent confidence level) that the category of age has significant impact on productivity. From the output table for the one way ANOVA, we see that the probability value of F is .000. Therefore, we reject our null hypothesis and we can say that the different age group employees have different efficiency of productivity.

The impact of professional qualification on productivity

H02: There is no association between qualification and productivity of employees.

In this case the Chi square calculated value 138.99 is greater than the tabulated value of chi square, so we reject our null hypothesis at 5% level of significance (95 percent confidence interval). The Chi square test revealed the significant association between the qualification
of employees and their productivity. From the chi square test output table we see that a significant level of .000. (Person’s) has been achieved. This means the chi square test is showing a significant association between the above two variables. Thus we conducted that, The Qualification of the Bank Employees and Their Performance are associated significantly with each other.

The contingency coefficient gives us the measures of strength of the output. If the values close to 0, there is no strong correlation between the two variables. However, if the value ranges between 0.5 and 1, there exists a strong correlation. From the above table, we can therefore conclude that there exists a strong correlation between the independent variable (Qualification) and the dependent variable (productivity) because the contingency coefficient between the variables is 0.598.

**The impact of employee work experience on productivity**

H$_{03}$: There is no significant relationship between experience of employees and productivity of the organization.

The Coefficients table gives us the values for the regression line. Basically in the (Constant) row the column B provides us with our intercept - this is where X = 0. In the Age standard marks row the B column provides the gradient of the regression line which is the regression coefficient (B). This means that for every one standard mark increase in work experience score the model predicts an increase of 2.591 standard marks in productivity score. Notice how there is also a standardized version of this second B-value which is labelled as Beta ($\beta$). Now we can say productivity is 2.591 times dependent on work experience and add to the value ie constant 55.442. Therefore we can conclude that if work experience increases than productivity also increases.

**Univariate Analysis of Variance (ANOVA)**

From the output table for the one way ANOVA, we see that the probability value of F is 0.000. Therefore, we reject our null hypothesis and concluded that there is a significant difference among the variance of experience group and factors of productivity. So we can say the productivity of fresher employee and experienced employees are different.

**The impact of interpersonal relationship among the employees on productivity**

H$_{04}$: There is no association between interpersonal relationship and productivity.

Which is the regression coefficient (B). This means that for every one standard mark increase in interpersonal relationship score the model predicts an increase of 1.401 standard marks in productivity score. Notice how there is also a standardized version of this second B-value which is labelled as Beta ($\beta$). Now we can say productivity is 1.401 times dependent on interpersonal relationship and add to the value ie constant 17.586. So we can say if interpersonal relationship among the employees are cordial than productivity also improves.

**The impact of workforce diversity on productivity of organization**

H$_{05}$: There is no association between workforce diversity and productivity of the organization.

Which is the regression coefficient (B). This means that for every one standard mark increase in Workforce Diversity score the model predicts an increase of 2.571 standard marks in productivity score. Notice how there is also a standardized version of this second B-value which is labelled as Beta ($\beta$). Now we can say productivity is 2.571 times dependent on Workforce Diversity and add to the value ie constant 9.914. Thus we can say that if diversified workforce increases than productivity also increases.

**Univariate Analysis of Variance (ANOVA)**

From the output table for the one way ANOVA, we see that the probability value of F is 0.000. Therefore, we reject our null hypothesis and concluded that there is significant difference among the variance of diversified workforce and factors of productivity. We can say there is impact of work force diversity on productivity.
CONCLUSION

The findings were summarized in order of the research questions of the study finally followed by the hypotheses. The study focused on only four diversity dimensions- age, experience, professional qualification and interpersonal relationship among the employees which may have limited the robustness of this research. As companies are becoming more and more diverse it’s becoming more and more crucial for companies to understand and manage it.

The results show that the age of the bank employees and their performance are associated significantly with each other. If we talk about the banking sector of Agra, the productivity of employees is increasing slightly with the increase in age which is a bit different result from usual studies but if we go into the depth, the employees whose age is above 50 are considered as experienced and are very much effective in client handling. But if we talk about the bank’s work which is related with physical activeness, youngsters are much more contributing towards the bank’s productivity. The qualification of the bank employees and their performance are associated significantly with each other. From the frequency distribution we can see that majority of the bank employees are post graduate which clearly indicates that nowadays banks are hiring qualified persons for the sake of organization’s productivity.

There exists a strong correlation between the independent variable (Work experience) and the dependent variable (productivity). Thus we concluded that, the working experience of the bank employees and their performance are associated significantly with each other. The experienced employees very well know how to work effectively and efficiently, how to handle the clients, work pressure and peer pressure and that is why are much more productive.

Another variable is interpersonal relationship. Effective workplace relations are critical to productivity and ultimately job performance. We have relationships with our coworkers, supervisors, managers or employees. Regardless of the position, successful relationships at work will make us more effective. We are all responsible for different parts of the process, but we all need our business to succeed. Frustration often occurs in job. Conflicts with coworkers, supervisors, managers and employees add stress to lives of employee’s every day. Relationship at work place contributes directly to our job satisfaction. It is important to focus on the interpersonal process at work to be as effective as possible. Although many variables affect our workplace, we are accountable to create a productive environment employers spend a large portion of our lives at our places of work. If put forth the effort to use our interpersonal skills, effective communication, prevent conflict and resolve conflict, we will be more productive at work. We will also reduce the amount of stress created in the workplace resulting in greater job satisfaction. We will always have stress at work. Not everyone will commit to building successful relationships at work. Some employees will try to create conflict. One thing is certain. If you make the effort it will bring value to your relationships at work. So there is a significant difference between interpersonal relationship and productivity.

There is a strong correlation between the independent variable (Workforce diversity) and the dependent variable (productivity). Thus, we can conclude that, Bank employees Workforce diversity and Their Performance are associated significantly with each other. This shows that the organizations are channelizing the various positive aspects of employees which are due to hiring diversified workforce. Various researches also say that due to the increased globalization the world is shrinking day by day. Hence the organizations have to recruit cross cultural employees but it is very difficult for the employees to adapt and adjust with a new environment and culture. At this point of time a manager can play a very important role like a leader by providing the employees with training, interactive sessions so that they come to know about the rituals, dressings, mannerisms, food habits of different people. Recent studies have also shown a strong correlation between good diversity practices and profits.

It is really a big matter of concern for all HR professionals as one side we say that we should include new trends in HR policies and on the other hand, the latest trend like workforce
diversity is treated as a problem. However, this problem can be solved by adopting various policies like encouraging the use of common language in the organization among the employees, by conducting various motivational and mentorship programs, by keeping the channels of communication open among the employees and employers, by encouraging employee participation. Further one should accept the fact it is not the matter of culture in fact it is the matter of quality. Therefore, quality has to be maintained and not thrown out.

As per the research, sourcing people from a diverse background is an essential part of a successful employment strategy. Workers who vary in age, gender, ability, sexual orientation, socioeconomic background or culture, ethnicity and language make a positive contribution to an organization’s workforce; they are an asset to company culture and bottom line. And a diverse workforce brings innovation and creative solutions to an organization “outside the box” An effective corporate diversity program is a powerful way to gain competitive advantage and stand apart from your competitors.

After considering all the findings in the research it becomes a compulsion for the researchers to suggest, the ways to handle the shortcomings found during the survey.

1. The very first variable is age. Research shows that the organizations must hire employees of different age because if younger generation works with full enthusiasm and activeness then the senior employees are also contributing towards effective client handling.

2. As far as the qualification is concerned, organizations must hire the qualified employees so that they can help in increasing productivity.

3. Next variable is experience of employees, research shows that the experienced employees positively contribute towards the productivity of organization. Because they better understand the organization and can very well handle the work and peer pressure.

4. Organization is a network of people and generally an employee spends his/her maximum duration at workplace. At workplace we have to interact with human beings who are in the form of superiors, coworkers or juniors. And it is a fact that each and every individual is different from one another in terms of perception, attitude, thoughts, likes and dislikes. Therefore, frustration or conflicts may occur and that is why interpersonal relationship among employees plays an important role in the smooth functioning of organization. Research shows that if the employees are satisfied at their workplace and are having cordial and harmonious relations with other employees, they can contribute positively towards the productivity of an organization.

5. If we talk about the diversified workforce, results show that employing diversified workforce in an organization helps in increasing the productivity because nowadays organizations treat their employees as assets as they bring skills, knowledge, abilities, vision along with them. People have a lot of viewpoints and having people from many backgrounds and places in life brings a lot of those viewpoints into the mix. Organizations’ will break down barriers, using the information and experience that a diverse hires bring. Organizations’ will be able to attract a new customer base. Various other advantages of having a diverse workforce are it helps motivating employees, it enhances the innovation and creativity of employees, it helps in reducing cost. It creates flexibility in the organization. Immediate access to problem solving, easy transfer of knowledge, better marketing structure. Innovative work environment, immediate outcomes. Fulfillment of social responsibility. It helps attract and retain employees.

The most successful companies have successfully integrated workforce diversity into their corporate vision. They provide mentorship, networking and career development opportunities. They create, update and execute
regular inclusiveness training. They establish in-house diversity councils and committees, and assign leadership roles. They target for hire those diverse groups in which their research shows they are lacking. And they adapt their interviewing and hiring criteria as necessary to ensure opportunities are available to everyone.

References
diversity perspectives on work group processes and outcomes. Administrative
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Selection of the Sample

Annexure1: Information regarding Sample

<table>
<thead>
<tr>
<th>Regional office</th>
<th>Selected regional offices</th>
<th>Branches in Agra</th>
<th>Selected Branches</th>
<th>No. of employees</th>
<th>Selected employees 50%</th>
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<td>Canara Bank</td>
<td>1</td>
<td>24</td>
<td>05</td>
<td>70</td>
<td>35</td>
</tr>
<tr>
<td>Punjab national bank</td>
<td>1</td>
<td>27</td>
<td>05</td>
<td>70</td>
<td>35</td>
</tr>
<tr>
<td>Bank of India</td>
<td>1</td>
<td>14</td>
<td>05</td>
<td>50</td>
<td>25</td>
</tr>
<tr>
<td>Allahabad Bank</td>
<td>1</td>
<td>11</td>
<td>05</td>
<td>60</td>
<td>30</td>
</tr>
<tr>
<td>Syndicate Bank</td>
<td>1</td>
<td>09</td>
<td>05</td>
<td>50</td>
<td>25</td>
</tr>
<tr>
<td>Central bank of India</td>
<td>1</td>
<td>24</td>
<td>05</td>
<td>70</td>
<td>35</td>
</tr>
<tr>
<td>Union bank of India</td>
<td>1</td>
<td>14</td>
<td>05</td>
<td>60</td>
<td>30</td>
</tr>
<tr>
<td>State bank of India</td>
<td>1</td>
<td>55</td>
<td>05</td>
<td>70</td>
<td>35</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>251</td>
<td>40</td>
<td>500</td>
<td>250</td>
</tr>
</tbody>
</table>

Table 1: Coefficients (a)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>54.199</td>
<td>1.247</td>
<td></td>
<td>43.459</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td>2.923</td>
<td>.477</td>
<td>.362</td>
</tr>
</tbody>
</table>

a Dependent Variable: productivity

Present the regression equation is:
Productivity = 54.199 + 2.923 (Age)

Table 2: Tests of Between-Subjects Effects

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>3418.558</td>
<td>3</td>
<td>1139.519</td>
<td>13.585</td>
<td>.000</td>
</tr>
<tr>
<td>Within Groups</td>
<td>2063.958</td>
<td>246</td>
<td>83.878</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>24052.516</td>
<td>249</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 3: Chi-Square Tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>138.993(a)</td>
<td>72</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>128.611</td>
<td>72</td>
<td>.000</td>
</tr>
<tr>
<td>Linear-by-Linear</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Association</td>
<td>1.439</td>
<td>1</td>
<td>.230</td>
</tr>
<tr>
<td>McNemar-Bowker Test</td>
<td></td>
<td></td>
<td>(b)</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>250</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a 94 cells (84.7%) have expected count less than 5. The minimum expected count is .02.

b Computed only for a PxP table, where P must be greater than 1.

