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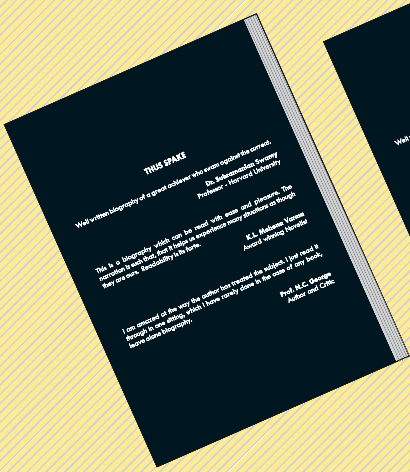
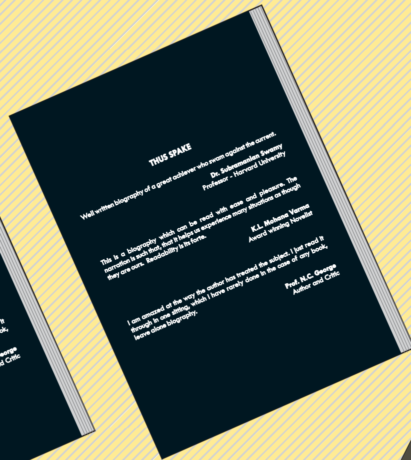
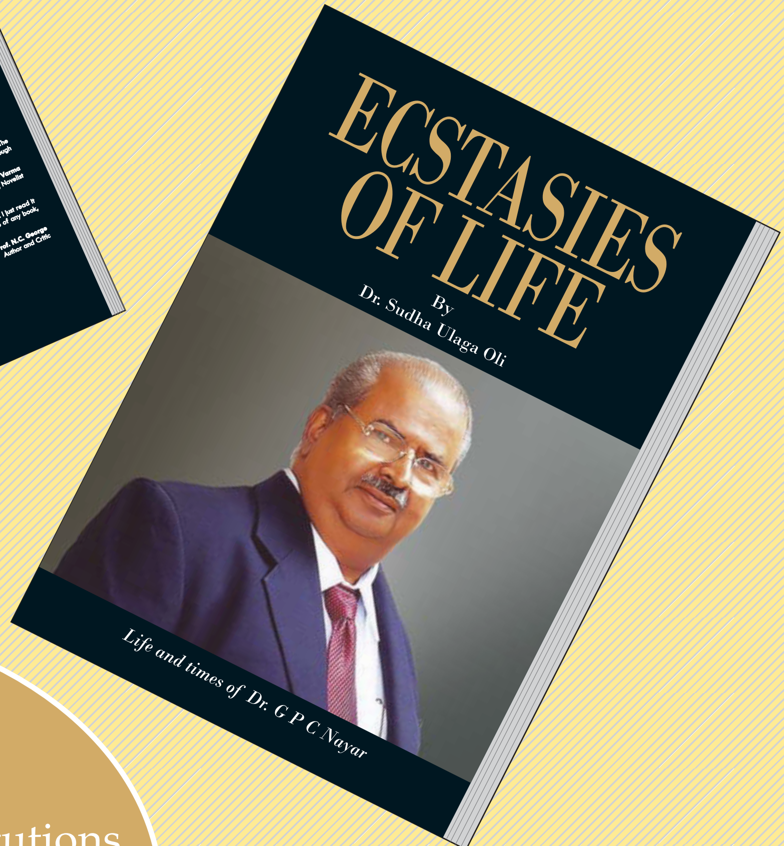
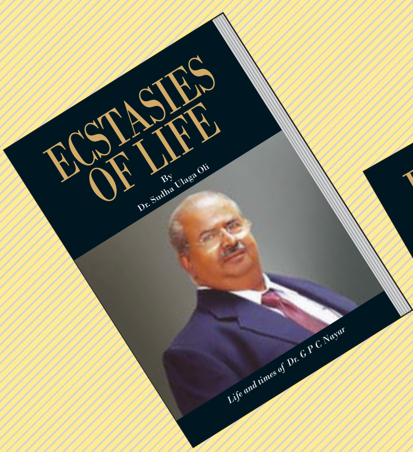
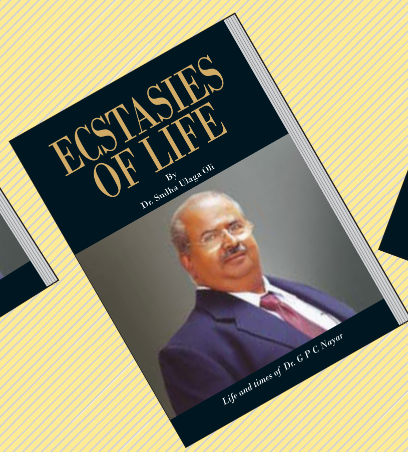






Here's an entrepreneur
who has created
some excellent academic institutions
in an unfriendly environment.
It is a saga of trials and tribulations
in an extremely readable manner
by a consummate
writer in English.





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Skimming & Scanning

Overview

Traditional employee-employer relationship has now lost its relevance.

Global competition and technology-driven economy have brought about a radical shift in the business environment. Powerful trends like growing importance of knowledge workers, expanding job opportunities and increasing employee diversity and mobility, have remarkably transformed the workplace.

Mutual loyalty is eroding as organisations resort to processes such as downsizing, outsourcing, merging, acquiring and the like.

How is it possible to create high levels of organisational commitment in the present day complex work place dynamics for ensuring sustainability? It is a challenging question relating to human resource management.

Against this backdrop we bring to you as the lead article, a research paper on 'Organisational Commitment: Status Quo in Qatar.'

Qatar has a few unique distinctions with the fastest-growing economy and the highest per capita income in the world. Such a rapid growth has been achieved by the import of labour from across the world, especially from parts of Asia. The working population in Qatar is composed of around 94 percent expatriates.

The second lead article is another study paper on the role of stock market returns in promoting investment in Canada. The study suggests that the Canadian investment and stock market returns can be used to predict movements in each other.

Subsequent articles deal with a variety of topics like employee attitude, service quality in banks, demographic variables, enhancing and empowering customer experience, employee retention strategies, customer satisfaction, et al.

Dr. G. P. C. NAYAR

Chairman, SCMS Group of Educational Institutions.

SCMS Journal of Indian Management

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Editorial

Conserve the lungs of our earth!

Forests are, no doubt, the lungs of the earth! They purify the air we breathe; they store carbon; and they provide free services to all life - water, soil, and oxygen! They help in maintaining global climate as well as recharge our water sources. They are therefore crucial for the survival of life on earth.

Forests are home to some of the most unique plants, birds, and animal species. They support a diversity of life forms. The flora and fauna are abundant and varied in India. They are housed in 13 biosphere reserves, 89 national parks, and more than 400 wildlife sanctuaries. The second biggest land use in the country, after farming, is forests. They encompass 67.83 millions of hectares in India. They represent 20.64 percent of the nation's geographic territory.

In spite of these abundant gifts that forests give, hundreds of acres of forests are being cleared and burned. About thirty million acres of forests are cleared globally every year! Almost fifty percent of the logging in forests is illegal. Deforestation causes twenty percent of all carbon pollution causing global climate change. Water sources are drying up and soil is lost due to erosion. Flash floods and landslides are causing loss of life. The role of our nation in reducing forests is not small.

Forests are life support systems for the rural poor offering them food, fibre and energy. The loss of forests has pushed many species to the brink of extinction.

We forget the "Forest Principles" adopted by The United Nations Conference on Environment and Development in Rio in 1992 capturing international understanding in conservation of forests.

It is here we are reminded of themagic dictum; *Sustainable Forest Management* (SFM) plays a great role. It envisages the stewardship and use of forest lands sustaining their biodiversity, productivity, regeneration capacity, vitality, and their potential. It ensures relevant ecological, economic, and social functions, at local, national and global levels. It resolves not to cause any damage to other eco-systems.

A National Institute of Forestry alone will not suffice the needs of the nation. Every b-school has to take up, as a global requirement, the responsibility to preserve the lungs of our planet, each as a leader in the field of Forestry, Environment, and National Research Management Education so that the earth may survive, or this earth will perish.

Dr. D. Radhakrishnan Nair

Organizational Commitment:
Status Quo in Qatar

Bader A. Al-Esmael and Mohd. Nishat Faisal

Abstract

Qatar is a fast growing economy which is largely dependent on expatriate labour. This creates a unique situation that affects organizational commitment. This research focusses on understanding the relationship between the job characteristics and organizational commitment. The first of its kind of study in Qatar, it presents the relationships among various job characteristics and the dimensions of organizational commitment. The study provides good support for the predictive effect of job characteristics on organizational commitment, indicating that enriching jobs through changing the four core job dimensions would have a positive effect on employees' organizational commitment.

Key words:

Organizational Commitment, Job Characteristics, Qatar, and Psychological Contract.

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Organizational commitment (OC) refers to the nature of an individual's attachment to an organization. According to Guest (1995), organizational commitment is at the heart of Human Resource Management and is a central feature that distinguishes HRM from traditional personnel management. Although OC has been the topic of numerous published investigations, and has received a great deal of scrutiny over the years, researchers have not always conceptualised the construct in a similar manner (Dunham et al., 1994; Randall, 1993).

OC is closely related to intent to remain and retention, and can be defined as an "individual's identification with and involvement in a particular organization" (Crewson, 1997), and "the strength of a person's attachment to the organization" (Grusky, 1966). OC has been operationalized as a combination of three distinct factors: a strong belief in and acceptance of the organization's goals and values, eagerness to work hard for the organization, and desire to remain a member of the organization (Grusky, 1966).

Organizational Commitment (OC) has emerged as one of the most important variables in the study of management and organizational behaviour, but Morris et al (1993), stated that "it is commonly noted that consensus over the definition of commitment does not exist." Suliman and Iles (2000) added that despite the plethora of studies of organizational commitment, and its nature, antecedents, consequences, and correlates, the issue remains ill-defined and ill-conceptualised.

Although there are many definitions of OC and many ways to measure it, the most widely recognized definition comes from Porter and his colleagues in 1974 and a classic text on the subject by Mowday et al (1982). It has been defined as "the relative strength of an individual's identification with and involvement in a particular organization" (Porter et al 1974; Crewson 1997), and 'the strength of a person's attachment to the organization' (Grusky, 1966; Mowday et al 1982; Steers, 1977). Therefore, Mowday et al (1982) and Crewson (1997) summarized that organizational commitment has been operationalized as a combination of three common components:

1. A strong desire to remain a member of the organization (loyalty).

2. Willingness to exert high levels of effort on behalf of the organization (involvement).

3. A strong belief and acceptance of the organization's values and goals (identification).

The first two components can be related to employee motivation to produce or perform and the third component can be related to employee motivation to participate (March and Simon, 1958). These three characteristics show that commitment is not only an attitude, but also behaviour.

Qatar's proven reserves of natural gas exceed 25 trillion cubic meters; more than five percent of the world total and third largest in the world. Thus, Qatari economy is primarily based on the production and export of crude oil and other hydrocarbons such as liquefied natural gas, condensate, propane, and other natural gas liquids. Qatar's rapid economic growth has seen it attain one of the highest per capita incomes in the world. But, the state of Qatar is a capital rich state suffering from severely limited indigenous human resources. As the development plans of the country are ambitious on the agricultural, financial and industrial fronts, the country has been largely depending on migrant manpower. The country employs large labour forces from the Indian subcontinent, the Far East, and from relatively less rich Arab countries. This has led to a situation where most organizations in the public and private sectors in Qatar often comprise many different nationalities - each individual having his/her own role perception, attitudes toward other nationalities, cultural orientation and educational background. This creates a multicultural work environment, which affects the attitude and the behaviour of the workforce in Qatar. Thus, there is a need for an empirical study to uncover the factors affecting organizational commitment, and this study will represent one of the first studies in this field.

The Three Dimensions of Organizational Commitment

Several forms of organizational commitment have been identified in the literature. Some researchers have defined commitment as *behavioural* commitment (Salanick, 1977) or *attitudinal* commitment (Mowday et al., 1982). The most common classification that has been widely used is Meyer and Allen (1991) classification of organization commitment that comprises affective, continuance, and normative dimensions. They stated that when all these three types of commitment are taken into consideration, an individual's relationship with his/her organization can be understood better. When these commitment types increase, an individual's desire to stay in his organization rises as well. The three components should not be seen as mutually exclusive types of commitment, but as components that can variously co-exist; that is, a person's commitment can be based upon one, two, or all three reasons.

Each of the three aspects of commitment is thought to contribute to a psychological state which characterizes an employee's relationship with the organization, and has implications for their continuing membership, and may be affected by different antecedents or have potentially different consequences with regard to absenteeism, job performance, citizenship, and other topics (Reichers, 1985; Meyer and Allen, 1991, 1993).

Affective Commitment

Affective commitment is the employee's attachment to, identification with, and involvement in the organization. Employees with a strong affective commitment continue employment with the organization (Meyer and Allen, 1997). Mowday et al (1979, 1982) characterized affective commitment in their definition of organizational commitment as entailing "a strong belief in and acceptance of the organization's goals and values, a willingness to exert considerable effort on behalf of the organization, and a strong desire to maintain membership in the organization." Affective commitment refers to feelings of belonging and sense of attachment to the organization. Affective commitment has also been referred to as value commitment (Angle and Perry, 1981; Meyer and Schoorman, 1992) or identification commitment (Bar-Hayim and Berman, 1992). The affective commitment dimension has been related to personal characteristics, organizational structures, and work experiences (pay, supervision, role clarity, and skill variety).