Table 4: Symmetric Measures

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Asymp. Std. Error(a)</th>
<th>Approx. T(b)</th>
<th>Approx. Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by Nominal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingency Coefficient</td>
<td>.598</td>
<td></td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td>Interval by Interval</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson’s R</td>
<td>-.076</td>
<td>.057</td>
<td>-1.201</td>
<td>.231(c)</td>
</tr>
<tr>
<td>Ordinal by Ordinal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spearman Correlation</td>
<td>-.116</td>
<td>.057</td>
<td>-1.842</td>
<td>.067(c)</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>250</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a Not assuming the null hypothesis.
b Using the asymptotic standard error assuming the null hypothesis.
c Based on normal approximation.

Table 5: Coefficients (a)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>B</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>55.442</td>
<td>1.175</td>
<td></td>
<td>47.191</td>
</tr>
<tr>
<td>Duration of service</td>
<td>2.591</td>
<td>.478</td>
<td>.326</td>
<td>5.424</td>
</tr>
</tbody>
</table>

a Dependent Variable: productivity

Present the regression equation is:

Productivity = 55.442 + 2.591 (Work Experience)
Table 6: Tests of Between-Subjects Effects

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>2705.929</td>
<td>3</td>
<td>901.976</td>
<td>10.394</td>
<td>.000</td>
</tr>
<tr>
<td>Within Groups</td>
<td>21346.587</td>
<td>246</td>
<td>86.775</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>24052.516</td>
<td>249</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 7: Coefficients (a)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>17.586</td>
<td>4.211</td>
<td>.135</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.401</td>
<td>.135</td>
<td>.550</td>
<td></td>
</tr>
<tr>
<td>interpersonal</td>
<td>4.176</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>diversity</td>
<td>9.914</td>
<td>4.665</td>
<td>.573</td>
<td>.035</td>
</tr>
<tr>
<td></td>
<td>2.571</td>
<td>.234</td>
<td></td>
<td>.000</td>
</tr>
</tbody>
</table>

a Dependent Variable: productivity

Present the regression equation is:
Productivity = 17.586 + 1.401 (Interpersonal relationship)

Table 8: Coefficients (a)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>9.914</td>
<td>4.665</td>
<td>.573</td>
<td>.035</td>
</tr>
<tr>
<td>diversity</td>
<td>2.571</td>
<td>.234</td>
<td></td>
<td>.000</td>
</tr>
</tbody>
</table>

a Dependent Variable: productivity

Present the regression equation is:
Productivity = 9.914 + 2.571 (Workforce Diversity)

Table 9: Tests of Between-Subjects Effects

Dependent Variable: productivity

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>14521.918</td>
<td>4</td>
<td>3630.479</td>
<td>93.328</td>
<td>.000</td>
</tr>
<tr>
<td>Within Groups</td>
<td>9530.598</td>
<td>245</td>
<td>38.900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>24052.516</td>
<td>249</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CHALLENGES IN THE DEVELOPMENT OF IMAGE OF RETAIL STORES IN INDIA

Hemantha Y.* and Arun B.K.**

As the retail stores are spawning across the nation portraying the merchandise offering in National brands has become common phenomenon. As retailers introduced Private label brands there is a possibility that the perceived image of stores by the customers have changed altogether. In this context, the retailer has to develop the favorable response from the customer and society as a whole. Image of Retail store has been an important variable in store patronage and it is widely accepted that psychological factors have a significant role in formation of store image. Moreover; it is a way of differentiation in the retail business. In this scenario, the retailers have to design the store which affects their image positively to the customers and society as a whole. The paper intends to know more about the image of Retail Store and the significant factors affecting it.

Keywords: Image, Retail store, Fashion Merchandise, Visual Merchandising

INTRODUCTION

The image in general is the way in which people think about an organization. In this study organization refers to Retail store. In Retail context, image of retail store is dynamic in nature as it varies from one situation to another. Retail business practices have put forth their strategies to create a favorable image to the society and the customers. The image can have positive or negative effect in the minds of the customer. The perception towards the stores is changing and major retailers are trying to design the store which appeals to customers. Eventually, the store patronage can be increased. Major retailers in India are putting in their strategy for creating favorable image in the minds of customers.

According to scholar, the image of store is the psychological aspects perceived in the consumer’s mind. Retailers should consistently work to build their image of store in society by providing the right merchandise or product. Basically; the image of store should carry a positive message to intended customers and to the society as a whole.

REVIEW OF LITERATURE

Bloemer and de Ruter (1998) in the article entitled on the relationship between store image, store satisfaction and store loyalty’ has defined that store image is the complex set of consumer’s perceptions of a store with an array of attributes. As we know that few scholar’s definitions in literatures can be in line with others as specified by Houston and Nevin (1981). Martenson (2007) in the article has mentioned that image is an impression which is created by the retailers to attract the customers to say something about the store. This is quite challenging task for the retail chain. Impressions can differ from one person to another. Image of retail store is a valuable both tangible and intangible in nature which helps retail store to attain loyalty towards the store.

Keaveney and Hunt (1992) in the article entitled conceptualization and operationalization of retail

* Research Scholar, Bharathiar University, Coimbatore
** Professor, Jain University, Bangalore.
store image: a case of rival middle-level theories’ have defined retail store image as the overall impression of a store perceived by customer (Porter and Claycomb(1997)). To be more specific, the definition of store image can be interpreted as individual’s cognitive and emotions that are inferred from perceptions that are connected to particular retail stores. It has to appeal to customer or individual in general.

Lindquist (1974) in the article defines store image in nine dimensions which includes merchandise, service, clientele, physical facilities, convenience, promotion, store ambience, institutional factors, and post-transaction satisfaction, while Doyle and Fenwick (1974) have given five dimensions for defining store image such as product, dimension, assortment, styling, and location.

Martineau (1958) in the article entitled has described that the customers feel associated with the retail store. This concept was developed for the first time and it describes about the customer buying behavior as a whole. In the same line, Porter and Claycomb(1997) has specified that above all, the overall impressions of the retail store can have drastic impact on the shopping behaviors.

Porter and Claycomb (1997) in the study retail store image have indicated that the retail store have favourable image when merchandise mix is composed of a relatively more number of brands that possess high brand awareness and one or more brands with a strong brand awareness.

The study was done to know about the image of Retail Stores giving emphasis on apparel category. To understand this, researcher is keen in knowing various aspects of image of retail stores and private label brands.

**OBJECTIVES**

1. To study the concept of Image of Retail Store and elicit the various factors which constitute dimensions of Image of Retail Store

**RESEARCH METHODOLOGY**

**The Study:** After reviewing the literatures on Image of retail stores in India it was observed that empirical evidences on Image of Retail organization are limited. Looking into this aspect the methodology adapted in this study was secondary Meta analysis of existing literatures and Interview with experts.

**The Sample:** The data was collected from 30 respondents where in 10 members were contacted directly.

**Tools for Data Analysis:** Qualitative research was adopted and the schedule was sent to 30 respondents wherein 10 members were contacted directly and interviewed regarding Image of Retail Stores whereas for rest of the members;

**Tools for Data Collection:** Interview schedule was mailed to know the response. In the process, researcher considered due concerns about the factors given by the respondents.

**RESULTS AND DISCUSSION**

Interview schedule was prepared to probe more into the various aspects of Image of retail stores. After having interviewed people in Bangalore region various factors arrived at were: After interviewing and meta analysis of existing literatures on image of Retail Stores it was found that there is a gap in implementing image of stores in Indian context. To know the various factors for this gap in the study researcher has arrived at factors considering the perception of customers about the stores. This study tried to relate the existing literatures by meta analysis of collecting more information about image of retail stores in Indian context. It is found that there are various factors which affect the image of stores in major retail chain which is given below

1. **Overall design of the store:** Most of the Respondents said that the design of store will affect the image of store. Whereas respondents who are regular visitors to the store mentioned that overall design affect the image of Retail Store.

2. **Store layouts:** Respondents who are regular visitors and few respondents said that the layouts would help customers to track the merchandise easily. In this regard, researcher himself opines that the layout should be in tandem with the
image of retail stores. In this context, one of the challenges for the retailers is to create favorable impressions of the store which is reflected in the layouts which is vital factor in developing image of store.

3. **Store design**: Most of the respondents have mentioned in schedule that there is a difference in the image of retail stores which has National brands and Private label brands. In this context, the retail store can enhance its image by introducing own brands.

4. **Visual Merchandising**: This is vital factor about the image of retail stores. The respondents have mentioned that visual merchandise which is displayed at the entrance of the retail store will have an impact on image wherein it attracts the customer to walk into the store. Besides, it gives them idea about the merchandise offering.

5. **Merchandise Mix**: This is another factor which affect the image as there are private label brands in the store. Respondents who are regular visitors would look into the merchandise line for repeat purchases.