Affective commitment happens when the employee has an emotional or psychological commitment and wants to stay with the company. Individuals whose OC is based on affective commitment continue employment with the organization because of their desire to do so; this desire is based on the individual's degree of identification with the organization and his or her willingness to assist the organization in pursuing its goals (Hackett et al, 1994). Akhtar and Tan (1994) suggested that organizations enhance affective commitment by "improving welfare measures, developing trust between superiors and subordinates, creating conditions for collegial relations in the work place, and other activities that promote feelings of belongingness in the organization."

Continuance Commitment

This is related to a person's experience that has been given to an organization, difficulty in giving it up, the cost incurred if he leaves the organization or having few or no alternatives when he leaves the organization. Meyer et al, (1993) stated that skill and education are not easily transferred to other organizations, so they increase workers' commitment to their own organizations. Those who stay within their organizations with strong continuance commitment are in their organization because they need it (Meyer et al, 1993).

Continuance commitment relates to perceived costs of leaving, both financial and non-financial (Becker, 1960) and perceived lack of alternatives (McGee and Ford 1987; Allen and Meyer 1990). When an employee feels continuance commitment, he or she perceives the cost of leaving the organization as too high (Meyer and Allen, 1997). Some of the potential costs of leaving include lost effort if skills or systems are non-transferable; disruption associated with changes in family arrangements; and loss of valued, future opportunities.

Continuance commitment increases when an individual invests in an organization or gets benefits from the organization because they will be lost when he or she leaves the organization. Where there is a lack of alternatives, this type of commitment is developed. Akhtar and Tan (1994) indicated that continuance commitment could be increased through "the appropriate use of rewards, job redesign, goal setting, career planning, and organizational goals." Shouksmith (1994) suggested that one of the ways to enhance the probability of continuance commitment would be to increase the possibility for promotion within the organization.

Normative Commitment

According to the normative approach, congruency between an employee's goals and values and organizational aims makes him or her feel obligated to the organization. Normative commitment reflects an individual's feelings of obligation to stay within an organization, not for personal advantage, but because an individual thinks such behaviour is ethical and right. The commitment, which develops as a result of socialization, shows an individual's loyalty to his or her employer. Those who have a strong normative commitment stay in their organizations just because they feel obliged to do so (Meyer et al, 1993). This sense of obligation is based on what Wiener (1982) described as generalized cultural expectations that "a man" should not change his job too often or "he" may be labelled untrustworthy and erratic.

Normative commitment can increase when people feel loyal to their employer or responsible to work for the benefits that they get from the organization (e.g.; training of skills, payment of study costs, and consideration of special needs (forgiveness for missed deadlines due to family commitments) as a result of the desire to compensate the favours received from the institution (Meyer et al, 1993). Normative commitment may last only until the "debt" is perceived to be paid and hence is subject to rationalization if other circumstances change (Meyer and Allen, 1997).

Akhtar and Tan (1994) suggested that normative commitment could be promoted through "proper selection of employees, job previews, induction training, and organizational socialization." This could help to match organizational and employee expectations as well as facilitate the entry of new employees.

Job Characteristics and the Three Dimensions of Organizational Commitment

Many researchers argued that organizational commitment is not a function of personal characteristics; rather it is a function of job-related variables (Balfour and Wechsler, 1996; Moon, 2000). In addition, studies concluded that job characteristics are the most important to predict commitment (e.g., Gallie and White, 1993; Peeters and Meijer, 1995). Hackman and Lawler (1971) argue that intrinsic motivation, job satisfaction, and commitment increase when two elements are present: (1) higher order need strength is salient and (2) employee experience a high degree of skill variety, task identity, task significance, and autonomy.

Past research provides significant support for job characteristics' predictive effects on organizational commitment (Mathieu and Zajac, 1990; Flynn and Tannenbaum, 1993; Van Dyne et al, 1994; Heywood, 2003). Hrebiniak and Alutto (1972), Hunt et al (1985), Chelte and Tausky (1986), Igbaria et al (1994), Leong et al (1994), and Bhuian et al (2001) also emphasized that job characteristics have a great influence on organizational commitment. Jobs high in skill variety, task identity, autonomy, and feedback on performance may lead to higher organizational commitment.

Despite decades of research on job characteristics, there is a lack of generalizability of research findings concerning their application to organizational commitment in the management research literature. Since employees differ in pay, status, and job conditions, it is likely that they would be committed and satisfied uniquely in an organization. Following this argument, an employee's degree of organizational commitment and job characteristics should vary across different organizations.

In research examining the relationship between job characteristics and organizational commitment, investigators have turned their attention to the notion that the congruence between characteristics of the individual and characteristics of the organization itself can have an impact on attitudes and behaviours (Chatman, 1989). Research examining job characteristics and OC has also referred to the congruence between the individual and the organization as the "person-organization fit." Researchers within the person-job fit tradition have argued that an experience that is congruent with individual's values or meets their needs will be rewarding to them and, thus, will influence organizational commitment (Heywood, 2003). Other mixed results between job characteristics and organizational commitment were found by other researchers (Johnson et al, 1987; Edwards, 1994; Finegan, 2000; Bhuian et al, 2001).

The Four Core Dimensions of Job Characteristics

Job characteristics have been important to different areas of management research. Perhaps the most widely known job characteristics are those developed by Turner and Lawrence (1965). Hackman and Lawler (1971) reviewed job characteristics and classified the six dimensions of job characteristics into two categories. The first four dimensions were labelled "core dimensions" because they postulated, "… individuals will be able to obtain meaningful personal satisfaction when they perform well on jobs which they experience as high on variety, autonomy, task identity, and feed-back." The last two dimensions are dealing with others and friendship opportunities.

In this study, the four "core dimensions" variables of job characteristics will be investigated coherent with some of the previous research (Hackman and Lawler, 1971; Hackman and Oldham, 1976; Becherer et al, 1982; Mathieu and Zajac 1990; Bhuian and Menguc, 2002; and Schneider, 2003).

Several empirical studies have supported the positive effect of the job characteristics-organizational commitment link. Hunt et al. (1985) found that the four "core dimensions" variables of job characteristics (autonomy, variety, task-identity and feedback) influence the level of an employee's organizational commitment. Likewise, other researchers support the notion that jobs influence strong commitment when they involve a high degree of autonomy, job challenge, and a variety of skills (Steers, 1977; Ramaswami et al, 1993; Dunham et al, 1994; and Heywood, 2003). Other researchers argued that favourable organizational characteristics will induce employees to become committed to the organization through reciprocity. According to Strauss (1977) and Tyagi and Wotruba (1993), when an organization attempts to enrich jobs by providing autonomy, variety, task-identity and feedback in jobs, employees reciprocate by identifying themselves more closely with the organization.

Flynn and Tannenbaum (1993) found that job characteristics demonstrated a strong impact on commitment among private sector managers versus public sector managers. Their explanation is that the common concepts of public sector bureaucracies make public sector managers more tolerant of low autonomy and challenge.

In addition to the positive relationships between job characteristics and OC, some studies theoretically support direct relationships between job characteristics and both job satisfaction and organizational commitment. For instance, Ilgen and Hollenbeck (1991) and Singh (1998) argued that high levels of autonomy, variety, and task-identity in a job can enhance the level of intrinsic motivation by increasing the employee's feeling of accomplishment and self-actualization in performing their work.

Some researchers argue that job characteristics can serve as positive motivational forces that stimulate employees to increase their efforts in better performing their tasks. According to O'Reilly et al, (1980) employees who identify with the organizational goals, value their organizational membership, and intend to work hard to achieve the overall organizational mission (employees with a high level of organizational commitment) will perceive the job characteristics of autonomy, variety, task-identity and feedback as highly motivational and stimulating to their task performance. They added that highly committed employees perceive job characteristics as more stimulating and experience greater job satisfaction, whereas less committed employees view job characteristics as less stimulating and are less satisfied with their jobs.

In the following sections, the four "core dimensions" variables of job characteristics will be explained.

Task Variety

Task variety is defined as the degree to which a job requires a variety of different activities in carrying out the work, which involve the use of a number of different skills and talents of employees (Hackman and Oldham, 1975). Much of the literature relevant to task variety is found in discussions of "routinization." Both variety and routinization are concerned with the degree of repetitive work roles. Variety is a nature of work variable in organizations and suggests that certain members within the organization have more (fewer) opportunities to do more of different things in their work than other members. It is assumed that employees will value task variety rather than high routinization as an attractive outcome to be offered by the organization. Porter and Steers (1973) indicate that "… pressures of increased production or efficiency may result in increased fractionation or routinization of certain jobs. This repetitiveness of task may then contribute, … to increasing costs through increases in absenteeism and turnover" (p. 162).

Several studies (such as Porter and Steers, 1973; Price and Mueller, 1981; Hunt et al, 1985; Mathieu and Zajac 1990; Ramaswami et al, 1993; Bhuian and Menguc, 2002) supported the positive relationship between task variety and organizational commitment and the negative relationship between task variety and turnover.

Degree of Autonomy

"Autonomy is the degree to which the job provides substantial freedom, independence, and discretion for the employee in scheduling the work and in determining the procedure to be used in carrying it out" (Hackman and Oldham, 1975).

It is believed from several studies that a high degree of autonomy is a positive outcome for members of an organization. In addition, it is assumed that individuals will negatively evaluate controls in the form of orders and rules imposed on them by the organization. Therefore, if an organization is characterized by a high degree of autonomy, its members have opportunity for scheduling their work and in determining the procedures to be used in carrying it out and so on. This will positively reflect on the employees' attitude toward their organizations, which, in turn, may increase their commitment and reduce their intention to leave their jobs (Hunt et al, 1985; Mathieu and Zajac, 1990; Ramaswami et al, 1993; Eby et al, 1999; Bhuian and Menguc, 2002; and Heywood, 2003).

Feedback on Performance

Feedback on performance is defined as "the degree to which carrying out the work activities required by the job results in the employee obtaining direct and clear information about the effectiveness of his or her performance" (Hackman and Oldham, 1975). In other words, it is the degree to which employees receive information as they are working that reveals how well they are performing on the job (Arnold and House, 1980).

Muchinsky and Morrow (1980) reported that the findings of some previous studies had shown that employees are less likely to quit their jobs if they receive feedback and recognition for their work. Allen and Meyer (1990) identified significant relationships between OC and work feedback. Therefore, it is believed that feedback on performance (the clear information employees receive from the supervisors regarding the evaluation of their performance) helps employees to improve their skills and their present and future performance, which will lead to high commitment (Mathieu and Zajac, 1990; Eby et al, 1999; Bhuian and Menguc, 2002).

Dunham et al (1994) found that when supervisors provided feedback about performance and allowed employees to participate in decision-making, employee levels of affective commitment was stronger than both continuance and normative commitment. However, Schneider (2003) found this variable to have significant relationships with affective and normative commitment. For continuance commitment, a non-significant relationship was found for feedback on performance.

Task Identity

Task identity is considered to be the extent to which employees do an entire or whole piece of work, and can identify with the results of their efforts (Arnold and House, 1980). Several items can be used to measure this variable, such as "how often you see projects or jobs through to completion," "the degree to which the work you're involved with is handled from beginning to end by you," and "the opportunity to complete work you start."

Researchers such as Strauss (1977), Hackman and Oldham (1976), Hunt et al (1985), Tyagi and Wotruba (1993), and Bhuian and Menguc (2002) agreed that employees' high task identity will be reflected in their attitudes toward their organizations, which, in turn, may increase their affective commitment to their organizations, which, in turn, may increase their normative commitment also. Thus, employees with higher task identity are likely to have higher levels of commitment to their organizations than other employees.

In Qatar, if employees perceive their needs (e.g. pay, security, variety, and task-identity) to have been fulfilled, they are likely to be committed to their organizations. Likewise, these Qatari and non-Qatari employees' positive appraisals of their jobs and job experience would depend on their perceptions of autonomy, variety, task-identity, feedback and other facts of their jobs, which in turn, could indicate employee organizational commitment.

As mentioned in the previous studies, it is expected in Qatar that employees with jobs that require them to perform a wide range of operations and use a variety of equipment and procedures will find their job more attractive and will show higher attachment to the organization, than those whose jobs are less varied. Furthermore, employees' high task identity will be reflected in their attitudes toward their organizations, which, in turn, may increase their affective commitment to their organizations, which, in turn, may increase their normative commitment also (Bhuian and Menguc, 2002). Additionally, based on Dunham et al, (1994) findings, in Qatar, it is expected that employees who receive a higher amount of feedback on performance (receive clear information about the effectiveness of their performance and recognition for their work) are likely to produce higher levels of affective, continuance, and normative commitment than other employees.

Hunt et al (1985) found the four "core dimensions" variables of job characteristics positively influence the level of an employee's organizational commitment. Ramaswami et al (1993) and Naumann (1993) provided similar support for the direct influence of autonomy, variety and feedback on organizational commitment. Additionally, according to Heywood (2003), all of the four "core dimensions" variables of job characteristics (degree of autonomy, skill variety, task identity and feedback on performance) were found to have significant relationships with affective, continuance, and normative commitment.