**CONCLUSION**

The study gives the rudimentary aspects of the image of retail stores across the nation which houses national and private label brands in chain of retail which is more organized retailing. As there is an intense competition in retail industry in the current scenario, retailers should look into the significant factors such as Store layout, design and visual merchandise elements which constitute the internal factors of the store. At the same time they have to keep in mind in creating favorable impressions towards people and society as a whole.
Table 1: Results of the Interview Schedule

**Respondent 1 & 2**: Regular customer to Top 5 major retailer (Chain of Store) who visits store such as Shopper’s Stop, Lifestyle, Westside, Big Bazaar, Pantaloons.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Description</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>What do you understand about the Image of Retail Stores?</td>
<td>• It is overall design of the store.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• It is related to Internal store design such as layouts, visual merchandising</td>
</tr>
<tr>
<td>2</td>
<td>How do you perceive Image of Retail Stores</td>
<td>It is outlook of an independent retail store or Chain of Stores</td>
</tr>
<tr>
<td>3</td>
<td>According to you, how Image of retail stores helps business to grow</td>
<td>Yes. Perhaps, Repeat purchases are possible</td>
</tr>
<tr>
<td>4</td>
<td>What according to you are vital factors on Image of Retail Stores</td>
<td>• Visual Merchandising</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• store layouts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• colors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• styles of product, size to name a few.</td>
</tr>
<tr>
<td>5</td>
<td>What are other factors which affects Image of Retail Stores</td>
<td>Social responsibility of retailers will add value to the store and green concept</td>
</tr>
<tr>
<td>6</td>
<td>What Image do you perceive about private label brands</td>
<td>Products available only in a specific retail stores or chain of stores</td>
</tr>
<tr>
<td>7</td>
<td>Do you think that the Image of Retail Stores differs between National brands and Private label brands</td>
<td>Definitely yes. National brands have a huge shelf space and portrayed in a larger scale as compared to Private label brands. Whereas private label brands are in a smaller scale but, in chain of major retailers they have gone on larger scale</td>
</tr>
<tr>
<td>8</td>
<td>According to you, Please list any significant aspect of Image of Retail Store which affects Private label brands</td>
<td>• Name of retailer offering merchandise/product</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Store design consists of shelf space, Visual merchandising, assortments etc.,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Brand recognition by customers</td>
</tr>
</tbody>
</table>
Table 2: Results of the Interview Schedule

**Respondent 3,4,5,6** (Not a Regular Customer to the stores)

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>What do you understand about the Image of Retail Stores?</td>
<td>Overall Design</td>
</tr>
<tr>
<td>2</td>
<td>How do you perceive Image of Retail Stores</td>
<td>It is an outlook</td>
</tr>
<tr>
<td>3</td>
<td>According to you, how Image of retail stores helps business to grow</td>
<td>It is a continuous process</td>
</tr>
<tr>
<td>4</td>
<td>What according to you are vital factors on Image of Retail Stores</td>
<td>• Sufficient Space</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Merchandise offered</td>
</tr>
<tr>
<td>5</td>
<td>What are other factors which affects Image of Retail Stores</td>
<td>• No of People</td>
</tr>
<tr>
<td>6</td>
<td>What Image do you perceive about private label brands</td>
<td>It is a competitor product to National brand</td>
</tr>
<tr>
<td>7</td>
<td>Do you think that the Image of Retail Stores differs between National brands and Private label brands</td>
<td>Yes.</td>
</tr>
<tr>
<td>8</td>
<td>According to you, Please list any significant aspect of Image of Retail Store which affect Private label brands</td>
<td>Overall Store design is the most important factor and what society has an outlook on it.</td>
</tr>
</tbody>
</table>
DAVID VS GOLIATH STORY: RISE OF PATANJALI AYURVED LTD*

In the age of disruptive innovation where traditional companies are challenged by new age solution focussed start-ups. It all started with the design thinking mind set introduced formally by Steve Jobs through success of Apple’s iconic products like iphone, ipod etc. SONY the company which invented Walkman and set-up backward and forward integration business in the form of Music Company and Cassette Company would have never imagined that the entire business would be reduced to extinction by invention of Semiconductor Memory Drives which later took form of MP3 Players and an Iconic product like Ipod was born in 2004 which changed everything. This is still normal in technology space as they traditionally have short span of life and new technology would replace the old one. However, this is something unheard of in a Fast Moving Consumer Goods segment. This segment is considered the least risky as the sector is insulated from adverse economic cycles, as the assumption is people would not stop brushing teeth or washing clothes if there is a recession. In stock market language it called defensive sector stock as when everything goes down these companies are least affected as they cater to necessity or need and not luxury. There is little or no innovation in this market over last few decades which is why companies like Colgate have dominated the oral healthcare segment, HUL and P&G have dominated the homecare segment, Nestle has dominated the instant food segment for decades put together. These companies have had a long learning curve and have learnt it the hard way whether it is distribution or understanding diversity in Indian landscape. This is all set to change with advent of Patanjali Ayurved Ltd.

OVERVIEW OF INDIAN FMCG MARKET:

Fast Moving Consumer Goods (FMCG), includes the products that are sold quickly and generally consumed at a regular basis such as soap, cosmetics, toothpaste, shaving products and detergents. It may also include pharmaceuticals, consumer electronics, packaged food products, soft drinks, tissue paper, and chocolate bars. FMCG industry, which offers something for everyone, is no longer as urban-centric as it used to be. While metropolitan and tier-I cities have been driving the consumption over the last decade or so, their share in FMCG spending now stands at around 40 percent, which indicates that the smaller towns (population of 1 million and below) have become large markets to focus on. It is the tier-II, tier-III and tier-IV cities that are expected to drive the sector growth over the next decade. The FMCG industry is currently the fourth largest sector in the Indian economy which has grown at an annual rate of about 11 percent over the last decade. Food products, the leading market segment (43 percent of the overall revenues), along with personal care (at 22 percent), account for almost two-thirds of the industry’s revenue.

DISRUPTIVE INNOVATION BY PATANJALI:

Patanjali remains perhaps the only company in the FMCG space that didn’t rely on advertising for its scalability during its nascent years. Word of mouth publicity and powerful endorsements by Baba Ramdev via his yoga camps helped build scale. Moreover, an exclusive store network proved a winning strategy. There are nearly 10,000 consumer touch points as “Chikitsalayas” (Dispensaries) and “Aarogyakendras” (Health centres). These are operated by third party vendors as exclusive Patanjali stores. In October 2015, Patanjali partnered with the Future Group, to offer the whole range of products through Big Bazaar outlets across the country. Having already built up scale via non conventional distribution, it now has the funds to make a big push towards traditional distribution. Distributors are more than willing to stock PAL products looking at their attraction with consumers.

As the Patanjali brand continues to make headway into the consumer market, large multinationals that previously sat pretty on handsome margins, have been forced to stand up and take notice. Market leader Colgate is...
already sensing a shift in tectonics in the oral healthcare segment. Due to several category overlaps, Dabur is also likely to face the music. According to a report by IIFL Institutional Equities, Patanjali is likely to touch a net turnover of Rs. 200bn by FY20, resulting in ~1-1.5 percent impact on sales CAGR for the sector. The highest market shares of Patanjali are likely in categories such as Ayurvedic Medicine (35 percent), Honey (35 percent), Ghee (33 percent), and Chyawanprash (30 percent).

Patanjali’s objective is to make products available to the consumer at the most reasonable price, and therefore most of its products come at a substantial discount to existing alternatives. The price differential itself may be enough for some consumers to make the shift and for those in the low income class to become loyal customers of the given product category. For example, Chyawanprash, one of Dabur’s flagship product is nearly 25 percent more expensive than that of Patanjali’s. Similarly, Honey is priced at 43 percent lower than Dabur. The company is now aiming to uproot Maggi from its ‘numerouno’ status in the snacks segment, with Patanjali’s Atta noodles being offered at 36 percent discount to the Maggi’s atta version. The story of how Patanjali got into noodle making is fascinating, to say the least. The company was never serious on this front, not even when the Maggi controversy was dominating the headlines.

Figure 1: Revenue of Patanjali Ayurved Ltd.

Figure 2: EBITDA Margin of Patanjali Ayurved Ltd.
Patanjali maintains high profit margins on several of its products, thanks to the phenomenally low overheads compared to the competition. Neither does Patanjali hire management professionals with fat pay checks, nor did it spend much on distribution until recently, operating solely through exclusive shops. No wonder, the company has managed to maintain lower prices despite the pressure of inflationary trends on its popular products.

**IMPACT OF THIS ON THE FMCG SECTOR:**
The traditionally stable FMCG Sector is currently facing a huge challenge from multiple fronts. Whether it the usual last mile problem or government regulation (especially GST) or the monsoon which drives not only the rural consumption but also the raw material prices. Amidst all this there is a threat of e-retailers who are trying to eat into the distributors margin atleast in the urban market. As if this was not enough the big retail companies like Future Group’s Big Bazaar are busy promoting private labels of their own like Cleanmate.

![Figure 3: Factsheet of Patanjali Ayurved Ltd.](image)

Source: Economic Times Article

The real disruption in the market occurred with unorganised regional player like Rohit Surficants which overthrew HUL’s popular detergent brand Wheel with its own Ghari Detergent with its volume. This was restricted to detergent market and it was a repeat of Nirma story in 80’s. While they managed to deal with it by creating product differentiation and value edition; this worked to a great extent but failed when the local player expanded to other geography. While the MNC’s were busy making strategies for growth the challenger in the form of Baba Ramdev’s Patanjali entered the market. Nobody took him seriously due to the hubris of FMCG Company Boards.

The humble beginning started picking up momentum when the Baba from Himalaya started rolling out product after product that too in various segments. The story of David Vs Goliath began gaining significance when Patanjali signed up with Kishor Biyani’s Big Bazaar for distribution of their product. The result is seen in Patanjali posting sales of Rs 3,267 crore in the ten months to January 2016, a 106 percent jump compared to Rs 1,587 crore a year ago. This has rattled many FMCG Company Board, and Management Consultants unlike the Calvin Kare’s Chic Shampoo or Nirma Detergent this Baba Ramdev’s is not restricted to a single product or market and is riding high on one factor which the entire FMCG industry is trying to grapple with i.e. the five letter word “TRUST” that Baba Ramdev’s Patanjali brings to the consumer mindset. According to Chief Strategist, Wolfzhowl Strategic Instigations, Mr K R Challapalli; “India is seeing a contrasting trend when it comes to packaged food. At the bottom of the pyramid, packaged goods represent safety and hygiene, whereas, at the middle and the top, there is an undercurrent of distrust.

Brand controversies, such as those around colas, chocolates and noodles, and the rise of lifestyle diseases, are augmenting these fears. Patanjali’s credibility was beamed into consumers’ hearts and minds via TV sets; Baba Ramdev garnered great equity for spiritual and physical well-being. One would assume the core TG for Patanjali comprises the less Westernised middle and lower middle classes, but the brand has loyalists across SECs, including LSMs (Living Standard Measurement) 11 and 12, that comprise the premium Dove/ L’Oreal and Gucci/Prada consumer who are buying the healthcare products. Mid-level LSMs 4 and 5 (Unilever’s bastion) include households that are adopting personal care and food and beverage products. From ghee to shampoo to chyawanprash, LSM 4/5/6 households might just become the new ‘Patanjali households’. Even Nestlé’s Maggi needs to expand to and below this LSM, which will
definitely be open to Patanjali noodles”. It would be an interesting phenomenon to see rise of Patanjali Ayurved Ltd as it seems to be the Black Swan Event for FMCG Sector.