Based on previous discussions and especially Heywood's findings, the following proposition can be expected for the previous four "core dimensions" variables of job characteristics:

Hypothesis: *Employees with higher amounts of task variety, autonomy, task identity, and feedback on performance are likely to have higher levels of affective, continuance, and normative commitment than other employees.*

Research Design

Research design, as explained by Kerlinger (1986), is the plan and structure of investigation so conceived as to obtain answers to research questions. In general, research designs are about organising research activity, including the collection of data, in ways that are most likely to achieve the research aims. According to Black and Champion (1976) research design serves many functions: it provides the researcher with a blueprint for studying social questions; dictates the boundaries of research activity and enables the investigator to channel his or her energies in specific directions; and it enables the researcher to anticipate potential problems during the implementation stage.

In this research, it was felt that there are almost no reliable investigations and very little information about organizational commitment topic in Qatar. Consequently, it became evident that the questionnaire technique is easier to analyse across all respondents, since the researcher can obtain the same data for all. In addition, questionnaires can permit a large number of people to be included in an investigation at a relatively low cost. As a result of these advantages, a survey research based on questionnaire was adopted for the present research.

To solve the aforementioned limitations of the questionnaire, the researchers of this study increased the return rate by asking some of their friends and relatives to distribute questionnaire copies to their friends and colleagues in their companies and collect them later, instead of doing so themselves, to be sure that respondents would fill and return questionnaires. In addition, the researchers made the questionnaire brief, simple, and ensured that it was free from ambiguity, and that each item of the questionnaire was expressed clearly in terms which could be understood easily, by the respondents.

The content of the questionnaire is another important area in the research. Every effort was made to cover all aspects of organizational commitment, job satisfaction, and other important variables in this research. Each set of questions or statements was intended to measure a particular variable. Most of the items used here have been borrowed partly or wholly from other research instruments, which have demonstrated reliability and validity.

In the selection of the companies, this research focused on companies that have more than 300 employees working for them. The selection of participant companies was largely based on representation of nationalities and cooperation of employees and management.

Regarding the selection of the participants, Sekaran (2000) mentioned two ways to select individuals in studies, either by matching or random selection. Use of a matching technique may not take account of all the factors that could possibly contaminate the cause and effect relationship in the research situation, and hence may fail to match some critical factors across all participants. A randomisation technique will take care of this, since all known and unknown contaminating factors will be spread across all participants.

This research used the second technique to select participants drawn from the target population of participating companies. The researcher asked the human resources directors of most of the participating companies/ministries, and some friends and relatives, to help him in distributing questionnaires, targeting Qatari and non-Qatari employees in their companies if possible. This kind of technique was advantageous, as it allowed the researcher to collect an adequate amount of suitable data with speed, accuracy, economy and convenience for all employees.

Sample Size

Calculation of the appropriate sample size is an important starting point for any research. In general, selecting an appropriate sample size can help the researcher to reduce the work-force requirement, cut cost, and get information more quickly, with more focus. There is no clear-cut answer in the literature on the appropriate sample size. Hamburg (1987) emphasized that any investigator should answer two important questions to decide the appropriate sample size. These two questions are related to the degree of precision desired and the probability attached to the desired precision. A very large sample will increase the accuracy of the results but also would be a waste of available resources, while a small sample may not serve the objective of the study.

In a study of this type, it is nearly impossible for researchers with limited means and time to carry out representative sampling based on probability sampling techniques. In addition, the lack of up-to-date and accurate information on numbers of employees, especially employees working in Qatar's private and public sector companies, make it difficult for the researchers to calculate an appropriate sample size in these two sectors.

Fowler (1984) noted, "The size of population from which a sample of a particular size is drawn has virtually no impact on how well that sample is likely to describe the population. A sample of 150 people will describe a population of 15000 or 15 million with virtually the same degree of accuracy, assuming all other aspects of the sample design and sampling procedures were the same." Bearing these points in mind, it was decided that the present research would seek to obtain data from samples of between 150 and 175 subjects in each sector of the Qatar's workforce. Therefore, the present research was confined to a sample of 520 employees. It was felt that this sample size would be quite sufficient.

In view of the past experiences reported by other researchers in the region, it was decided to select an initial sample of nearly two times the targeted sample size. As it was intended to collect useful information from about 520 respondents to answer the research questions and to meet the objectives of the study (more than 170 employees from each sector), a sample of about 800 was chosen on the basis of quota coupled with convenience sampling. This is a large sample size compared to many in the literature reviewed.

Research Measures

Job Characteristics

This study asked participants to respond to questions pertaining to their jobs. These characteristics are skill variety, job autonomy, feedback on performance, and task identity. According to the literature, there are two important scales to measure job characteristics: Hackman and Oldham's (1975) - Job Diagnostic Survey (JDS) and the Sims, Szilagyi and Keller's (1976) Job Characteristics Index (JCI). These two scales will be explained next.

1. Hackman and Oldham's (1975) JDS is the most widely used perceptual measure of job design, though its underlying dimensionality has been increasingly questioned (Pierce and Dunham, 1976). The JDS is used to obtain measures of five inter-correlated dimensions with reliability estimates typically above 0.70. The JDS employs 12 items (three items per scale).

2. Sims et al. (1976) developed the JCI as an extension of the Hackman and Lawler (1971) job measurement approach. The JCI is purposed to measure four of the core characteristics tapped by the JDS. To measure the four core dimensions, the JCI uses 17 items (five items for variety, five items for autonomy, four items for feedback, and three items for identity).

The results of several studies using the JCI scale revealed that the instrument has high validity and reliability for research on the relationship between job characteristics and employee attitudes and behaviour. For example, Pierce and Dunham (1978) evaluated and compared the dimensionality and internal consistency of the JDS and the JCI scales. They found Cronbach's coefficient alpha internal consistency to be higher for the JCI than the JDS scales. Furthermore, compared to coefficient alpha values for the JDS scales ranging from 0.69 (feedback) to 0.79 (autonomy), Pierce and Dunham (1978) found each of the four JCI scales had reliability estimates above 0.85.

Therefore, this study used the Job Classification Index (JCI) developed by Sims et al (1976) to measure the four core variables of job characteristics. Empirical studies from diverse samples indicate high coefficient alphas of reliability for all of the variables. Bhuian et al. (2001) and Bhuian and Menguc (2002) found in their evaluation of job characteristics, organizational commitment and job satisfaction that all dimensions scales of JCI had reliability coefficients above the 0.70 level.

The four core dimensions variables used in this study of job characteristics are:

1. Task variety: The degree to which a job requires employees to perform a wide range of operations in their work and/or the degree to which employees must use a variety of equipment and procedures in their work. Reliability alpha from previous studies ranged from 0.78 to 0.82 (Bhuian and Menguc, 2002).

2. Degree of Autonomy (five items): The extent to which employees have a major say in scheduling their work, selecting the equipment they will use, and deciding on procedures to be followed. Reliability alpha from previous studies = 0.84 (Bhuian and Menguc, 2002).

3. Feedback on performance (four items): The degree to which employees receive information as they are working which reveals how well they are performing on the job. Reliability alpha from previous studies ranged from 0.83 to 0.86 (Bhuian and Menguc, 2002).

4. Task identity (3 items): The extent to which employees do an entire or whole piece of work and can clearly identify the result of their efforts. Reliability alpha ranged from 0.75 to 0.83 (Bhuian and Menguc, 2002).

The scoring of job characteristics variables was conducted following the guidelines requiring reverse scoring for selected items provided by the authors of this instrument. Responses to each item of the scale were measured on a five-point scale, ranging in value from one ("Very Little") to five ("Very Much") or ranging from one ("Minimum Amount") to five ("Maximum Amount"). The total score for each variable of job satisfaction was calculated by totalling the item scores.

The Three Components of Organizational Commitment

Organizational commitment can be positioned as a dependent variable or as an independent variable that acts a predictor of, for example, acceptance of organizational changes and turnover intentions. Thus, the majority of commitment studies have treated commitment as an independent variable influencing work outcomes such as turnover and absenteeism, or as a dependent variable affected by demographic factors and some other antecedent variables.

Most of the recent research in industrial/organizational psychology and organizational behaviour literature has identified the existence of multiple dimensions of OC that has been interpreted in a variety of different ways. Therefore, the dimensions on which one measure "fits" vary considerably among different researchers. Many researchers argued that a well-developed instrument, which has been carefully operationally defined, will be accepted and frequently used by other researchers.

Organizational commitment was measured in this research by using Meyer et al (1993) Organizational Commitment Scale, one of the leading instruments for empirical research on organizational commitment. The reliability estimates, factor structure, and tests of nomological net for this instrument are reviewed in Meyer and Allen (1997). The 18-(revised) item scale was used in this study instead of the original scales to measure the three components of organizational commitment. The revised scales of the three dimensions of organizational commitment comprise six items for each of affective, continuance, and normative commitment.

The scoring of the revised Organizational Commitment Scales as provided by the author's guidelines require reverse scoring for selected items for each affective, continuance, and normative commitment scale. Responses to each item of the revised scales were measured on a seven-point scale, ranging in value from one ("Strongly Disagree") through four ("Neither Agree or Disagree") to seven ("Strongly Agree"). A total score was calculated by adding the scores for each of affective, continuance, and normative commitment for each respondent.

In this study, the total score for each of the affective, continuance, and normative commitment was treated first as a dependent variable with the antecedents of OC and then as an independent variable when we measured the influence of OC on work outcomes such as turnover intentions and acceptance of organizational changes.

Response Rate of Questionnaires

Questionnaires were distributed to 780 employees working in three sectors in Qatar (from government, public, and private corporations that employed a minimum of 300 employees). A total of 260 questionnaires were distributed in each sector. Completed questionnaires were received from 544 employees from the three sectors with a response rate of 69.7 percent.

Data Analysis

Organizational Commitment Profile

Organizational commitment was measured in this study by the 18-item revised organizational commitment scale developed by Meyer et al (1993), which contains items to measure three dimensions: affective commitment, continuance commitment, and normative commitment. Descriptive analyses of components of organizational commitment were performed by computing mean and standard deviation scores for the three components of OC and items comprising these components. The means and standard deviation scores are based on a seven-point Likert scale, in which one represents strongly disagree with the item concerned and seven, strongly agree. Components (subscales of organizational commitment) mean and standard deviation scores were calculated by dividing the sum of the item scores by the number of items comprising that component.

From Table 1, it can be observed that mean scores for all three commitments ranged from 4.81 to 5.09 falling into the survey

Table 1: Mean Total Scores for the Three Dimensions of Organizational Commitment

Dimensions of Organizational Commitment	N	Unit	Mean	SD
Affective commitment	544	1-7	5.09	1.39
Continuance commitment	544	1-7	4.59	1.24
Normative commitment	544	1-7	4.81	1.34

scale category choice, where a five value represented "slightly agree" to a six value represented "agree." Prior research from a study by Allen and Meyer (1990) surveyed 337 employees from three organizations to examine affective, continuance, and normative commitment. The results from their study found the following mean and standard deviations: affective commitment (M = 4.36; SD = 1.38), continuance commitment (M = 4.49; SD = 1.35), and normative commitment (M = 3.80; SD = 1.08). Comparing the study's organizational commitment mean values with those from Allen and Meyer's (1990) study, there are only small differences in mean value scores for the affective and continuance commitment scale. Regarding normative commitment, we cannot compare this variable with Allen and Meyer's (1990) result because we are using the revised normative scale.

Regarding affective commitment, as expected from the literature, with a mean score of 5.09 and standard deviation of 1.39, this component scored the highest of all dimensions of OC. In contrast, with a mean score M = 4.59 and standard deviation SD = 1.24, continuance commitment was the weakest of the three dimensions of OC. This result indicates that employees had a moderate degree of continuance commitment. Finally, normative commitment, with a mean score M = 4.81 and standard deviation SD = 1.34, came second among the three dimensions of OC. From the above, this study can conclude that most employees expressed high levels of affective and normative commitment and a moderate degree of continuance commitment.

Job Characteristics

The present study examined four job characteristics, namely: (1) skill variety; (2) degree of autonomy; (3) task identity; and (4) feedback on performance. This study used the Job Classification Index (JCI) developed by Sims et al (1976) to measure the four core variables of job characteristics. Means and standard deviation scores for these characteristics are presented in Table 2. The means and standard deviation scores are based on a Likert-type response scale of one to five, in which one represents very dissatisfied with the item concerned and five, very satisfied.

Table 2: Mean Values and Standard Deviations of Job Characteristics Variables

Dimensions of Job Characteristics	N	Unit	Mean	SD
Skill variety	544	1-5	3.51	.83
Degree of autonomy	544	1-5	3.51	.83
Task identity	544	1-5	3.80	.82
Feedback on performance	544	1-5	3.58	.86

Skill variety: Three questionnaire items were used to build the variety index (M = 3.51, SD = .83, N = 544). The purpose of these items was to measure perceptions of variety by asking individuals about the extent to which they had opportunity to do many different things in their jobs, repetitiveness, and sameness of tasks performed in the job.

Degree of autonomy: This variable (M = 3.51 and SD = .83) contains five items used to investigate the degree of freedom to organize work, degree of independence in doing the job, chances of personal initiative, and responsibility for timing the work.

Task identity: Three survey items were used to build the identity index. All these items are concerned with the frequency of seeing projects through to completion, jobs and projects being completed by employees themselves, and the extent to which the employee controls his/her involvement in the whole job process from beginning to end. With a mean score of 3.80 and standard deviation of 0.82, this variable scored highest of all four job characteristics.