References


FINANCIAL LITERACY: ONE STEP AHEAD OF FINANCIAL INCLUSION*

This case study is on the theme of financial inclusion, women empowerment and financial literacy. The case study is based on a real life experience of an illiterate woman of Gujarat State, living under Below Poverty Line (B.P.L.). The case highlights how initially a woman was persuaded to open a bank account to make her financially empowered under the scheme of financial inclusion. Later, due to lack of knowledge of basic financial concepts (basic financial literacy), how she has become a victim of financial inclusion, instead of benefitting from it. To summarize, the case drives home the point how making a woman financially literate is perhaps much more important than just persuading her to open a bank account and getting included in the formal financial system of India.

Keywords: Financial Literacy, Financial Inclusion, Financial Education

INTRODUCTION

Ms. Alpa (Alpa), was a certified trainer engaged in spreading the message of financial education/literacy. She had received the training certificate from a leading government authority with national acclaim that is engaged in the mission of spreading financial literacy among Indian masses. As a part of the certification, her task involved conducting financial education training programs and workshops for spreading the message of financial literacy which may help participants to improve their financial behavior. She was invited by Saraswati Self Help Group (which was operating for illiterate home makers of rural area of a district in the state of Gujarat, India) to conduct a series of financial education workshops, in which she was to explain and elaborate to a group of 50 home-makers the basics of personal finance, importance of financial planning, budgeting and basics of banking etc. Her objective was also to motivate them to take active part in household financial management.

In the program, Alpa, was surprised when Geeta, an illiterate rural woman participant, in her mid twenties, showed her a letter from a leading public sector bank. The letter mentioned non-payment of installment dues from Geeta. Geeta briefed that all the dues were being paid on time. Alpa was wondering what would have happened? Why could the bank forward a letter for non-payment of dues? She also started thinking on the state of affairs for financial inclusion in the country. Geeta and other similar to her were farm workers and were earning daily wages of Rs. 70 per day for 5 hours of work every day (8:00 a.m. to 1:00 p.m.).

THE FINANCIAL EDUCATION WORKSHOP

Once Alpa had received the invitation from Saraswati Self Help Group, She was wondering the level and sort of challenges she would face while addressing the audience. The biggest challenges to her were educating the uneducated on the topics of personal finance as these home makers had not even attended a regular school ever in their life. She was also prepared to go that extra mile in terms of preparing the content of the workshops series.

Noon time was selected to conduct the workshop sessions. It was perceived that the participants, who were usually women home makers, were a bit free from their daily household duties. Based on the schedule, on the first day of the workshop, the topic of budgeting was taught. The participants were exposed to the basics of budgeting. It included content on the

* This case was developed by Dr. Harsha Vijaykumar Jariwala, Assistant Professor V. M. Patel Institute of Management, Ganpat University, Ganpat Vidyanagar, Mehsana, Gujarat.
importance of a budget – household budget, preparation and implementation of budget etc. Proper care was taken to make it an interactive session to retain the participants’ interest. A small exercise on budgeting was also given to the participants.

On second day, the participants were taught details about banking transactions. The topics of types of bank accounts, depositing and withdrawing of money from a bank account, basic information about ATM etc. was provided. To ensure greater involvement from the participants, the technique of role play was adopted for gaining better understanding of performing various banking transactions.

Participants were encouraged to be vocal on their questions and doubts, if any. Usually participants shared their doubts and concerns in local language. Alpa attempted to answer the questions with a logical ease and with giving examples. Majority of the participants faced concerns in not being to understand documents and processes which the Indian banking system followed. A few were also disturbed on account of the behaviour of the banking officials.

In a question answer session, one of the home makers, Geeta requested her to look at one letter. Alpa found that it was a notice of “non-payment of installment for the last 9 months” issued by one of the public sector bank. In the notice, the monthly amount of installment was shown as Rs. 2,342 along with a penalty charge of Rs. 1500. Alpa was curious to know why Geeta had applied for a loan if she was not able to repay installment regularly, adding that a loan are ideally taken for some business or economic purpose.

THE LOAN AND THE PENDING INSTALLMENTS

Geeta told that she had paid all installments on time and presented the receipts of the same to her. Alpa went through the data on all receipts and found that the amount of installments written in the notice was paid by Geeta regularly as per the loan schedule. The receipts carried bank seal too. The bank account number was also correct. In fact, both of them checked a bank account number written by Geeta at the time of payment of monthly installment and verified the same with bank account number of Geeta. Alpa was wondering if all the installments were paid on time, then why had Geeta received the notice from the bank?

Alpa was eager to know what had happened? She had asked Geeta to explain in detail the sequence of events, beginning from the day on which she had applied for a loan.

THE LINE-UP OF EVENTS

Ms. Geeta stated as under: “Around fifteen months back, one bank officer approached our village and gathered some home-makers at a place. While addressing home-makers, he informed that one of the leading public sector financial institutions has decided to provide equity type of assistance to women entrepreneurs for setting up new industrial venture with the project cost upto Rs. 10 lac in small scale sector under “Financial Inclusion” and women empowerment under the name of “MahilaUdhyamNidhi Scheme”, under which term loan will be sanctioned as per usual norms under Refinance Scheme of the bank at the rate of 2%. This scheme aims to provide soft loan (Quasi equity) assistance to women entrepreneurs besides usual term loans for setting up industrial units in the small scale and tiny sector, as also for undertaking service activities eligible for assistance under the bank’s refinance scheme.

Alpa interrupted and asked what she knew about “financial inclusion”. Geeta replied, “Financial inclusion is the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society, in contrast to financial exclusion, where those services are not available or affordable. The availability of banking and payment services to the entire population, without discrimination, is the prime objective of financial inclusion public policy.”

Alpa added that “financial inclusion is the process through which accessibility, availability and affordability of the formal financial system is ensured to all members of an economy. Financial inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of society including
vulnerable groups such as weaker sections and low income groups at an affordable cost in a fair and transparent manner by mainstream institutional players. Financial inclusion refers to universal access to a wide range of financial services at a reasonable cost. These include not only banking products but also other financial services such as insurance and equity products. She explained three dimensions of financial inclusion, and are represented in Figure 1.

Figure 1: Dimensions of Financial Inclusion

ACCESS Availability of formal, regulated financial services:
- Physical, Proximity and Affordability

USAGE Actual usage of financial services and products:
- Regularity, Frequency and Duration of time used

QUALITY Products are well tailored to client needs
- Appropriateness, Segmentation to develop products for all income levels.

Geeta reiterated, “I thought that this loan could be fruitfully utilized to start “paper bag” business. Hence, I have applied for a loan of Rs. 80,000. My loan was approved after a month. The sanctioned amount of the loan was Rs. 75,000 at an interest rate of 1.5 per cent per annum for a period of 48 months approximately. The bank officer asked me to open a saving bank account with a bank branch so that the sanctioned amount could be deposited in a saving bank account and there should be a loan account also.....”

She has also added that “Accordingly, the sanctioned amount was credited in my newly opened saving bank account. Since the beginning, I found good number of orders for making paper bags. I found that after deducting all expenditures (including monthly installment amount), I could save a good amount of money per month”.

Accordingly, she has started to deposit the money in the bank instead of keeping the same idle at home. She also wanted to repay all her debt with a bank. She has started to repay installments regularly. Alpa asked her “How do you deposit installments?” She replied for the first three months bank manager regularly visited our village to collect the installment money on a predetermined date. Women (who have taken loan) were required to gather at one place to deposit the money with a bank manager. He used to collect our money and gave us a computerized slip as a receipt of the payment. While collecting the money we used to observe him that he was always filling up our detail in pay-in-slip. I always wonder he never had a mistake while filling up pay-in-slip of any woman depositor even though all the borrowers had different installment amount to pay.

“At the fourth month onwards, bank has discontinued its service of collecting installment money through such a visit (BC). For this purpose, I had to visit the bank branch personally. I used to carry pass-book, cheque book and pay-in-slip with me. There I have filled up the required details in pay-in-slip while depositing the installment amount, with the help of another bank customer who was unknown to me, who met me in the same queue, in which I was standing. I have passed on all the documents to him and told him “I come here to pay my monthly loan installment”. He filled up accordingly by referring documents. He also added that, “madam, here on the passbooks, the saving bank account of the account holder is printed, whenever you want to deposit the money in your account, you may refer this bank account number”.

Geeta in her own bewilderment told that “I did fill it approximately for nine months by referring the filled-up and bank sealed pay-in-slip of the first installment which was filled up by unknown bank customer to whom I met in a queue. Afterwards, one day, I asked my 19 year old son Kishore (studying in standard 11- Commerce Stream) to fill up the pay-in-slip for the next installment. For this purpose, I gave him a saving bank account passbook and a copy of blank pay-in-slip”. 
Geeta suggested that she was happy to find that Kishore filled up the required information in pay-in-slip without any mistake/error. Geeta then submitted the same pay-in-slip along with the loan installment amount to bank. From the same month onwards, she had given the task of filling up the pay-in-slip to Kishore. Kishore always used to copy the data from the last month bank stamped pay-in-slip to fill up the next month pay-in-slip for the payment of installment. She always found that Kishore had never made a mistake while filling up the bank details and other required data in the pay-in-slip.

Alpa told Ms. Geeta that it was a good practice to involve your son in banking transactions and that it may teach him something in financial management. Alpa also asked her whether she had a record of any financial transaction done with a bank branch in her saving bank pass-book. Geeta replied in the negative and added that she did not know how to do this.

It was difficult to understand for Alpa, to evaluate and understand where things could have gone wrong. As per the record of stamped pay-in-slip of the last nine months, all the details were filled up perfectly. She had an apprehension that probably the loan account number may have been different. First, she asked Geeta to approach the bank and ask the bank officer to update saving bank account passbook immediately and also asked her to bring all the loan documents while coming to the next class of financial education workshop series.

Geeta updated her saving bank account passbook on the same day. While coming to the next class of financial education workshop, she brought all the documents viz. 1. Updated bank statement; 2. Record of all the pay-in-slips those she had filled properly and 3. Loan account documents.

Alpa went through all documents. She found that even though the saving bank account number printed on saving bank account passbook and written by Kishore were the same; unfortunately, instead of the installment money is being deposited in the loan account, the same was deposited wrongly in savings bank account. This was because instead of writing the loan account number on pay-in-slip, the savings bank account number was mentioned.

Alpa showed this difference of bank account number to Geeta. Geeta told Alpa that “the bank customer who was standing in the queue had told her that whenever in future, if she wanted to deposit the money in a bank, she should refer a bank account printed on the pass-book issued to an account holder”. And she did accordingly.