Feedback on performance: Four questionnaire items were used to build the feedback index (M = 3.58, SD = 0.86, N = 544). These items are concerned with examining perception of the constant feedback on performance, the lack of feedback, the frequency of supervisor feedback, and the employee's feeling about how well the job is done.

Hypothesis Testing: Job Characteristics

The relationships between four job characteristics (degree of autonomy, skill variety, feedback on performance, and task identity) and organizational commitment are now analysed.

Hypothesis statement: *Employees with higher amounts of task variety, autonomy, task identity, feedback on performance are likely to have higher levels of affective, continuance, and normative commitment than other employees.*

A correlation matrix showing Pearson correlation coefficients can be seen in Table 3 to indicate the strength and direction of the relationships between OC components and the variables in the job characteristics cluster.

Table 3: Job Characteristics and OC Components: Correlations (N = 544)

Job Characteristics	Affective Commitment	Continuance Commitment	Normative Commitment
Skill Variety	0.11*	0.13**	0.12**
Degree of Autonomy	0.31**	0.065	0.24**
Task Identity	0.30**	0.10*	0.27**
Feedback on Performance	0.40**	0.09*	0.34**

**. Correlation is significant at the 0.05 level (1-tailed). **. Correlation is significant at the 0.01 level (1-tailed).*

Results indicate that all of the selected variables of job characteristics were positively and statistically, significantly related to affective commitment (r ranging from 0.11 to 0.40) and to normative commitment (r ranging from 0.12 to 0.34). However, only three of four selected variables of job characteristics were positively and statistically, significantly related to continuance commitment.

Regarding skill variety, Table 3 indicates that this variable correlated weakly to affective commitment (r = 0.11), continuance commitment (r = 0.13), and normative commitment (r = 0.12). As a result, a higher degree of skill variety is likely to produce higher amounts of commitment, though the levels of association are weak.

Regarding degree of autonomy and task identity, the findings presented confirm that both degree of autonomy and task identity were positively (moderately) related to both affective and normative commitment and reached the 0.01 level of significance. Thus, higher degrees of autonomy and task identity are likely to produce higher amounts of affective and normative commitment. Furthermore, a weak positive relationship was found between continuance commitment and task identity but no significant relationship was found between continuance commitment and degree of autonomy.

Regarding feedback on performance, the correlation coefficients between this variable and the three OC components ranged from 0.09 to 0.40 and all reached the 0.05 level of significance. The strongest correlation was found between feedback on performance and affective commitment (r = 0.40, n = 544, $p<0.01$, one-tailed) which indicates that employees may experience higher amounts of attachment and loyalty if they receive higher amounts of feedback to improve their performance from their supervisors and companies.

From the above results, it can be concluded that weak to moderate positive relationships exist between both affective and normative commitment and all job characteristics. However, the correlation coefficient results between job characteristics and continuance commitment are mixed. Thus, hypothesis is partially supported.

Discussion and Conclusions

According to Hackman and Oldham (1975), Mathieu and Zajac (1990), Tyagi and Wotruba (1993), and Bhuian and Menguc (2002), when an organization attempts to enrich jobs by providing autonomy, variety, task-identity and feedback in jobs, employees reciprocate by identifying themselves more closely with the organization. In addition, researchers such as Hackman and Oldham (1976) and Chelte and Tausky (1986) emphasized that job-related characteristics can have a significant influence on organizational commitment.

The results of this study in Qatar revealed significant associations between various job characteristics variables and each component of organizational commitment. Only one non-significant result was found, between continuance commitment and degree of autonomy. The findings of this study therefore seem consistent with those of Hunt et al (1985), who found that among western employees the four "core dimensions" variables of job characteristics (degree of autonomy, skill variety, task identity and feedback on performance) positively influence the level of an employee's organizational commitment. Ramaswami et al (1993) and Naumann (1993) provided similar support for the direct influence of autonomy, variety and feedback on organizational commitment.

A possible explanation for finding significant and positive relationships between affective commitment and all of the selected job characteristics may be related to the way these constructs were developed. According to Meyer and Allen (1997) the construct affective commitment is developed in part by employees being motivated for personal fulfilment and thus develops on the basis of psychologically rewarding experiences. It is noteworthy that the development of skill variety, task identity, autonomy, and feedback on performance are constructs that are specifically linked to personal fulfilment. Thus, one might expect these variables to correlate positively with affective commitment.

The construct continuance commitment is developed as a result of action that increases the costs of leaving the organization. Thus, employees will have a weak sense of continuance commitment if they perceive that they have several viable alternatives to leave the organization. Since weak to moderate positive correlations were found for three of the four job characteristics variables (skill variety, task identity, and feedback on performance), it is probable that employees might perceive a moderate sense of commitment organizationally and/or have better opportunity elsewhere.

The research literature finds that the development of the normative commitment construct is based on the aspect of employees forming a psychological contract. The psychological contract can be either transactional (economic exchange) or relational (social exchange) (Rousseau, 1989). Since the nature of normative commitment is created where an employee feels a sense of obligation to the organization, it is plausible that employees can develop a psychological contract via social exchange, thus strengthening a sense of normative commitment. Thus, the study's findings indicating a positive relationship between job characteristics variables and normative commitment may be based on a transactional psychological contract whereby employees could develop normative commitment based on social exchange.

The relationships between job characteristics and organizational commitment will now be discussed:

- Regarding skill variety: this study found only a weak relationship between job variety and the three components of OC, indicating that the greater the job variety, the more committed employees were to the organization. Thus, if employees get the opportunity to employ a variety of job skills, this will increase their job satisfaction and their involvement in their jobs and in turn will enhance their commitment to the organization.

- Regarding degree of autonomy: the results of this study indicate that there was a moderate positive correlation between degree of autonomy and each of affective and normative commitment, indicating that the more autonomy employees gained, the more they were satisfied with their jobs and the higher were their levels of organizational commitment. It is believable that if employees are provided with freedom as to how to do their jobs, then they will be more motivated toward accomplishing organizational goals.

- Regarding task identity: the results of this study found a weak to moderate relationship, indicating that the more employees (Qataris and non-Qataris) believed that their jobs were specified and clear, the more they were committed to the organization.

♦ Regarding feedback on performance: the results of this study indicate that there was a moderate relationship between this variable and each of affective and normative commitment constructs. Although only a weak relationship was found between this variable and continuance commitment, the present study suggests that employees' commitment is influenced by the degree to which supervisors provide them with positive feedback in regard to their jobs. The more feedback on performance they received, the more employees were committed to their jobs and their organization.

From the above, the study results provide good support for the predictive effect of job characteristics on organizational commitment, indicating that enriching jobs through changing the four core job dimensions would have a positive effect on employees' organizational commitment. Naumann (1993) highlighted the positive consequences of job characteristics especially in improving job design and accommodating employees with a greater range of competence, skills, more recognition and autonomy. This finding may expand the knowledge of the relationship of job characteristics and OC and may support the importance of job enrichment in enhancing employees' organizational commitment.

Managements of Qatari companies, therefore, should implement clear goals, policies, missions, and specified and clear job responsibilities for all employees to improve OC. According to Hackman et al (1975) jobs that are perceived as more meaningful, with more responsibility and with more knowledge of working results, are most likely to generate commitment about work. Moreover, managements of Qatari companies should implement a system of keeping the employee informed of his or her success in meeting the company's goals (ongoing feedback). This step is likely to encourage greater organizational commitment among all employees working in these companies.

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Investment and Returns:
Canadian Stock Market

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Abstract

This paper uses cointegration analysis and the VECM to investigate the role of stock markets in determining investment in Canada. The results reveal that the Canadian investment and stock market returns share long run equilibrium relationship. Further, the results suggest that the Canadian investment and stock market returns reinforce each other in the Granger-sense. In addition, the US stock market (proxied by the S&P 500) is found to play a significant role in determining investment in Canada. From a policy perspective, the Canadian authorities can foster investment by formulating and implementing policies that are conducive to stock markets, as these will in turn spur capital formation in the economy.

Key words:

Stock Returns, Investment, S&P 500, VECM, Recursive Trace Co-integration Tests, Canada.



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Economic growth is the foundation for improvement in the standard of living and for the material advance of any society. Both classical economists in the past and modern neoclassical economists in the present have often singled out real investment as a principle, if not, the principle determinant of economic growth. In turn, the existence, development, health, and proper functioning of financial institutions is often considered to be essential for the financing necessary for sustaining high levels of real investment. The empirical analysis of the causal interplay between real investment and financial markets undertaken here is thus of real import.

The traditional models of the determinants of capital outlays have included several economic variables and the literature is rich. However, very few studies have examined the role of the stock market explicitly in their models and understanding business investment behaviour remains a complex subject. This paper investigtaes empirically the relationship and the direction of causation between actual investment, as measured by the change in the capital stock, and the condition of the stock market for the economically developed nation of Canada. For a number of reasons, Canada is an extremely interesting country to consider as a focal point for investigating this relationship. For one, Canada and the US, the world's largest economy, have been, and continue to be, each other's major trading partner. In 2009, the United States accounted for 75 percent of Canadian exports and 51.2 percent of Canadian imports, while Canada made up 14.4 percent of US imports and 19.4 percent of US exports. Another reason comes from Canada's uniqueness from the perspective of dependency theory. Researchers, using the lens of dependency theory, have viewed Canadian historical development as an historical anomaly. Canada, with a relatively small population, boarding the mammoth US, in the face of powerful economic penetration of its economy by American economic forces, has somehow managed to sustain its own economic growth and to develop its economy over the years. This is unlike other developing countries which have found themselves in a perpetual dependent relationship due to interaction with developed countries.

Two other factors making Canada a desirable country for the analysis of the relationship in question are the size of the Canadian financial market and historical ties between the Canadian financial markets and US financial markets. The traditional function of financial markets and institutions is to mobilize and channel savings into investment. The TSE, the Toronto stock exchange, is the 8th largest exchange in the world. The TSE is located in Toronto, a city that is fast becoming one of the premier cities in the World. While globalization and the instantaneous communication of computerization have resulted in greater synchronization and integration between financial markets around the world, this has long been the case for Canadian and US financial markets.

Literature Review

The relationship between stock market and the economy has been the subject of numerous studies and the literature is rich. However, a vast majority of studies have focused on its role as a leading indicator with the overall view that such a relationship, if exists, can be very valuable to forecast the future course of the economy. Empirical studies done in this area are based on the assumption that asset prices are forwarded looking as stock prices anticipate future economic performance. Since financial investment takes place on the basis of expected future returns, movements in prices of various stocks should reflect future corporate profits. Since stock price behaviour reflect earnings and dividend expectations of decision makers, rising stock prices should lead to increased investment spending. Fischer and Merton (1984) is one of the earlier studies in this area. By analyzing data for a long time period (1950-1982), thay find evidence that stock price changes have predicted future changes in economic variables such as investment, consumption and the overall growth in the US economy. Therefore they believe that stock market performance does serve as a leading indicator. After comparing to other financial variables, their findings reveal that stock prices are the best predictor of the fixed business investment. They provide theoretical as well as empirical evidence for the claim that stock markets are rational and confirm efficient market hypothesis. They firmly believe that stock market perfomance incorporates very useful information and provides strong signals to managers regarding business investment choices.

Several subsequent studies such as Fama (1990), Schwart (1990), Cocharane (1991), and Kopcke (1993) among others, support Fischer and Merton's findings about the role of the stock markets. Mork et al (1990), by looking at panel data, and Rhee and Rhee (1991), by anlyzing firm level data, reach similar conclusions. Aylward and Glen's study (2000) includes data for thirty three countries and examines the role of stock prices. Their general conclusion is that stock prices are a substantially better leading indicator of investment than either GNP or consumption.

In another noteworthy study, Barro (1990) uses data on a very long time series (1891-1987) to examine the relation between stock prices, investment, and economic growth. He finds that lagged changes in real stock prices explain the rate of change in investment in the US economy better than any other variable, supporing Fischer and Merton (1984). He further claims that changes in stock prices outperform the q model. It is interesting to note that while examining the determinants of investment spending in Canada, Barro finds that it is not the Canadian but the US stock prices that exert a powerful effect on Canada's investment. Thus, according to Barro, the US economy through its stock price movement has a significant impact on the investment decision making process in the Canadian economy.

Contrary to the finding of the above mentioned studies, Blanchard et al (1993) focus on the role of fundamentals compared to stock market valuation for the US economy. For this purpose, they construct a long time series data for Tobin's q, a proxy for fundamentals, and, then, compare the relative strength of fundamentals and the stock market valuation. Their empirical findings suggest that although both fundamentals and market valuations affect business investment decisions, managers should be more concerned with fundamentals. Their position is based on their quantitative finding that while one percent increase in market valuation increases investment by 0.45 percent; one percent increase in fundamentals leads to a 2.0 percent increase in business investment. They argue that market valuation has little effect on investment in the short term, and that managers should focus on the long term interest of shareholders whose interests are best served when they only consider fundamentals.

Blanchard et al., therefore, present a contrasting view on Fisher and Merton with respect to business investment decision-making. Blanchard and company heavily recommend that investment decisions be made by managers based on fundamental analysis, whereas, Fischer and Merton rely support reliance on market valuation.

More recent studies, on the other hand, have challenged the conventional wisdom about the role of the stock market as a leading indicator. For example, Binswanger's study (2000) finds evidence suggesting that the relationship between stock prices and real activity in the United States actually has disappeared during the 1980s. Additional evidence is provided by Binswangner (2002). In this study he extends his analysis to other G-7 countries and finds that a similar breakdown occurred in Japan and the aggregate European economy. His general conclusion is that since the 1980s stock prices have not led the real economy. Furthermore, Kwon and Shin (1999) and Lamont (2000) have found a negative relationship between stock prices and economic activity. Lamont, however, offers a possible explanation that the negative covariation can be explained by lags between the time a corporation decides to invest and the actual investment spending.

A few studies have looked at other possible explanatory variables. For example, Faroque and Minor (2000) look at evidence from the Canadian economy and analyze the effect of profit and stock market valuation on technology shocks. They conclude that profit provides the best explanation. Also regarding the relationship between stock market and economic growth, new evidence is casting doubt on wisdom. For example Sawhney, Anoruo and Feridun (2006) look at the possibility of a bi-directional relationship. They find that for Canada a bi-directional relationship is observed while causality runs from economic growth to stock prices in the case of the US economy. Laopodis and Sawhney (2000) also reach similar conclusions.

The above survey clearly points to some issues that need to be addressed in examining the relationship between stock prices, investment and economic growth.The purpose of the present study is to employ causality tests on Canadian data to examine whether or not stock prices affect investment spending in Canada.Is there any causal relationship? The finding will hopefully shed light on whether Fisher-Merton's contention that managers simply need to follow market valuation is true, and whether or not Barro's hypothesis, that the Canadian investment spending is better explained by US stock prices, is valid.

The remainder of the paper proceeds as follows: section 3 discusses methodology. Section 4 furnishes the data and the empirical results. And section 5 provides the summary and conclusions of the study.

Methodology

This study applies the modified Dickey and Fuller (DF-GLS) unit root test developed by Elliot et al (1996). The DF-GLS procedure has been shown to have better power than the conventional Dickey-Fuller (Elliot *et al.* 1996). The DF-GLS unit root test is based on the following regression equation:

$$\Delta Y_t^k = \alpha_0 Y_{t-1}^k + \sum_{j=1}^{m} \alpha_j \Delta Y_{t-j}^k + \mu_t \quad ,$$

In equation (1), Y represents the variable of interest; m stands for the maximum lag, and Y_t^k represents locally detrended series of Y_t. The Modified Akaike Information Criterion advanced by Ng and Perron (2002) is used to determine the maximum lag lengths for the various time series in the system. The DF-GLS unit root test involves testing the null hypothesis that $\alpha_0 = 0$ against the alternative that < 0, in equation (1).

This paper uses the Johansen and Juselius (1990) and Johansen (1991) cointegration procedures to determine the long run relationship between investment and the Canadian stock market returns. The cointegration tests are based on the following vector error correction model (VECM):

$$\Delta Yt = \delta_0 + \sum_{i=1}^{p-1} \delta_i \Delta Yt - i + \alpha\beta' Yt - p + \mu t \qquad (2)$$

where, Δ represents first difference operator, Y_t is a 2x1 vector consisting of investment and the Canadian stock market returns for time period t, δ_0 is the intercept, and μ is a 2x1 vector of white noise processes. The matrix β consists of r ($r \leq n-1$) cointegrating vectors. Matrix α contains the error parameters. In equation (2), the null hypothesis is that the matrix ($\Pi = \alpha\beta'$) has a reduced rank of $r \leq n - 1$. The alternative hypothesis is that the matrix ($\Pi = \alpha\beta'$) has full rank. If the rank (Π) =0, then there is no long run relationship between investment and the Canadian stock market returns. The appropriate modeling procedure in this case will be the application of the standard VAR in first differences of the variables in the system. However, if the matrix (Π) has full rank (i.e. $\Pi = 2$), this implies that the series in the system are stationary, and therefore the standard VAR should be implemented using the levels of the variables. If the rank $\Pi = 1$, then there is one cointegrating vector in the system, suggesting the existence of cointegration between investment and the Canadian stock market returns. The Johansen and Juselius cointegration procedure provides two test statistics including the maximum eigenvalue and the trace statistics.

Co-integration implies that the transitory components of the series can be given a dynamic error correction representation; one that allows for flexibility in the short-run dynamics but constrains the model to return to long-run equilibrium (Engle and Granger, 1987). If there is evidence of a cointegrating relationship, causal inferences can be made by estimating the parameters of the following VECM:

$$\Delta \mathbf{INVEST}_t = \alpha + \sum_{i=1}^{a} \beta_i \Delta \mathbf{INVEST}_{t-i} + \sum_{j=1}^{b} \phi_j \Delta \mathbf{SRCAN}_{t-1} + \delta \mathbf{Z}_{t-1} + \mu_t \quad (3)$$

$$\Delta \mathbf{INVEST}_t = \alpha + \sum_{i=1}^{a} \beta_i \Delta \mathbf{INVEST}_{t-i} + \sum_{j=1}^{b} \phi_j \Delta \mathbf{SRCAN}_{t-1} + \delta \mathbf{Z}_{t-1} + \mu_t \quad (4)$$

where INVEST stands for investment (changes in capital stock), SRCAN represents the Canadian stock market returns (i.e. the Toronto Stock Index), a and b are the maximum lag orders are to be determined by the Akaike Information Criterion. The error term is represented by m in equations (3) and (4).

To test the Barro hypothesis relative to the implication of the US stock market for the Canadian investment, equation (3) is reformulated to include the S&P 500 (LSP). It is important to point out that LSP enters equation (3) as an exogenous variable given that the basic objective of the study to examine the relationship between Canadian stock market returns and investment.

$$\Delta \mathbf{INVEST}_t = \alpha + \sum_{j=1}^{a} \phi_j \Delta \mathbf{INVEST}_{t-1} + \sum_{i=1}^{b} \beta_i \Delta \mathbf{SRCAN}_{t-i} + \sum_{i=1}^{c} \beta_i \Delta \mathbf{LSP}_{t-i} + \delta Z_{t-1} + \mu_t \quad (5)$$

where LSP is the S&P 500, the other variables remain as defined in equations (3) and (4).

The VECM model allows us to differentiate between the short- and long-run dynamic relationships, and tests for the hypothesis that the coefficients of lagged variables and the error correction terms calculated from the cointegrating regression are zero. If the coefficients in the system are jointly significant, then the lagged variables in the system are important in predicting current movements of the dependent variables (i.e., the short run dynamics), and the dependent variables in the equation adjust to the previous period's equilibrium error.

Data and Empirical Results

This paper employs quarterly data on investment (proxied by changes in capital stock), the Canadian stock market returns (measured by the Toronto stock market index), and the S&P 500 returns. The sample covers the period 1980:1 through 2003:4 for a total of 95 observations. The data used in this study were all obtained from various issues of the *International Financial Statistics* (IFS), published by International Monetary Fund. The results from the DF-GLS unit root test are presented in Table 1. The results from the DF-GLS unit root procedures indicate that investment, the Canadian stock market returns, and the S&P 500 series are not stationary in their levels. The null hypothesis of a unit root could not be rejected at the five percent significance level, in all of the cases. However, after first differencing, the null hypothesis of a unit is rejected at the five percent level of significance in all of the cases. In all, the results indicate one order of integration I (1) for investment, Canadian stock market returns, and S&P 500 returns.

Once we have determined that investment, Canadian stock returns, and the S&P 500 returns are first difference stationary, we move on to test for co-integration, between the series. The results from the bivariate cointegration test between investment and the Canadian stock market returns are presented in Table 2. The λ-max and Trace test statistics indicate that there is one significant cointegrating vector between investment and the Canadian stock market returns.

Table 1: Modified Dickey-Fulley Unit Root Tests

Series	Level	Lag Order	Difference	Lag Order
INVEST	-2.65	6	-3.33**	6
SRCAN	-2.71	6	-3.31**	2
SRUS	-2.37	8	-3.59**	5

** and [8] Rejection of the null hypothesis of a unit root at the 5% and 10% levels, respectively. The 5% and 10% critical values are -3.07 and -2.78, respectively. The modified Akaike Information Criterion was used to determine the lag lengths. The null hypothesis is the series has a unit root. INVEST =investment, S&P500 = Standard and Poor 500, SRCAN = Canadian stock market returns

Table 2: Bivariate Johansen's Cointegration Test Results between Canadian Investment and Stock Market Returns

Maximum Eigenvalue Test			Trace Test		
Null Hypothesis	Test Statistic	5% CV	Null Hypothesis	Test Statistic	5% CV
r =0	21.76**	15.89	r > 0	28.08**	20.26
r ³1	6.31	9.16	r ³1	6.32	9.16

** indicates the rejection of the null hypothesis at the 5% level of significance. The critical values were obtained through Eviews 5.0 Statistical Software.

The results from the multivariate cointegration test between investment, the Canadian stock market returns, and the S&P 500 returns are presented in Table 3. The λ-max and Trace test statistics indicate that there is one significant cointegrating vector between investment, the Canadian stock market returns, and the S&P 500 returns. The finding of cointegration between the time series suggests that they share long run equilibrium relationship. Deviation from the equilibrium relationship is corrected in the subsequent period. Furthermore, the existence of cointegration among the series is important because it would affect the model setup.

The study next applies the recursive trace test to allow for possible structure breaks in the long run relationship between the time series in the system. The purpose of the recursive trace test is to determine the constancy of the number of cointegrating vectors in the system for the period under consideration. Unlike the standard cointegration procedures, the recursive trace test enables the researcher to track the stability of the number of cointegrating vector(s) in the system. The null hypothesis under the recursive trace test is that there is a long run relationship between the series. Figure 1 displays the bivariate recursive cointegration test between investment and stock market returns for Canada. The first five-year period (i.e. 1980:1 through 1985:4) is used as the initial period for the recursive trace test. The vertical axis in Figure 1 reveals that the value of the test statistic for the null hypothesis of no cointegration between the two series rescaled by the critical value at the five percent significance level. Rescaled values exceeding 1 indicate statistical significance at the five percent level. Similarly, the number of lines above 1 represents the number of cointegrating vectors in the system. The upper line in Figure 1 indicate the path for H(r ≤0/r=1). However, the lower line reveals the path of trace tests for H (r ≤1/r=2). An upward trend relative to the graph of the recursive trace tests indicates increased co-movements between the time series. In contrast, a downward trend reveals decreased co-movement the variables of interest.

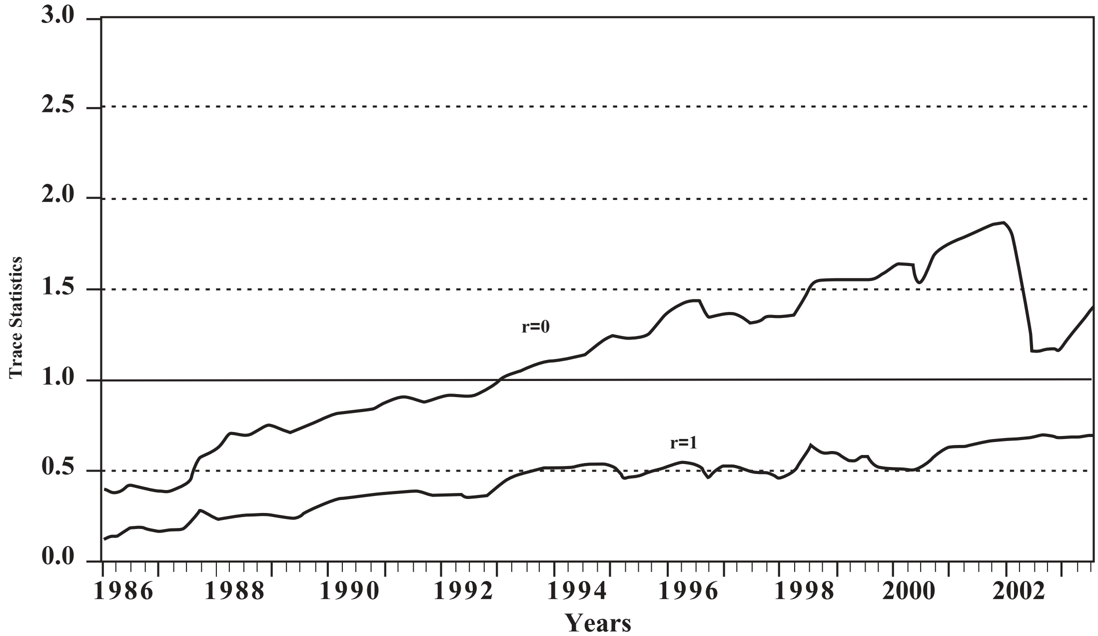
A test statistic value greater than 1 indicates that the null hypothesis of no cointegration should be rejected at the five percent level. As can be seen from Figure 1, there is no cointegration between investment and stock market returns prior to 1993. However, the recursive trace test reveals the existence of one cointegrating vector from 1994:1 through 2003:4, given that the trace statistic exceeded 1 within this period. The finding of one cointegrating vector between

Table 3: Johansen's Multivariate Co-integration Test Results

Maximum Eigenvalue Test			Trace Test		
Null Hypothesis	**Test Statistic**	**5% CV**	**Null Hypothesis**	**Test Statistic**	**5% CV**
r=0	26.29**	22.30**	r > 0	43.19**	35.19
r ≥1	10.99	15.89	r ≥1	16.89	20.26
r ≥2	5.89	9.16	r ≥2	5.89	9.165

** indicates the rejection of the null hypothesis at the 5 percent level of significance. The critical values were obtained through Eviews 5.0 Statistical Software.