Alpa, continued the session of financial education workshop, explained her along with other participants the difference between saving bank account and a loan account as well as the other parameters of both.

Alpa also wondered after having a look at loan document, as she found that there is fixed rate interest component charged by a bank. Service tax was 1%. When she asked Geeta where she knew by which method the interest being calculated on her loan amount. Geeta wondered with a question “how many methods are there for interest calculation?” When she Geeta told Alpa, “Since, the first day of my business, I saved regularly after deducting all my business expenditures, and paid all monthly installments on time. I wanted to repay whole loan as soon as possible, though I have to pay Rs. 1500 as a penalty charges, only because of instead of writing a loan account number, I have written saving bank account number in pay-in-slip used to deposit the money. But the reality is all my money is deposited with the same bank branch”.

She also added that the bank officer had never explained the difference between both of these accounts (loan account and saving bank account), as you (trainer) have explained. He never made me able to understand the terms given in the application form, in-fact he used to ask me to make a signature only at a certain places in the form wherever “cross sign” is made. He did not explained me the method of calculation of interest component and other important It should be his duty. Due to his mistake, I have been asked to pay penalty charges mentioned in the notice, by adding “This amount is a really a BIG one, for us who are financially illiterate and Live Below Poverty Line”. She had also told that before being included in the formal financial system, she wants to be financially literate first".
FINANCIAL INCLUSION

Government has initiated the concept of "Financial inclusion" with an objective of providing formal banking services to poor people in urban and rural areas, promoting habit of money-savings, insurance, pension-investment among poor-people, and helping them get loans at reasonable rates from normal banks. The objective was that they should not become victims in the hands of local moneylender cum thugs. Financial inclusion has emerged as a key to the economic empowerment of the poor, especially women. Facilitating access to microfinance through SHG-supported bank linkages is one of the most critical aspects of our Financial Inclusion program.

The various schemes of financial inclusion enable poor to build capital through their own savings within the SHGs and access credit, pledging their collateral with the bank. This process provides a safety net for the poor and an alternative to exploitative money-lending practices operating in rural areas.

THE ROLE OF BANKS

The banks play a crucial role providing the banking services to these un-served/under served. Under financial inclusion, instead of giving a credit to particular one or two woman/women, the credit is given to SHG (Self Help Group). SHG is a group of 10 to 20 women.

1. **Opening of Savings accounts**: The role of banks would commence with opening of accounts for all the Women SHGs, SHGs with members of Disability and the Federations of the SHGs. The ‘Know Your Customer’ (KYC) norms as specified from time to time by Reserve Bank of India are applicable for identification of the customers.

   The role of banks would commence with opening of accounts for all the Women SHGs. The Bank provides loans to SHGs for meeting entire credit requirements of the groups like income generation activities, social needs like housing, education, marriage and debt swapping.

2. **Lending Norms**: The Bank provides both Term Loans and Cash Credit limits to SHGs.

   **2.1 The eligibility criteria** for the SHGs to avail loans

   * SHG should be in active existence at least since the last 6 months as per the books of account of SHGs and not from the date of opening of S/B account.

   * SHG should be practicing ‘Panchasutras’ i.e. Regular meetings; Regular savings; Regular inter-loaning; Timely repayment; and Up-to-date books of accounts;

   * Qualified as per grading norms fixed by NABARD. As and when the Federations of the SHGs come to existence, the grading exercise can be done by the Federations to support the Banks.

   * The existing defunct SHGs are also eligible for credit if they are revived and continue to be active for a minimum period of 3 months.

   **2.2. Loan amount**: Emphasis is laid on the multiple doses of financial assistance, this would mean assisting an SHG over a period of time, through repeat doses of credit, to enable them to access higher amounts of credit for taking up sustainable livelihoods and improve on the quality of life. The amount of various doses of credit should be as follows:

   * First dose: 4-8 times to the proposed corpus during the year or Rs. 50,000 whichever is higher.

   * Second dose: 5-10 times of existing corpus and proposed saving during the next twelve months or Rs. 1,00,000 whichever is higher.

   * Third dose: Minimum of Rs. 2,00,000, based on the Micro credit plan prepared by the SHGs and appraised by the Federations/
Support agency and the previous credit history

* Fourth dose onwards: Loan amount can be between Rs. 5-10 lakhs for fourth dose and/or higher in subsequent doses. The loan amount will be based on the Micro Credit Plans of the SHGs and their members.

The loans may be used for meeting social needs, high cost debt swapping and taking up sustainable livelihoods by the individual members within the SHGs or to finance any viable common activity started by the SHGs.

2.3 Type of facility and repayment:

SHGs can avail either Term loan or a CCL loan or both based on the need. In case of need, additional loan can be sanctioned even though the previous loan is outstanding.

* Repayment schedule could be as follows:

* The first dose of loan will be repaid in 6-12 installments
* Second dose of loan will be repaid in 12-24 months.
* Third dose will be sanctioned based on the micro credit plans, the repayment has to be either monthly/quarterly/half yearly based on the cash flow and it has to be between 2 to 5 Years.
* Fourth dose onwards: repayment has to be either monthly/quarterly/half yearly based on the cash flow and it has to be between 3 to 6 Years

2.4 Margin requirement: The quantum of the loan depends on the saving corpus of the group. The first loan to group should not exceed four times the corpus. In case of repeat loans, higher need based loan can be sanctioned. However, maximum loan per SHG member should not exceed Rs.50,000/-. There is no margin requirement. The group corpus is treated as margin. Group corpus is an amount that is available in the saving bank account of a SHG.

GUIDELINES

Under the financial inclusion, the eligibility criteria for the SHGs to avail loans are:

1. SHG should be in active existence at least since the last 6 months as per the books of account of SHGs and not from the date of opening of S/B account. SHG should be practicing ‘Panchasutras’ i.e. regular meetings; regular savings; regular inter-loaning; timely repayment; and up-to-date books of accounts.

2. The first dose of loan will be repaid in 6-12 installments. Banks are also supposed to observe Post credit follow-up, which includes:

a. Loan pass books to be provided in regional languages may be issued to the SHGs which may contain all the details of the loans disbursed to them and the terms and conditions applicable to the loan sanctioned. The passbook should be updated with every transaction made by the SHGs.

b. At the time of documentation and disbursement of loan, it is advisable to clearly explain the terms and conditions as part of financial literacy, and

c. Bank branches may observe one fixed day in a fortnightly to enable the staff to go to the field and attend the meetings of the SHGs and Federations to observe the operations of the SHGs and keep a track of the regularity in the SHGs meetings and performance.
CONCLUSION

Because of several governmental initiatives in emerging markets, financial institutions are now required or willing to offer banking services to unbanked and underbanked people in rural areas. If it is not done correctly, it will neither offer entirely new revenue streams nor include the people economically. It can be argued that limited financial literacy serves as an important barrier to demand for services: if individuals are not familiar or comfortable with products, they will not demand them. In India, the need for financial literacy is even greater consideration due to low levels of literacy as well as financial literacy among the large section of the population, which still remains out of the formal financial set-up especially in the rural areas. Unless financial literacy goes hand in hand with financial inclusion, instead of helping the poor, they will be put into more trouble.

QUESTIONS

1. Comment on whether a bank officer has done his duty correctly or there was a miscommunication from Ms. Geeta?

2. What made Geeta seek help from an unknown person in the bank?

3. Considering yourself as a manager of the said bank branch, would you find yourself responsible and accountable for this whole issue? How would you like to resolve the said issue?

4. Comment whether Bank has understood and followed the right approach of financial inclusion?

5. Do you think without promoting financial literacy, the dream of 100 percent financial inclusion can be achieved? Write your view towards “financial literacy” and “financial inclusion?”

References

**LESSONS FROM PERFORMANCE APPRAISAL: CASE OF MDP PARTICIPANTS-INSTRUCTOR**

Two of the important components of a 360 performance appraisal mechanism in organizations are rating by self and rating by the followers. It is also conceded that followers are rated by the leader annually. And, the reverse also holds true with some modifications here and there. In the present case study, the feedback is ascertained after a period of 10 weeks. Since both the parties are involved in the very critical procedure of performance appraisal, what kind of evaluation dynamics evolves there? The case study seeks to look at the twin sides of the picture where the followers (in this case, the MDP participants) rate the leader (in this case, instructor) by giving their feedback on the latter's performance, given that the latter has graded the former based on their overall performance. Usually, it remains unclear if there are concomitant parallels in the two-party rating system. For instance, the minority of followers who rank an instructor as low performer may not coincide with their low performance on the course. Alternatively, the majority of followers who rank an instructor high may not coincide with their high performance on the course. Thus, there is a need for the involvement of more stakeholders as far as the appraisal process is concerned. Further, Alicia should have used the Kirkpatrick's framework of ascertaining training evaluation before hand to avoid the catastrophic results.

**Keywords:** Performance appraisal, MDP, Feedback, Rating, Evaluation, Grading, Performance analysis

**INTRODUCTION**

Sooner or later, the truth stands revealed. Nothing, but the truth! Alicia got to know that some of her MDP participants had given her adverse feedback in the 'Faculty Feedback Response Sheet'. Alicia was working as an Associate Professor in the Department of Management, Apple Business School, which is located somewhere in mid-west India. It was March and she was anticipating her annual performance evaluation anytime. One of the sub-components of evaluation was the feedback from the MDP participants. She had taught the MDP participants in a course on Consumer Behavior. The course lasted for ten weeks in all. Each of these MDP participants would be receiving a Certificate on Consumer Behavior by the Business School. The Certificate programme is a full-time programme wherein the participants are required to stay on the campus. Overall, the participants were highly satisfied with the comfortable stay as they were allowed to come with their families too. The MDP participants are funded by their organization and all costs pertaining to their travel and accommodation are covered by their organization only. She was aghast to learn that some of the participants had not given a good feedback on the course. However, they were the bright MDP participants who had excelled in their tutorials and tests. Her feedback forms were processed after the MDP for the course came to an end. Grades were already finalized and were to be released in about a week's time (See Exhibit 2).
**EXHIBIT 2: Participants, Groups, Marks, Grade**

Session: Consumer Behavior  
Course: MDP-Consumer Behavior  
Total sessions: 20  
Instructor: Prof. Alicia

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Alicia was happy with the performance of the MDP participants. But, why did the students underrate her pedagogy despite her putting the best foot forward all this while. As an instructor, she motivated the participants a lot and threw ample opportunities to excel in this course. She had been spending time after lectures for clarifying any doubts which might have remained unsorted in the classroom. She would bring in instances from their daily life as to how Consumer Behavior was impacting their lives. Further, she would make it a point to involve those participants in the class who preferred sitting quiet or were non-participative during classroom discussions. However, some of the participants never came prepared to class or were absconding during some of the important lectures. They would not participate in class discussions, remain unpunctual in their timings, and, underperformed in their tests. Despite that they were very much pleased with the course content and overall learning from the course. She was also aware that the ‘Best MDP Instructor Award’ was to be given away on the basis of the feedback received from the participants. Therefore, the feedback was very important. It was precisely on the basis of their feedback responses that the award was to be conferred. At the same time, there were some of the excellent performers who had rated the course on the lower side. Alicia was wondering how this anomaly emerged. In the first instance, she decided to talk to the Director about the issue and give alternative suggestions as far as instructor’s feedback was concerned.

ALICIA

Alicia completed her PhD from Indian Institute of Technology, Delhi, in 2007. She was a student of Applied Psychology and her areas of interest were Neuromarketing and Consumer Behavior. Being a bright student, she got funding for her doctorate throughout the period of thesis-writing. She joined Apple Business School in 2007 itself as an Assistant Professor in the Department of Marketing Sciences. She was teaching the BBA and MBA students in their second and third semesters respectively. Further, she had conducted a number of MDP (Management Development Programmes) for several clients like ONGC, Infosys, Tata Steel, etc. Since Apple Business School laid a lot of emphasis on research, it insisted on providing the wherewithal to its Professors for pursuing research-related work. Professors were absolved from all administrative duties apart from grading the students and the MDP participants. Alicia was very passionate about teaching and she had been graded very high all these years. In fact, she was awarded the ‘Best MDP Instructor Award’ thrice by the Director given the outstanding feedback by the MDP participants (See Exhibit 1).
If one peeps into her chamber, one would find the entire wall patched with greeting-cards from her undergraduate students. She was a favorite among her students all this while. And, on Teacher’s Day, invariably, her room would be filled with bouquets from students—this day was her busiest in the entire calendar year!

MDP-CONSUMER BEHAVIOR

Alicia had finished teaching the MBA students. Now, she undertook teaching the MDP participants for ten weeks. The participants profile comprised of the marketing professionals employed in the PARLE headquarters at Delhi. She was teaching them a course on Consumer Behavior. Alicia was assisted by a course assistant who was responsible for handling the administrative duties apart from attending the sessions and making note of the participants’ participation. The course assistant was also responsible for handling the mundane queries of the participants and collection of participants’ reports. Participants were free to approach the course assistant for any help. For any clarifications and doubts related to the course or the session content, Alicia invited unsolicited appointments. There were 46 participants in the course.

Classes were scheduled twice or thrice a week in the pre-noon or post-noon slots. Each session lasted for 3 hours. Overall, there were 20 sessions allotted for the course. There were 4 sessions where external guests from reputed organizations were invited to deliver lectures. In two of the sessions, Vice-Presidents of two organizations were invited. And, in the other two, Presidents from reputed marketing research firms were invited for giving the talks. Unless there was a guest presentation, the session plan for the lecture was more or less uniform (See Exhibit 5).
Participants were expected to read the essential and recommended readings prescribed in their reading material. Reading material was prepared by Prof. Alicia herself where the cases and relevant research papers were included. Reading material was distributed to the participants prior to the commencement of the course. It was delivered free of cost.

**COURSE EVALUATION**

Evaluation of the course followed a rigorous course. Alicia wanted all the participants to actively involve themselves in the class discussions. Each of the participants was required to make a report on a theme of his/her choice; the theme should be picked up from the course itself. Presentations of the report were to be made in class such that 3 participants were able to summarize the key results of their report. Apart from individual presentations, group presentations were also held every alternate session. For the group presentations, participants had been divided into eight groups (See Exhibit 2).

Since the MDP batch had participants cutting across region, caste and class lines, groups were so made such that diversity was ensured in them without any parochial inclinations. The third component of the evaluation was that of class participation. Alicia ensured that instead of a monologue, the session ensured a dialogue between the teacher and the taught. Active discussions were encouraged among the participants. Alicia's course assistant would keep a note of the participants' participation, as mentioned earlier. Two assessment tests were scheduled during the entire span of the course covering the important concepts of the course. Tests were conducted after the session was over and were administered by the administrative department of the school. Further, one comprehensive examination was conducted towards the close of the semester which was of 40 marks. Overall, the course was evaluated on 100 marks, and, grading was done by Alicia herself. Grades were demarcated as A, B, C and D (See Exhibit 3).

Alicia had structured the grading with wide scope for participants to fit in the top three grades. None of the students landed in the D grade. However, overall assessment remained hinged on the total marks obtained in the course out of 100.

**FEEDBACK FORM EVALUATION**

All 46 participants participated in the feedback evaluation for their Professor. Apple School of Director followed this procedure of evaluation of all the Professors in all the MDP courses. Though not the final word, these feedback forms constituted one of the several other dimensions on which a Professor's annual appraisal was based. However, for being awarded the ‘Best MDP Instructor Award’ on every Foundation Day of the school, the feedback forms were the sole parameter on which the award was given.

The feedback forms were distributed to the participants after their last session for the course was over. Questions pertained to the overall learning from the course, pedagogy adopted by the instructor, and, rating of the Professor. Since Alicia had taught the MDP course on consumer behavior, participants were required to indicate their assessment of the course on a Likert-scale where the degree of appreciation and satisfaction with the course was judged. Also, utility of the course vis-à-vis the cases, individual and group presentations was estimated. Participants were required to write their name on the feedback forms. This was done in keeping with the school's point of view that a particular participant's needs may vary across a specific course; therefore, the participant may need additional attention for the subsequent courses. And, feedback forms were assessed and shared with the specific Professor to understand his/her strengths and weaknesses vis-à-vis the course and pedagogy (Exhibit 4).
## EXHIBIT 4: FEEDBACK RESULTS

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<th>Parameter</th>
<th>Assessment by the student</th>
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<tr>
<td></td>
<td>5= Most satisfied</td>
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<tr>
<td>Did the course help in understanding marketing strategy &amp; market development?</td>
<td>1</td>
</tr>
<tr>
<td>Did the course help in understanding business strategies based on customer and market insights?</td>
<td>1</td>
</tr>
<tr>
<td>Did the course help in understanding how to sense customers?</td>
<td>0</td>
</tr>
<tr>
<td><strong>Overall assessment of the course</strong></td>
<td>2</td>
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<tr>
<td>Were the case discussions helpful in understanding the subject?</td>
<td>1</td>
</tr>
<tr>
<td>Were you satisfied with the in-class group presentation-cum-discussion?</td>
<td>3</td>
</tr>
<tr>
<td>Were you satisfied with the sessions organized under a Guest faculty (Presentation-cum-discussion)?</td>
<td>0</td>
</tr>
<tr>
<td>Rate the utility of the project work vis-à-vis the development of your understanding of the course?</td>
<td>0</td>
</tr>
<tr>
<td>Rate the project presentations vis-à-vis your overall learning from the course.</td>
<td>0</td>
</tr>
<tr>
<td><strong>Overall assessment of the</strong></td>
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</table>
Why did some of the excellent performers rate the course in low terms?

While Alicia was waiting outside the Director’s office to call on him, a fellow colleague passed by and initiated conversation immediately looking at Alicia. Undoubtedly, Alicia was worried about the feedback given to her by the participants. She had always stretched more than what was required to teach and inspire the MDP participants. Hitherto, she had always been rated very high by the participants. However, this time she was taken aback. While most of the participants had judged the course on the higher side, some of the participants had underrated the course and this resulted in 3’s, 4’s and 5’s on the feedback assessment forms. Surprisingly, some of these participants were those who had excelled in the tests and examinations and were regular in classes. She was wondering how to confront the Director who had always been full of praises for her efforts and witnessed her receiving the ‘Best MDP Instructor Award’ thrice. This was the first time when a section of the MDP participants had underrated the course. While she was contemplating over the entire issue, her colleague expressed with joy that she would be receiving, for the first time, the ‘Best MDP Instructor Award’ this year. Alicia was wondering why did some of the best performers underrate the course whereas the underperformers rated her in favorable terms.

Alicia was building up the rationale for the feedback forms. She reasoned that feedback forms should not carry the participants’ names. Anonymity should be ensured when the participants are filling in these forms. All sessions should be video-recorded to ensure that class participation is recorded and gauged. Feedback forms should not become the sole criterion for awarding the ‘Best MDP Instructor Award’. Hitherto, any teacher scoring a 1 or 2 or 3 on the Likert scale automatically became ineligible for receiving the award. This, she thought, was needed to be done away with completely. Further, feedback forms need to be redesigned such that reasons should be given for rating a course high or low for every parameter. Also, more stakeholders should be involved in rating the course. Alicia wondered that since the same course on Consumer

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<td>Are you satisfied with your own learning from the course?</td>
<td>20</td>
<td>15</td>
<td>11</td>
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<td>Did your group members contribute to adding your understanding of the course?</td>
<td>0</td>
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<td>7</td>
<td>16</td>
<td>23</td>
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<td>Did class participation improve upon your understanding of the course?</td>
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<td>16</td>
<td>20</td>
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<td>Are you satisfied with Prof. Alicia’s teaching as far as your understanding about the course is concerned?</td>
<td>0</td>
<td>1</td>
<td>10</td>
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<td>22</td>
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<tr>
<td>Rate the overall usefulness of the course.</td>
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<td>6</td>
<td>13</td>
<td>22</td>
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<tr>
<td>Rate the overall design of the course.</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>5</td>
<td>37</td>
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<tr>
<td>Rate the usefulness of the reading material prescribed by Prof. Alicia.</td>
<td>0</td>
<td>2</td>
<td>5</td>
<td>7</td>
<td>32</td>
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Behavior was also taught in undergraduate classes, therefore, the students’ feedback from these undergraduate classes should also be included while rating a course. Alicia was also wondering if the feedback form be redesigned such that reverse-worded questions may be included apart from the straight-forward questions to truly ascertain the responses’ veracity and guileless assessment. Instead of a Likert scale, descriptive-type questions should be included. There should be a separate section on the participants’ self-assessment of the course and their strengths and weak-points in the topics covered in the course. This would clearly show the grey areas where they find themselves wanting and the brighter spots where they are able to comprehend easily. Alicia decided to take up the matter with the Director and get it sorted out.
MITRA’S: A LONG WAY TO GO*

Mitra's Restaurant was established on a prime and central location of Indore in September 2013 with the purpose of catering to the vegetarian population of Indore. It had a staff of 34 with a sitting capacity of 72 with 14 tables along with a banquet hall of capacity 75 - 100 persons and a lounge. The Entrepreneur, Santosh Kehri was an innovative, prudent and sensible person. He introduced a unique mobile application for Mitra’s to go through the actual menu, attain rewards points on their every visit, check offers available, events placing order and booking table through mobile. However, the sales from restaurant, banquet hall and lounge were satisfactory and were growing day by day, it was facing the problem of low customer retention rate. As a result of which BEP had not yet been achieved.