Figure 1 : Plot of Trace Test Statistics

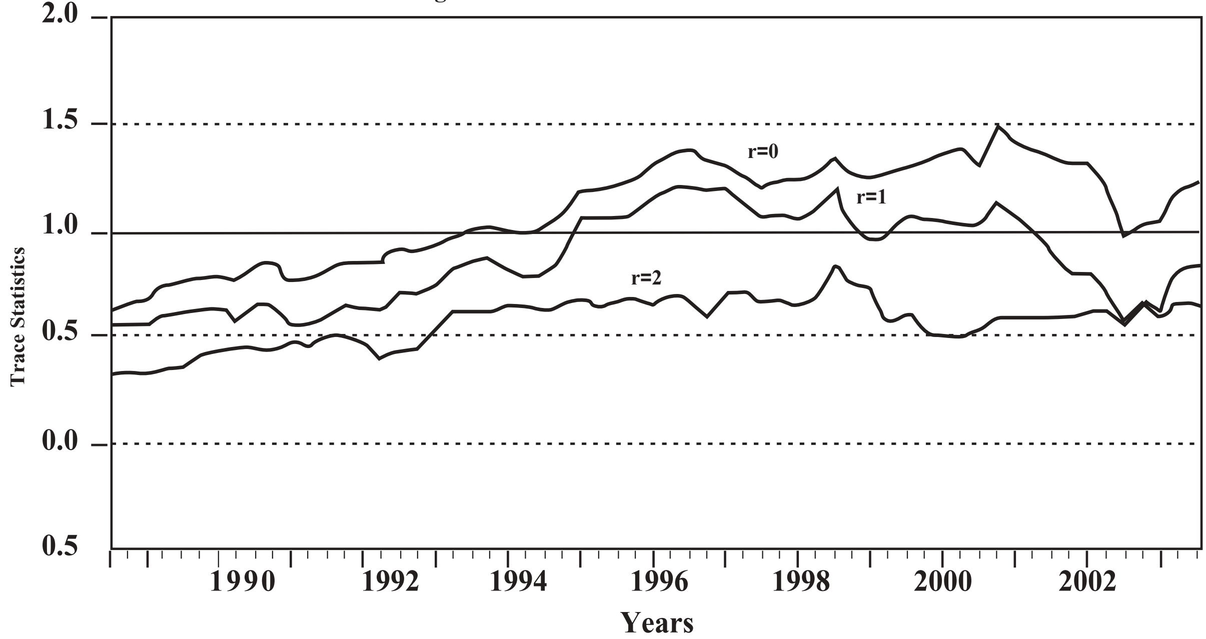


Note: The vertical axis in Figure 1 reveals the value of the trace test statistic for the null hypothesis of no cointegration between Canadian investment and the stock market returns rescaled by the critical value at the percent significance level. A series value greater than 1 indicates that the null hypothesis of no cointegration should be rejected at the 5 percent level.

investment and stock market returns is consistent with the results from the conventional Johansen cointegration tests. This finding suggests that there is one common stochastic trend driving the system.

Figure 2 plots the multivariate recursive trace test results between investment, Canadian stock market returns and the S&P 500 returns. The first eight-year period (i.e. 1980:1 through 1988:4) is used as the initial period for the recursive trace test. The upper line in Figure 2 indicates the path for H (r ≤0/r=3). The middle line displays the path for H (r ≤1/r=3). However, the lower line reveals the path of trace tests for H (≤2/r=3). The results from the multivariate recursive trace tests reveal that investment, Canadian stock market returns and the S&P 500 returns were not cointegrated prior to 1994. However there was evidence of cointegration between the three time series from 1995 through 2003. There were two cointegrating vectors in the system between 1995 through 2001. From the results it can be surmised that there was one cointegrating vector in the system consisting of investment, Canadian stock market returns and the S&P 500 returns. This finding corroborates the results obtained from the standard cointegration tests.

Figure 2 : Plot of Trace Test Statistics



Note: The vertical axis in Figure 2 reveals the value of the test statistic for the null hypothesis of no cointegration between the investment, Canadian stock market returns and the US stock market returns (S&P 500) scaled by the critical value at the 5 percent significance level. A series value greater than 1 indicates that the null hypothesis of no cointegration should be rejected at the 5 percent level.

The finding of co-integration among the investment, Canadian stock market return, and S&P 500 return series indicates that the VECM which describes the systematic disequilibrium adjustment process and the short-run transmission mechanism be applied. The endogenous variables in the system include lagged variables of the changes in Canadian investment, stock market returns and the error correction terms (residuals) from the cointegrating equations. The joint significance of the lagged changes in investment and stock market returns coefficient values are provided by *F*-statistics. Table 4 Panel A presents the VECM results between changes in Canadian investment and stock market returns. Several interesting transmission patterns emerge from the examination of Table 4. From the results, it can be seen that the estimated lagged error-correction term (z_{t-1}) emerges as an important channel of influence. In other words, investment and stock market returns quickly adjust to eliminate any deviations from the long-run equilibrium relationships that the time series share with each other. Although the sum of the lagged coefficients of in equation (3) is statistically insignificant, causality emerges from stock market returns to changes in investment through the statistically significant error correction term. Similarly, in equation (4) the sum of the regression coefficients on is not significant but causality runs from changes in investment to stock market returns through the error correction term. These results indicate that there is bidirectional causality between changes in investment and stock market returns for Canada. In other words both variables reinforce each other for the period under consideration.

Panel B of Table 4 presents the results from equation (5), which is designed to gauge the influence of the US stock market on Canadian investment. From the results it can be seen that neither the sum of the regression coefficients on nor those on is statistically significant at the conventional levels. However, the error correction term is statistically significant at the five percent level. The statistically significant error correction term implies that causality runs from the Canadian stock market returns and the S&P500 returns to investment. The finding that the S&P 500 returns Granger-cause change in investment corroborates Barro (1990) hypothesis relative to the importance of the US stock market to the Canadian investment.

Table 5: Granger-Causality Tests between Canadian and Stock Market Returns based on VECM *(F-Statistics)*

	INDEPENDENT VARIABLES z_{t-1}	$\Sigma\Delta$INVEST	$\Sigma\Delta$SRCAN	$\Sigma\Delta$SRUS
Panel A: Equations for Canadian Investment and Stock Market Returns				
Equation for ΔINVEST	3.51**	2.34*	0.73	—
Equation for ΔSRCAN	5.81**	0.61	2.87**	—
Panel B: Equation for Investment with Canadian Stock Market Returns and the S&P 500 Returns as the Dependent Variables				
Equation for ΔINVEST	3.41**	2.27*	0.34	0.15

*, **, *** associated with the *F-statistics* represent statistical significance at the 10 percent, 5 percent and 1 percent level respectively. The standard *t-test* is used to determine the level of marginal significance for the error correction term (z_{t-1}) and the dummy variable (DM92. The optimal lag lengths are determined by the AIC. INVEST =investment, S&P500 = Standard and Poor 500, SRCAN = Canadian stock market returns.

Summary and Conclusions

This paper has used cointegration analysis and the VECM to examine the relationship between investment and stock market returns for Canada. In addition, the study assessed the validity of the Barro (1991) hypothesis relative to the importance of the US stock markets in promoting investment in Canada. Specifically, this study employed the modified Dickey-Fuller unit root tests to determine the time series properties of investment, the Canadian stock market returns and the S&P 500 returns. The short-and long-run dynamics between investment and the stock market returns were examined through the application of the VECM. While there is a plethora of studies in the literature that have examined the ability of the stock market to predict macroeconomic variables including economic growth, relatively little attention has been given to its role in promoting investment.

The paper reports several important findings. The results from the DF-GLS unit root tests reveal that investment, the Canadian stock market returns and the S&P 500 returns are nonstationary in their autoregressive representations. The cointegration test results indicate that investment and the stock market returns share long-run equilibrium relationships with each other. The results from the recursive trace cointegration tests suggest that the relationships between investment and the stock market return series are stable for most part of the study period.

The results from the VECM reveal that investment and the Canadian stock market returns are important determinants of each other. These results suggest that the Canadian investment and stock market returns can be used to predict movements in each other. The results also show that the US stock markets have significant effect on Canadian investment. This finding corroborates Barro (1990), who concludes that the US stock markets are important determinants of investment in Canada. Given the significant role that the stock market returns play in promoting investment, the Canadian authorities will be well advised to formulate and implement policies that are conducive to efficient financial markets. However, innovations in the US stock markets should be taken into consideration when developing such policies.

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Employees' Attitude: Performance and Satisfaction

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Abstract

Among scholars and development practitioners, there is a continuous debate about whether or not employee attitudes can be directly associated with clients' satisfaction and service delivery performance in Non Governmental Sector (NGO). It has been endeavoured to find out the linkages between employees' attitude, beneficiaries' satisfaction and service delivery performance empirically in this paper. Findings of the study indicate that employee satisfaction, leadership and motivation have a positive statistical relationship. However, employee attitudes cannot be linked to clients' satisfaction. Results also reveal that there is a positive correlation between clients' satisfaction and service performance. Moreover this study also throws light on the drawbacks of NGO led service delivery process.

Key words:

Employee Attitudes, Service Delivery Performance, Clients' Satisfaction, Linkage, Research and Non Governmental Organization (NGO).

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During recent decades, the relationship between human issues (including employee satisfaction, leadership and motivation) and service performance has attained the increasing attention of researchers and practitioners. Scholars aim to provide theoretical models to explain the phenomenon, whereas practitioners in search of service excellence are interested to know whether employees role are worthwhile. To make it even more challenging, some authors argue that employee perceptions cannot be directly associated with service excellence.

Research investigating the relationships between employees, target groups (beneficiaries) and service delivery process of the organization, is often referred to as linkage research, i.e. Wiley's (1996) linkage research model as well as Heskett et al's (1997) service profit chain has contributed to the development of linkage research. These authors argue that employee satisfaction leads to customer satisfaction and further to superior business results. Unfortunately, no study has been found to be conducted to see the linkages between employees' attitude, clients (beneficiaries) satisfaction and service performance in NGO sector.

These facts create a fascinating background to our research. Present study aims to contribute to the existing knowledge by investigating linkages between employees, clients (beneficiaries) and service delivery on NGOs in Assam.

1.2 Problem Definition

In this paper, we statistically examine employees' attitude towards their target segments for better service performance. Among scholars and development practitioners, there is a continuous discussion as to whether employees' attitude can be linked with satisfied target groups of the organization for the better service delivery in NGO sector.

1.3 Objectives

1.3.1 Primary Objective

To examine the linkages between employees' attitude, beneficiaries' satisfaction and service performance.

1.3.2. Secondary Objectives

I. To study the linkage between employees' satisfaction and satisfaction of the target segments,

II. To verify whether satisfaction of the target groups is linked with service performance of the organization, and

III. To find out whether employees' satisfaction is linked to service delivery performance of the organization.

It is not only an overall employee satisfaction, but also employee motivation and quality of leadership play a crucial role in an everyday life of organizations. Therefore, we will furthermore examine how employee satisfaction, motivation and leadership interact in the case NGO.

1.4 Foundation of Hypotheses Formulation

The hypotheses create a basis for our empirical study in the paper. The hypotheses are formulated on the basis of Linkage models; especially Wiley's linkage research model. According to the linkage model of Wiley (1996) employee satisfaction and satisfaction of the target groups are strongly and positively linked. A leadership value system observed by employees, which emphasizes service for their target segments and service quality, is the foundation of this linkage. Leadership practices of the managers in the organization include offering employee support and training in order to carry out work effectively and empowering employees to take proper actions in order to meet expectations of beneficiaries. Employee retention is positively related to target groups' satisfaction with the service quality that they (beneficiaries) receive. The linkage model points out that the more certain leadership practices are given, the more satisfied and productive the workforce. In addition, Wiley (1996) advises in linkage research, the unit of analysis should not be individual but at organizational level. The researchers (Heskett, Sasser and Schlesinger, 1997) acknowledge the importance of understanding the relationship between employees, target groups and corporate performance.

With the aim of giving a clear picture of our research goals on the basis available literature, following hypothesis are formulated.

Hypothesis (H1)

There are positive correlations between employee satisfaction, leadership and motivation.

Hypothesis (H2)

Employee satisfaction is positively correlated with client's satisfaction.

Hypothesis (H3)

Clients' satisfaction is positively correlated with service performance.

Hypothesis (H4)

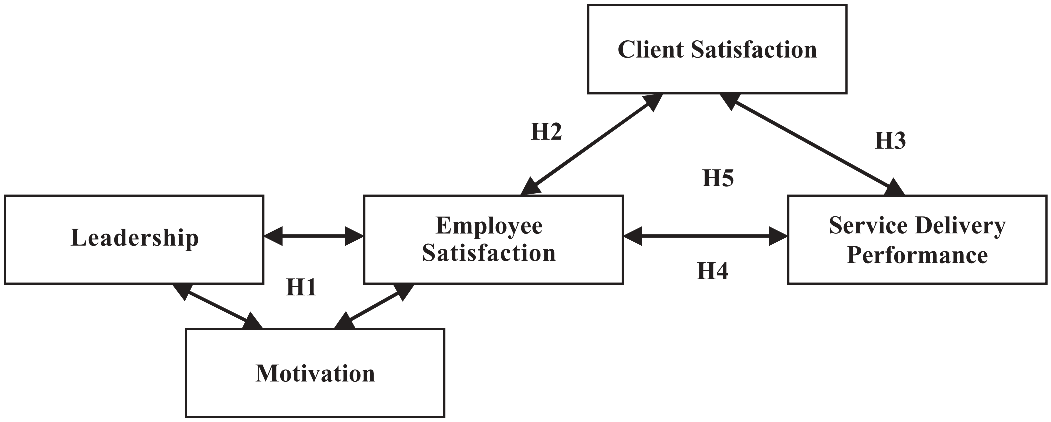
Employee satisfaction is positively correlated with service performance.