INTRODUCTION

Santosh Kehari had dreamt of a restaurant while walking out of the mall after watching a cinema in the multiplex. To materialize his innovative and creative ideas Santosh launched his own restaurant with a partnership with Nilesh Jain. They initially started the restaurant in the month of September 2013 without taking any project loan from the bank and within a span of another two months they launched the banquet hall. With the hint of acquiring the lounge on the roof top by some other party, they were indirectly forced to undertake the project of lounge also. This decision was taken in a situation where there was a risk of capturing top floor by a competitor in the same building which had a possibility to affect the business generated by the restaurant. However, the sales from restaurant, banquet hall and lounge were satisfactory and were growing day by day, Santosh and Nilesh were pondering on the issue of liquidity crunch. They were also trying to improve customer retention rate which was currently very low to 20 percent.

RESTAURANT INDUSTRY SCENARIO

Restaurant industry in India is one of the leading sectors contributing towards the development of its economy. Current size of restaurant Industry is 2.47 lackhs crores. It was estimated that the industry would grow to 4.08 lackhs crores by 2018. The changing lifestyles with nuclear family systems and a rising trend of urbanisation boost up opportunities in this sector. Indians at the same time also were very fond of tastes and love to have new varieties in their menu. In search of all these varieties they visit different places just to have flavour of that cuisine. Moreover, India is also very famous for its spices therefore, demand for Indian food is also not less. In India even a small festival or an occasion is celebrated with full enthusiasm which promotes opportunities in this business. Many international giants were entering into the Indian Restaurant market and in addition to this many organised chains like quick service restaurant, full service and food courts were giving very tough competition to this industry.

Indore located at the heart of Madhya Pradesh, is a tier two city witnessing industrial as well as real estate development and an education hub attracting working and student population from across the country. It has immense opportunities in restaurant industry as people love to enjoy varieties in food. According to Indian census 2011 Indore city has a population of 1960631. Indore Restaurant Industry housing IIM and IIT with more than 50 well reputed CBSE and ICSE Board schools along with migrating youth population. Addition to this city has been the centre of trade and commerce therefore there is a wide scope for operating this business.

THE ENTREPRENEUR WITH INNOVATION

Santosh, a budding entrepreneur, belonged to a

* This case was developed by Dr. Shubhangi Jore, Ms. Mahak Goreja, Mr. Umang Mehta, and Ms. Krishna Gosar of Prestige Institute of Management and Research, Indore during Thirty First Case Writing Workshop organized by Prestige Institute of Management and Research, Indore on July 03-05, 2014.
generous business family. He had constantly learnt the business skills throughout his brought up in the family. Along with the perusal of his master’s degree in management, he established his readymade garment retail venture with the name “Slurry” on Race Course Road near A B Road, Indore, Madhya Pradesh, India in 2008. With his consistent efforts and risk bearing abilities, he could sustain in the existing business with respectable profit margins and simultaneously and strategically entered into real estate business with a real estate giant “DLF” in 2009. Apart from such abilities, he was interested in food and its preparations and looking to the current scenario of the city, grabbed the opportunity and planned to enter the market. He experienced that there was a shift of eateries from “Chhappan”, 56 shops of eatables, beverages, snacks and ice-cream located in Palasia, A. B. Road and Sarafa Bazar, M. G. Road, Near Rajwada, Indore, a junction for street food and dessert, to Shopping Malls.

With a strong family backup and financial background and good market knowledge, he identified a good property for his Banquet and Restaurant in August, 2013. He was an innovative, prudent and sensible person who knew where he has to spend his money and efforts. He hit the right nail on the head while taking all the decisions whether it was about recruitment, tapping customers, retaining employees, selecting media for marketing as well as identifying the location. He had long term vision for his organization where he had marked various stepping stones to reach his ultimate goal of establishing a Franchisee Business.

Looking at the current market scenario and upcoming trends, Santosh had also introduced, for the first time in Indore, a unique mobile application. This application was easily downloadable on any android cell phone where customers could go through the actual menu, attain rewards points on their every visit, check offers available, events and can easily place their order online and can book table on a single click. Further, heintroduced disposable table mats with various games printed on them to engage the customers while order handling time. He was also planning to place i-pad on each table for the customers to go through the menu and place their order directly which would save significant time for them.

MITRA’S RESTAURENT AND LOUNGE

In the year 2013 Santosh Kehri and Nilesh Jain started their own restaurant with the support of their family and friends in a rented premise of a basement plus four story building with an initial investment of 12 million without any formal project loan from the bank. As Indore was Santosh’s home town he knew that people here were foodies and would give preference to taste. The restaurant was a pure veg full service restaurant, located in a prime location behind two big malls near Vijay Nagar Square, Indore, M.P., Indore was started on 20th September 2013 with the purpose of catering to the vegetarian population of Indore. They named the restaurant as “Mitra’s” to make it catchy for both Indians and foreigners also and the lounge named ‘PU4’ which was formally released on 13th February 2014. The basement was used as a store while the restaurant was based on the ground floor, the banquet hall on the first floor and the lounge on the roof top. The kitchen was operated from the ground floor where all the vegetarian preparations were made and were served to restaurant, banquet as well as to the lounge. This way the kitchen was utilised in a multiple way and cost was effectively saved as chefs and service staff were efficiently used. The operating cost of this A/C restaurant included rent 2.1 lacks, salary to employees 2.5 to 3.5 lacks, electricity 50 to 70 thousand with a total expense of eight to nine lakhs per month. To reach a break even the organization needed at least nine to ten lakhs sales per month which they were struggling to achieve. Mitra’s targeted to reach the break even till the end of the first year of the launch of the project but was lacking behind.

The two young entrepreneurs took the decision to use their capital efficiently to purchase kitchen equipments at just Rs. 1.2 crores which their competitors were able to do it for Rs. 3 to 4.5 crore. Entire interior was kept very basic and attractive with a luxurious taste and the entire furniture was procured at a very nominal rate after an intense market survey. The glow sign board was designed with esthetic colour combination and attractive neon lights. They
hired their very important assets that are chefs from different parts of India like Lucknow, Mumbai and from the region of Himachal Pradesh. The head chef earlier worked in one of the leading hotel in Mumbai. Santosh had developed a very good rapport with their chefs and had made available a fully furnished home for them. He made all his efforts to keep a good relationship with them at a personal level. Once in a three month Santosh used to cook food himself for the employees.

On the other hand the restaurant enjoyed a neighbouring advantage of having surrounded by education and health sector and offices. Mitra's had locational advantage of being close to the Vijay Nagar Square, a few well recognized educational institutes and commercial offices. Mitra's had a staff of 34 with a head chef, operation manager, accounts manager, store manager, 13 chefs, 11 service staff and six housekeeping staff. The restaurant had a seating capacity of 72 with 14 tables along with one banquet hall of capacity of 75-100 persons where small parties like kitty parties, birthday parties and family get together with buffet arrangement could be organized. The menu of Mitra's included a combination of traditional Indian food as well as international cuisine and it comprised of almost all the varieties. The restaurant also offered ala-cart buffets outdoor catering services, parcels and take aways, corporate lunch packs at economical and competitive rates. Lounge on the roof top was gaining attention for the young ones as well for the families to throw parties where along with food they were able to enjoy disco and DJ.

Mitra's Restaurant was facing tough competition directly from the full service restaurants like Chawla's, Downing Street, Apna Sweets, Mud-Oven, Noor's Kitchen, Sheesha Sky Lounge, The Blue Restaurant and Lounge, Delhi Grill to name a few. Apart from this they were also facing indirect competition from many global players in the Quick Service Restaurants segment such as Dominos, Mc Donald's, Pizza Hut and KFC. Further, the QSR's in India have their presence in different formats such as dine-in, food courts in malls and drive-ins in highways which has provided the customers an easy access to these restaurants thus, giving tough competition to Mitra's. The Restaurant was slowly gaining good customer base but looking at the competitive environment Santosh had started promotional activities through discounts, specials, just dial, zomato, facebook etc. Santosh had also some future plans to increase the capacity of the restaurant, to make the company a private limited company and to open a franchise of the restaurant in Bhopal.

QUESTIONS

1. Perform a SWOT analysis of Mitra's Restaurant.
2. Discuss and comment on the innovative strategies adopted by Santosh.

References

OSWAL 420 PAPAD: ASPIRING GLOBAL, ACTING LOCAL*

Amit Oswal, one of the directors of Oswal 420 Papad was leaning towards his chair in his office thinking about the prospects of expansion of his company. He was constantly looking at the board where company’s mission of achieving 100 crores sales turnover in the next three years was mentioned. Presently, the company’s turnover was only 60 crores with major operations in Madhya Pradesh and Chhatisgarh, the two major states in the heart of India. The company was founded by Oswal’s grandfather Shri Shyamlal Oswal in 1962 with 150 rupees as a starting finance, 5 kgs moong dal and a strong desire to sell good quality papad. The unusual sounding name ‘420’ was given by its pioneers, inspired by the legendary actor Raj Kapoor’s movie ‘Shri 420’. The entire operation right from preparing dough, making papads and selling it to the consumers was handled by the members of family. Eventually this small family venture grew into a big name.

THE PRODUCT

Oswals had started this venture with moong and chana dal papads with major supplies in the local market. Quality was the main focus with an objective of providing home-made papads to the customers of Indore. The business started growing very soon as people of Indore liked the taste of Papads. The Oswal family, incapable of meeting the demand now, thought of taking help of ladies of nearby localities simultaneously providing them employment opportunities. These ladies took dough from Oswals to their homes, rolled the papads, died them and gave it back to the Oswals, which were then packed and sold in the city. These women were compensated with Rs. 25 per kg of papads they made. The company soon spread their wings in other states like Gujarat, Maharashtra, Uttar Pradesh, Delhi NCR, and Haryana. Over a period of time, they started exporting these papads to UK, Australia, Dubai and New Zealand although the export base was very small. They extended their line by introducing new varieties like Urad Papad, Punjabi Masala Papad and Papad katrans. They also introduced instant mixes of Gulab Jamun, Dosa, Moong Bhajiyas, idli and Khaman mixes but their main focus remained with the Papad market. To meet the rising demands, they also launched machine-made papads with Crispy and Light Brand name. Although, these machine-made Papads were not very much welcomed by the consumers.

THE PRICE

Price was the main issue with Oswals. The hand-made Papads were priced at Rs. 200 per Kg. and Machine-made were made available at a price of Rs. 150 per kg. As they were not ready to compromise with the quality their prices were quite higher than their competitors. Their major competitors were selling at Rs. 60 per kg. This huge difference in cost led to squeezing of market share of Oswal 420.