Hypothesis (H5)

There are positive correlations between employee satisfaction, clients' satisfaction and service delivery performance of the organization.

2. Linkage Research in Non-Governmental Sector

As introduced earlier, linkage research involves examining the data in various organizational databases in an attempt to find correlations between employee perceptions, client's satisfaction and service delivery performance (Wiley, 1996).



This model was examined in context to one of the renowned NGOs of the North East India, namely, Bosco Reach Out, Guwahati so as to determine its applicability in the NGO sector.

In our research, we adapt this approach to a renowned NGO, i.e. Bosco Reach Out, Guwahati and examine above-mentioned linkages in non-profit set up.

2.1 Introduction of the studied NGO

Bosco Reach Out (BRO) was established in 1983 as an NGO. Initially, it was conceived as a registered social service agency with the aim of promoting integral human development and undertaking projects so that individual institutions and mission centres as well as the province as a whole would be self-sufficient. Since then, BRO has moved from an institutionalized charity approach to development through individuals, to a community-centred development, and finally to a participatory approach to development through Self Help Groups, to Cluster Level Federations (CLF). At present BRO is amongst the major NGOs of North East India with three principal offices: Guwahati (the central co-ordinating office), Umran, and Shillong, and several branch offices. As of now, the Umran office is practically working independently with its own agro-based projects and programmes. BRO-Guwahati has 3 full time administrative heads, 24 administrative and domestic staff and 87 field staff. The centre has facilities for the residential training and other meetings and programmes for about 40 people.

BRO visualizes a self-reliant and self-sustaining community of people living responsibly and striving for a just and equal society. It covers 689 villages in 27 regions and seven zones in Assam and Meghalaya. BRO activities are carried out through various units created for easy coordination and effective implementation. Currently there are 1451 Self-help Groups (805 in Assam, 646 in Meghalaya) and 45 Cluster Level Federations. Most of the programmes are carried out directly through staff members through a process of action-reflection with the people.

2.2 Methodology

2.2.1 Research Approach

This research is designed as a descriptive study using correlation statistics.

2.2.2 Source of Information

The data are collected from both Primary and Secondary sources.

2.2.3 Sampling Method

Convenience sampling

2.2.4 Sampling Units

Chief Functionary, Project Coordinators and Beneficiaries

Research Strategy

Case study

2.3 Indices used for the Study

In the following table we have shown the indices that are used in our empirical study based on the literature (Barnard, 1938; Roethlisberger and Dickson, 1939, as referred in Earle, 2003), Irfaeya and Liu (2003), Judge and Bono (2001), Meyer and Allen (1997).

Table: 2.1

Employee Perspective			Client Perspective	Service Delivery Performance
Employee Satisfaction Index	**Leadership Index**	**Motivation Index**	**Beneficiary Satisfaction**	**Five Individual Indicators Index**
• Work Environment • Job Profile • Present Organization	• Involvement in decision-making • Shared Information • Supervisors support for personal deve-lopment	• Motivated in the present engagement • Colleagues motivational level	• Accessibility • Reliability • Empathy	• Timely completion of Projects • Low Attrition rate • Utilization of Funds as per the guidelines • Efficiency of staff • Monitoring and Evaluation

3. Empirical Study

3.1 Relationships between Employee Satisfaction, Leadership and Motivation

Employee satisfaction is often in the centre of the attention when dealing with employee attitudes. Leadership and motivation are regularly brought up when talking about employee satisfaction. In a scientific sense, studies on these three issues have shown different opinions. According to Yukl (1989), leadership sometimes leads to employee satisfaction, while sometimes it does not. In order to gain a better understanding of how employee satisfaction, leadership and motivation interact in NGOs, we addressed our hypothesis to investigate this triangle. Using Pearson's correlation, we found that Leadership Index (LI) has a significant correlation with Employee Satisfaction (ES) (r= .598**, p= .000). In addition, Motivation Index (MI) correlates significantly with Employee Satisfaction Index (ESI) (r= .682**, p= .000). Moreover, Leadership Index (LI) has a strong and significant correlation with Motivation Index (MI) (r= .767**, p= .000).

3.2 Relationship between Employee Satisfaction and Client Satisfaction

According to Heskett et al (1997), service profit chain can be used to describe the value delivery from employees to clients. Authors conclude that happy employees would translate their satisfaction to client satisfaction through delivering high value service. However, other researchers, such as Harrington (1999) and Sivestro (2000), hold different opinions. In their studies employee satisfaction and client satisfaction are not linked together.

In order to contribute to the empirical evidence in this field, we wanted to examine the association between employee satisfaction and client satisfaction.

After having calculated the correlation between Employee Satisfaction Index (ESI) and Client Satisfaction Index (CSI), we found no correlation between employee satisfaction and client satisfaction (r= -.036, p= .802). Statistically it means that employee satisfaction has no relationship with their client satisfaction. In this way, Heskett et al's (1997) "mirror" effect of employee satisfaction and customer satisfaction (clients) no longer applies in our research. The satisfaction of employees is not mirrored by satisfaction of clients. Even though we were aware of ambiguous findings in the past, the result presented us with a surprise. Based on this result, hypothesis cannot be approved.

Additionally, in order to further investigate the statistically non-existent relationship between employee satisfaction and client satisfaction, we conducted another round of correlation

Table: 3.2 - Correlations between Employee Satisfaction and Client Satisfaction

	Client Satisfaction Index	Service Quality	Service Delivery	Service Availability
Employee Satisfaction Index	r= -.036	r=-.009	r=-.067	r=-.021
	p=.802	p=.949	p=.641	p=.885
Work Environment	r= .082	r=.014	r= .127	r=.079
	p= .566	p=.923	p=.375	p=.581
Job Profile	r= -.153	r=-.094	r=-.194	r=-.112
	p=.284	p=.510	p= .172	p=.435
Present Organization	r=-.060	r= .052	r= -.167	r= -.054
	p=.678	p=.717	p=.241	p=.708

analysis. This time we aimed to examine, if any items of employee satisfaction and client satisfaction could be linked to each other. Results of the second round calculation support the index-level findings: none of the questions used measuring employee satisfaction can be statistically associated with client satisfaction (Table 3.2).

Besides, the same tests were taken when it comes to employee perceptions on leadership and motivation in relation to their client satisfaction. Unfortunately, neither leadership practices nor employee motivation could reliably be associated with client satisfaction. (Shown in the Table 3.3).

Table 3.3: Correlations between Leadership, Motivation and Customer Satisfaction

	Clients Satisfaction	(Service Quality)	(Service delivery)	(Service availability)
Leadership Index	r = -.128	r = -.029	r = -.140	r = -.168
	p = .371	p = .842	p = .326	p = .239
Motivation Index	r = -.137	r = -.053	r = -.180	r = -.127
	p = .339	p = .710	p = .206	p = .374

Generally speaking, employee attitudes, which are job satisfaction, employee perceptions on leadership and motivation, in the specific organization, cannot be linked to beneficiary satisfaction.

3.3 Relationship between Client Satisfaction and Organizational Performance

The next hypothesis in our simplified linkage research deals with the relationship between client satisfaction and service delivery performance of the organization. Previous studies in the service industry speak in favour of existing connection. On the other hand, also contradictory and somewhat criticizing results have been reported. Using our research data and selected methods, we were able to find a statistical relationship between client satisfaction and service performance of the NGO. Even though the observed linkage cannot be considered as a very strong one, it exists and the tendency is significant. Therefore, our third hypothesis is validated by the results. Client satisfaction index (CSI) correlates moderately with timely completion of work (r = .464**, p = .001) whereas the correlation between CSI and utilization of funds is as follows: (r= .364**, p= 0.009.)

Table: 3.4 Correlations between Employee Satisfaction and Service Delivery Performance

	Performance Indicators		
	Timely Completion	Low Attrition	Proper Utilization of Funds
Employee Satisfaction Index	r = .123 p = .389	r = - .112 p = .433	r = -.211 p = .138

3.4 Relationship between Employee Satisfaction and Service Delivery Performance of the Organization

Heskett et al's (1997) service profit chain indicates that a high level of employee satisfaction will in the end result in superior service performance. Yet, some other studies conclude that it is impossible to link employee attitudes directly with service performance of the organization. Researchers within the field of linkage research have not reached a consensus, and therefore, more empirical studies are required in order to validate the results.

Following the academic discussion, we wanted to investigate, if employee attitudes can be associated with service delivery performance in this NGO.

We calculated the correlations between Employee Satisfaction Index (ESI) and service performance indicators. The results indicate that the relationship between employee satisfaction and performance of the organization is not statistically strong. However, a negative tendency can be observed, since correlations between ESI and timely completion (r= -.211, p= .138) and between ESI and attrition rate (r= -.112, p= .433) are negative. Table 5 demonstrates the results, involving also the item-level correlations.

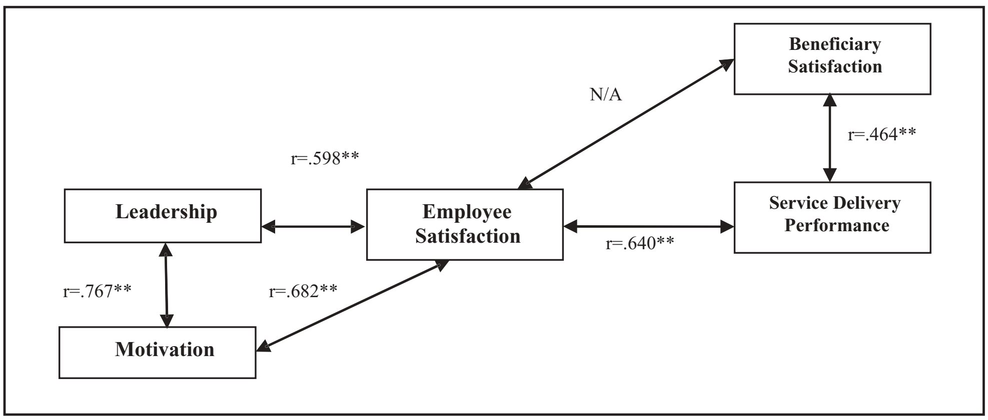
Apart from above mentioned finding, we found no other statistically significant correlations.

4. Analysis of the Findings:

4.1 Summary of Central findings

The figure 4.1 below summarizes the central findings in relation to our hypotheses. Employee satisfaction, leadership and motivation are closely connected in the organization. Moreover, there is no statistical relationship between employee satisfaction and beneficiary satisfaction. However, beneficiary satisfaction can be linked to service performance, while the connection between employee satisfaction and service delivery performance is significant, but negative.

Figure 4: 1 Summary of Central Findings



4.2 Relationships between Employee Satisfaction, Leadership and Motivation

The positive relationship between leadership and employee satisfaction implies that the better leadership behaviour (perceived by employees), the higher employee satisfaction. This result corresponds to the premises of Wiley's linkage research model, which implies that leadership behaviour acts as a foundation for the later success of the value chain. In addition, the findings support the model of Barber et al (1999) who discovered a linkage between employee satisfaction and leadership.

Significant correlations between motivation and employee satisfaction reveal that successful motivation approaches foster positive employee attitudes. By meeting employee requirements and needs, leaders may motivate employees to contribute more. Furthermore, we have noticed that the positive relationship between leadership and motivation is very strong, which means that the more effective leadership, the more motivated employees.

Returning to the studied organization, i.e. Bosco Reach Out, results indicate that leadership is linked closely to employee satisfaction. It was observed that, when employees feel they can have an influence on team's decision-making, they tend to become satisfied. This result coincides with the findings of Miller (1997), who found that participation in decision-making can better satisfy employees' higher needs of job satisfaction. It can also be observed that employees of the Bosco Reach Out tend to respond to the motivation efforts of the organization, since the relationship between employee satisfaction and motivation is strong. This phenomenon can be interpreted the way that the motivators, e.g. the work itself, recognition and achievement respond to individual's needs and foster employee job satisfaction. Moreover, the results also demonstrate that participative leadership application helps to motivate employees in the NGO (refer to Appendix-1).

Based on our findings, we can say that leadership, motivation and employee satisfaction are firmly associated in Bosco Reach Out. Employee involvement, efficient communication and personal development motivate employees and make them to like their jobs.

4.3 Relationship between Employee Satisfaction and Beneficiary Satisfaction

After analyzing the relationship between employee satisfaction and beneficiaries' satisfaction in the studied NGO, we explored the following reasons that may explain the lack of statistically significant connection between employee attitudes and target groups satisfaction were explored. First of all, beneficiaries of Bosco Reach Out are different from those studied in previous linkage examinations. Previous linkage studies have mainly paid attention to business-to-customer service contexts. However, in this paper, the organization we have chosen for the study is a nonprofit organization. From the key motivators of beneficiary satisfaction variables, we can conclude that in this organization, target groups' priorities are like service quality, service delivery in terms of time and service availability. Thereby, employee attitudes, like employee satisfaction cannot directly be translated into beneficiaries' satisfaction in this case.