THE PLACE

Oswal 420 Papads were following conventional distribution channel. It reaches to consumers through a wide network of distributors and retailers across the country. The distributors were given six to nine percent commission while retailers were encouraged to stock the product by offering a huge margin of nearly 30 percent. The marketing and manufacturing operations were centralized and mostly looked after by Oswal family members from Indore office only. The sales team consisted of meagerly 10 sales representatives who were responsible for selling the products across the nation. The company had no agent in international markets and the entire export activities were also managed from local office.

THE PROMOTION

Not only was the company’s production and operation style was traditional, but their promotion and branding needs too were customary. As a need based activity, the company

* This case was developed by Dr. Pragya Keshari, Ms. Swati Sabarwal and Mr. Arnav Chowdhury of Prestige Institute of Management and Research, and Ms. Neha Sharma (IndusInd Bank, Indore) during thirty first case workshop organised by Prestige Institute of Management and Research, Indore on July 03-05, 2014.
gradually shifted from being an unbranded product to a branded one by selling their products in name encrusted polythene bags. Incepted in the year 1962, Oswal Papad took more than 25 years to finally agree on the need to brand their product.

In an age when all companies in FMGC sectors were vying to create their own unique brand image and increase their recall by employing different promotional strategies, allocate hefty advertising budgets and adopt innovative publicity tools, the Oswal 420 company had still decided to hold on to their principle of ‘let the quality of the product do the talking’. It was only in late 2000’s, that the company felt the pressure not only from its national competitors and the fear of losing out due lack of brand awareness in its home ground i.e. Madhya Pradesh and Chhattisgarh that the company finally decided to advertise in newspapers. With ad-hoc advertising schedules and no concrete advertising objectives, the company was still struggling to find the balance. Having already expanded the product to the northern part of the country, Oswal 420 papad was facing stiff competition from other national and local players in their newly entered markets. The company continued to proceed with hunch-based promotional strategy.

The company mainly relied on word-of-mouth publicity by retailers and existing customers for promotion of their products. Their advertisements mostly appeared in the all India edition of the local newspapers. TV and other modern methods of advertising were totally neglected. Sales promotional schemes were also introduced in the market time-to-time but failed to show results due to inconsistency in the promotional strategies.

CHALLENGES AHEAD

Ruled by its guiding principles of maintaining the quality of ingredients and their founding president’s deep desire to continue to provide employment to family stationed in the nearby localities, the new generation was in a constant fix. With an eye on the global market and the need to increase their papad production, the company installed high productive machinery. The company was willing to multiply its turnover, but not keen on leaving their primitive approaches.

QUESTIONS

Q.1 Comment on marketing-mix strategies of the company. How these strategies can be modified to achieve the goals of the company?

Q.2 What steps should the company take to increase its sales in the foreign markets?
INTRODUCTION

Shuddh Sagar was a pure veg full service restaurant, located in Indore city (MP), on Agra Bombay National Highway, near Vijaynagar, Indore, one of the prime locations of the city was started on 24th September 2007 by Mr. Jeevan Suthan for the purpose of catering to the vegetarian population of Indore. Initially the daily sales amounted to Rs. 20,000 to 25,000 on an average and were doing well. Gradually it had seen a decline in sale because of which the person running it had to lease it to the other person named Raghav Tripathi at an amount of 2 lakhs and a rental amount of 1.25 lakhs per month on 19th June 2013. Raghav was a young budding entrepreneur but does not have any previous experience in the field of Restaurant Industry. After acquiring the restaurant he did not make any effort to improve nor did he tried to make any innovation in the design and ambience of the restaurant. Shuddh Sagar was even lacking in providing any personal space for sitting for the customers while waiting for their turn. The restaurant was also poor at the illumination and ventilation part in comparison to their nearby competitors in line which had excellent ambience with snazzy wallpapers and fancy lights.

The restaurant enjoyed a neighbouring advantage of having surrounded by education and health sector and offices. Shuddh sagar had locational advantage of being close to the renowned Bombay hospital, a few well recognized schools and educational institutes and commercial offices. Shuddh Sagar had a staff of 43 persons with a seating capacity of 94 persons. It had two halls each having a capacity of 35-40 persons where small parties like kitty parties, birthday parties with buffet arrangement can be organized. The menu of Shuddh Sagar was still the old one which was offered at the time of inception in 2007 which comprised of a variety of food, starting with beverages to mocktails, sandwiches to other snacks, starters, soups, salads to Indian main course and Indian ‘Thali’ options, all at affordable prices. Daily sale of Shuddh Sagar on weekdays was as Rs. 25000 and on Sundays it even reached up to Rs. 60000. On weekends the capacity felt short of space because of which there were waiting queues of Customers outside. Due to less space on weekends, they followed a strategy of not providing feedback forms to the customers which was otherwise done in daily course of time. Also the restaurant had arrangement of starters and light snacks like Pani Puri and chat for people in waiting queues. The restaurant also offered outdoor catering services, parcels and take aways. The restaurant had a tie up with nearby offices for making available the corporate lunch packs. However, Shuddh Sagar was not providing the facility of payment other than the cash as it did not had credit card acceptability.

Moreover, the peak months were observed after Diwali and usually it earned a considerable amount through outdoor catering. The problem of parking also was a major drawback because of which they were not able to host bigger parties. There were some commercial developments like opening of HDFC, IDBI bank and ATMs in the same building which made the visibility of Shuddh Sagar very meek. Shuddh Sagar provided food packets to various well known companies like Airtel, Nerolac and Nippo Batteries as well as they had corporate tie-ups with Shakti Pumps and Gati Logistics.

Restaurant had a Thali system but it was provided during the week days and noon hours. The corporate lunch packs were quite economical as they were able to do so at Rs. 110 per pack. Apart from this they were also providing buffets at the rate of Rs. 200 on demand and were able to host kitty parties at the rate of Rs. 165 per member. These rates were competitive with the market. The operating cost of this A/C restaurant included salary to employees (Rs. 2, 75000 per month) electricity (40000 per month), coal

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* This case was developed by Dr. Shubhangi Jore, Dr. Rupal Chowdhary, Ms. Raksha Thakur and Dr. Seema Jhala of Prestige Institute of Management and Research, Indore, during Thirtieth Case Writing Workshop organized by Prestige Institute of Management and Research, Indore on November 28-30, 2013.
(25000 per month), gas (90000-100000 Rs per month), vehicle petrol (3000 per month), groceries (125000 per month), vegetable cost of Rs 80000-100000 per month.

**RESTAURANT INDUSTRY IN INDIA**

The restaurant industry in India, which was mainly driven by the young population aged 15 to 44 years, had witnessed a sound growth which has been fuelled by the advent of a large number of national as well as international chains in the organized market. The overall restaurant market has grown at a CAGR of 6.6 percent from FY'2008 to FY'2013. It had been estimated that the current size of the industry is 2.47 lakh crore. It was estimated that the industry would grow to Rs 4.08 lakh crore by 2018. The changing lifestyle with the increasing nuclear families and a rise in the urbanization in India over the past years had also supported the growth of the restaurant market in India. Additionally, the customer preference for the cuisine had seen a transition in India from consuming the traditional Indian food to trying out different cuisines such as the Chinese, Italian and Mexican. Due to the growing exposure to the international cultures and lifestyles, the Indian population has started developing their tastes and was reaching out to restaurants more often which offer different cuisines apart from Indian cuisine. This change in the taste preference of the people in India had motivated many international and Indian players to expand their reach in the Indian restaurant market.

The Indian organized restaurant chain market had witnessed an upward trend and had grown at a CAGR of 19.1 percent from FY’2008 to FY’2013. The organized chain market in India included a large number of players in the quick service restaurants (QSR), full service, and the food court segments. The market had significantly expanded primarily owing to the high demand among the large Indian population over the years. The QSR and the casual dining restaurants account for a major share of the revenues of the organized chain market in India. They together contributed a market share of 80.6 percent in FY’2013 to the organized restaurant chain market.

Indore was one of the major cities in India, the largest city and commercial centre of the state of Madhya Pradesh in central India also experienced the same kind of changes which were experienced at national level. According to the 2011 Indian census, Indore city has a population of 1,960,631 as males constitute 52 percent of the population and females 48 percent. It has seen diverse population of Marathis, Sindhis, South Indians, Punjabi, Marwaris, Rajasthanis along with the local population. Indore city was characterized by dense crowd and preference for shopping style, food and entertainment. As per 2011 census, the city of Indore had an average literacy rate of 87.38 percent, higher than the national average of 74 percent. Male literacy was 91.84 percent, and female literacy was 82.55 percent, 12.72 percent of the population was under 6 years of age. The average annual growth rate of population was around 2.85 percent as per the statistics of census 2001.

Indore city was housing both IIM and IIT and the City also boasts of having more than 50 well reputed CBSE and ISCE board schools. Thus, Indore had become a preferred education destination in the region with more than 20000 students migrating to Indore every year. The city had been the centre of trade & commerce of central India and was also the hub of industries manufacturing automobile and automobile components (in Pithampur & Dewas), IT & ITES companies, Services sector, pharmaceutical sector (in Pithampur, Sanwer industrial areas), Garments manufacturing, FMCG and Retail business in central India. BRTS was a public transport system which reduced economic divide between east and west parts of the Indore city.

**ISSUES INVOLVED**

Shuddh Sagar Restaurant was facing tough competition directly from the full service restaurants like Apna Sweets, Divine Cuisine, Golden gate, Foodland, Mud Oven, Wah ji Wah to name a few and apart from this they were also facing indirect competition from many global players in the Quick Service Restaurants segment such as CCD, Dominos, Mc Donald’s and KFC and some national restaurant chains.
like Udipi and Indian Coffee which were offering food at affordable price. Further, the QSR’s in India had their presence in different formats such as dine-in, food courts in malls and drive-ins on highways which had provided the customers an easy access to these restaurants thus giving tough competition to Shuddh Sagar. The Restaurant got a good customer base but looking at the competitive environment Raghav had started promotional activities through, just dial, Zomato, Face Book etc. and spent Rs.20,000 annually on marketing but somewhere he did not believe in promoting his restaurants through activities like discounts, specials offer, sponsoring an event or establishing a website where he could have promoted his restaurant.

Looking to the current scenario it was estimated that Indian restaurant market revenues would reach 4.04 lakh crores by 2018 and was expected to grow at a CAGR of 10.9 percent during FY’2013 to FY’2018. The revenues were estimated to be largely driven by the increase in the disposable incomes and changing food habits of the people. With the increasing competition in restaurant industry and hike in operating cost of groceries, gas and vegetables and fruits, the manager of the restaurant wondered how he could increase his sales.

QUESTIONS
Q1. Suggest the strategies to increase the sales of the restaurant in the changing business environment.
Q2. Comment on the promotional strategies adopted by the restaurant.

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