Besides, may be there is another possible reason that should be paid attention. If employees are happy, are they working hard in order to meet their target segments' expectations? Are employees motivated to work in a not for profit sector especially for improving target segments' lives? Are they rewarded for meeting expectations of their target groups on service quality, delivery and availability? Harrington (1999) has studied employee-customer relations. In his studies, he has not been able to find a correlation between employee satisfaction and customer satisfaction.

The results of whether employee satisfaction could be converted into beneficiaries' satisfaction in the NGO sector depend on two situations. First, if satisfied employees are not willing to meet expectations of the target groups, it is challenging to create beneficiary satisfaction in such a service environment. On the other hand, if behaviour of satisfied employees as well as service processes is aligned with the factors to satisfy their target groups, then the organization like NGOs have a better chance of endorsing client satisfaction of their target groups (Munck 2006).

In addition, there are many variables associated with employee satisfaction. Employees may be satisfied when they are taking high responsibilities or carrying out interesting work, but such activities cannot directly result in satisfaction of their target groups. Similarly, there are many variables associated with

Appendix 1 : Table of Central Findings

Correlations between the Most Central Variables

	Employee Perspective			Beneficiary Perspective	Service Delivery Performance				
n=51	Employee Satisfaction	Leadership	Motivation	Beneficiary Satisfaction	Timely Completion of Projects	Low Attrition Rate	Utilization of Funds as per the Guidelines	Efficiency of Staff	Monitoring and Evaluation
Employee Satisfaction		r=.598** p=.000	1=.598** p=.000	r=0.36 p=.802	r=.123 p=.389	r=-.112 p=.433	r= -.211 p=.138	r=.019 p=.894	r=-.640** p=.000
Leadership		I	r=767** p=.000	r=.128 p=.371	r=.069 p=.632	r=-.326* p=.020	r=-237 p=.094	r=.323* p= .021	r=-.195 p=.170
Motivation			1	r=.137 p=.339	r=.081 p=571	r= - .383**	r=.279* p=.047	r=.281* p=.046	r=-.368** p=.008
Beneficiary Satisfaction					r=.035 p=.806	r= .464** p=.001	r= .364** p=.009	r=.037 p=.797	r=-.069 p=.632

happy beneficiaries as well. We cannot conclude that satisfied employees will lead to satisfied customers in every instance.

Our results coincide with those of Silvestro and Cross (2000), who have studied the linkages set by service environment. Researchers found no correlation between employee satisfaction and beneficiary satisfaction. Based on our findings, supported by the results of Silvestro and Cross's study, we would like to question the reliability of Heskett et al's satisfaction mirror. The premise of the concept implies that employee satisfaction can be translated into client satisfaction.

4.4 Relationship between Beneficiary Satisfaction and Service Delivery Performance

The relationship between beneficiary satisfaction and service delivery performance was investigated in one of the hypothesis. We found a positive correlation between beneficiary satisfaction and service performance of the organization. Our findings correspond to several previous studies (e.g. Loveman, 1998; Rust and Zahorik, 1993) which discovered that increased beneficiary satisfaction results in better service performance of the organization. In addition, a linkage study by Silvestro and Cross (2000) provides related results when it comes to connection beneficiary to service delivery performance.

In the organization like Bosco Reach Out, service quality, delivery on time and service availability are perceived as motivators in creation of beneficiary satisfaction. The reasons why these three factors contribute to beneficiary satisfaction are determined by the nature of the work.

4.5 Relationship between Employee Attitude and Service Delivery Performance

The employee satisfaction results of this study are unexpected after reviewing linkage research models. Wiley's linkage research model suggests that employee satisfaction acts as a trigger for service delivery performance of the organization. However, our findings indicate that in Bosco Reach Out, there is a negative tendency between employee satisfaction and service delivery performance as well as between employee satisfaction and work efficiency.

Referring to previous studies, scholars have different opinions in their researches. Results of Silvestro's (2002) study reveal a negative correlation between employee satisfaction and measures of organizational productivity, efficiency and profitability. The main reason given by Silvestro is that employees are being over-stretched in the most of the service settings like NGOs (Silvestro, 2002, p. 46).

In Bosco Reach Out, satisfied employees tend to be less efficient. The other way around, productive employees are less satisfied. One explanation could be that in order to maintain the high level of efficiency, employees is pushed to work hard and they get stressed. The work load might be too heavy, which results in lower satisfaction. May be they have fewer breaks or they are asked to work overtime. When studying the individual questions of employee satisfaction index, we can notice that all of them have a negative, significant correlation with efficiency. Thus, the less efficient employees, the more they like their work; the more they are proud of working for the organization; and the better they accept their physical working environment.

Combining with the results of the second and third hypotheses, we could learn that higher employee satisfaction will not definitely lead to higher client satisfaction but higher client satisfaction will result in higher performance in delivering services. These findings further verify the results of our fourth hypotheses, which imply it is far more complex to link employee attitudes with service delivery performance.

4.6 Relationships between Employee Attitudes, Client Satisfaction and Service Delivery Performance

As we have analyzed the relationships between employee satisfaction, client satisfaction and service delivery performance. We have been able to notice that employee attitudes cannot be directly linked to either client perceptions or service delivery performance. On the other hand, we have discussed the finding that employee satisfaction, employee perceptions on leadership as well as motivation negatively correlates with employee efficiency. Based on these statistical results, the fifth hypothesis (there are positive correlations between employee attitudes, client(beneficiary) satisfaction and service performance can not be accepted as a whole.

Viewing this result, we would like to refer to previous studies to give some reasons. Silvestro (2002) concluded that there are specific requirements for service context facilitating to link employee satisfaction to service performance. He argues that only in services where employees have a high contact with clients and where the role of employees is crucial in value creation is the linkage possible to observe (Silvestro, 2002).

The theoretical framework of this paper is based on a widely-discussed assumption that employee satisfaction drives overall service performance. Apart from a limited number of contradictory studies, the service profit chain and Wiley's model seem to be approved by scholars and, especially, by practitioners like Johnson et al (1994). Therefore, our reader might address a question, why our findings contradict so dramatically with the hypotheses. The question is not about being right or wrong. We are willing to identify some reasons that may have influences on the gap.

First of all, the formulation of the service profit chain is built on the researches summarizing more than 20 companies rather than one individual company. It could be questioned if the linkages of the model can be reflected and observed in a comprehensive way within one company. Our findings are closer to studies by Silvestro and Cross (2000) as well as Silvestro (2002) than to the theoretical models introduced in the theoretical framework. This can explain the fact that Silvestro and Cross have also studied one organization, instead of a multiple number of companies. Some of the findings are astonishingly similar to results of our paper.

Appendix 2: Table of Project Level Findings

(Correlation between Employee Satisfaction Index and Service Delivery Performance Indicators)

Projects	Timely Completion of Projects	Low Attrition Rate	Utilization of Funds as per the Guidelines	Efficiency of Staff	Monitoring and Evaluation
Project-I	r = -.950* p = .013	r = .395 p = .511	r = .500 p = .391	r = -.061 p = .923	r = -.600 p = .285
Project-II	r = .273 p = .258	r = -.104 p = .673	r = -.309 p = .198	r = -.348 p = .144	r = -.104 p = .671
Project-III	r = .815* p = .048	r = -.549 p = .260	r = -.706 p = .117	r = -.519 p = .292	r = -.636 p = .175
Project-IV	r = .154 p = .569	r = -.263 p = .325	r = .130 p = .631	r = .387 p = .138	r = -.701** p= .002
Project-VI	r = .080 p = .898	r = .586 p = .300	r = -.547 p = .341	r = -.713 p = .176	r = -.498 p = .393

Besides, one more methodological explanation may be that the samples of previous studies are from the same district. In our study, projects are located in five districts in Assam, which increased the complexity of the whole linkage process.

Secondly, the methodologies vary from research to research. No similar attitude surveys have been applied in previous linkage studies. In our context we have verified the results in non-profit sector which is very different than it's for profit counterparts.

Finally, we have not come across any previous linkage study conducted in non-profit environment.

The above statements are our ways of speculating the reasons for the different findings in our hypotheses. Moreover it is difficult to draw unambiguous conclusions if the models are replicated in different sectors.

5. Conclusion

In this paper we have examined the outcome of employee satisfaction in relation to satisfaction of target groups and service performance. Additionally we have studied the relationship between employee satisfaction, leadership and motivation. An NGO like Bosco Reach Out has provided an empirical framework for the study. Based on previous studies, such as Wiley's linkage research model, we have formulated five hypotheses that have become statistically tested in the paper. Only two of them were validated by the results.

The results of the empirical study indicate that employee satisfaction, leadership and motivation are closely related issues in employee's perceptions. According to the findings, above mentioned factors nourish each other in the studied case.

When it comes to relationships between employee attitudes, beneficiary satisfaction and service delivery performance, linkage research models as such do not apply to our case organization. We found that there is no correlation between employee satisfaction and beneficiary satisfaction. Moreover, employee satisfaction is not statistically significantly associated with service delivery performance. On the other hand, employee satisfaction as well as employee motivation and perceptions on leadership were found to be negatively related to employee efficiency, which implies that the more productive employees, the less satisfied they are; or the other way around, the more satisfied employees, the less productive they are.

Linkage research models suggest that beneficiary satisfaction can be linked to service delivery performance. This assumption became empirically validated by the results of this study. We found that beneficiary satisfaction has a significant correlation with service delivery performance indicators.

In this study, we have also investigated the impact of type of projects on employee attitudes and service performance. Correlation analysis between type of projects and performance indicators confirmed only one statistically valid connection, i.e. the one between type of projects and performance of the organization. Quite obviously, longer the projects higher are the impact on target groups which results in higher service delivery performance.

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Service Quality: Public, Private, and Foreign Banks

Biranchi Narayan Swar and Prasant Kumar Sahoo

Abstract

The need of the hour in the Indian banking sector is to build up competitiveness through enhanced service quality delivery; this is why service quality delivery improvement is a vital concern for banking services. Thus, the present study focuses on the relationship between service quality and service delivery among public, private and foreign banks in Odisha. The objective of the study is to find out whether customers' service delivery perceptions and expectations influences the customers' service quality perceptions and expectations with respect to three different banking sectors. For this a sample of 524 useable questionnaires of customers has been analyzed.

Key words:

Service Quality, Banking Services, Service Delivery, Customers' Perceptions, Customers' Expectations.

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Today, the need for quality is felt everywhere by every organization, whether it is public, private or foreign sector. Total quality management is structured system for satisfying customers and suppliers by integrating the business environment through quality circles, continuous improvement and breakthroughs with development while changing organizational culture. Recognition of service quality and delivery as a competitive weapon is relatively a recent phenomenon in the Indian banking sector. Prior to liberalization era the banking sector in India was operating in a protected environment and was dominated by nationalized banks. Banks at the time did not feel to pay attention to service quality issues and they assigned very low priority to identification and satisfaction of customer needs.

After liberalization as a result of partial implementation of Narsimhan committee report which suggests that banks should recapitalize, reach international standards and expand their equity base. The nationalized banks and old generation banks started facing competition from the new private and foreign banks that had international banking standards. These new generation banks are characterized by the usage of modern information technology endorsed services like ATM, tele-banking, online systems etc. Clients, for the first time in India are able to choose from a number of banks offering a wide range of services and delivering quality service.

Banking Services in India

The banking industry in India has been a witness for the last decade to several regulatory changes that have resulted in a heightened level of competition among the banks. The entry of private sector and foreign sector banks, subsequent to the recommendations of the Narasimhan committee, have increased many fold the expectations of the customers in all areas relating to customer service (Thampy and Madanmohan, 1999). India's banking system responded to the post-liberalization reforms in a creditable manner by showing admirable alacrity in absorbing the impact of reforms (Savlani, 2000). Thanks to maturing markets and global competition, bankers have been forced to explore the trade-off between winning new customers and retaining old ones. The focus of marketing has shifted to managing relationships with customers. The advent of private and foreign sector banks have also been instrumental in providing greater benefits and new service options to customers (Panigrahy, 2000). Though Indian banking is subjected to severe criticisms for its high amount of bad debts and lower profits, one crucial aspect of its performance that stands out glitteringly is its contribution to the development and diversification of the Indian economy which witnessed a great surge in the last three decades (Prasad, 1997).

The greater use of technology in banking has made the sector more able to cope with varying demands on personal service delivery. Understanding the position of a particular service on each continuum, and the position of competitors, is thus an important step towards finding possible sources of competitive advantage.

Literature Review

Mohammad Al-hawari (2008), finds that there is a positive and significant relationship between the proposed traditional service quality factors and customer satisfaction. The paper proves that the customers' perception of service delivery process quality plays the most important role in satisfaction level followed by the employees' service quality, and finally the bank tangibles. Bankers need to develop the employees' services skills consistently so that banks enjoy a high level of customer satisfaction. Finally, physical surroundings (tangible aspects) should be well maintained as customers are willing to be in a convenient atmosphere while they are served.

R. Amudha and C. Viyaya Banu (2007), as the outcome of the study, show that organizations can assess five dimensions of service quality to determine the level of services provided and to decide which dimensions need improvement. In order to develop service quality, it is necessary to contact employees frequently and evaluate their service experiences.

R. Saravanan, and K. S. P. Rao (2007), have analyzed the discrimination among the three groups of overall service quality from the customers' perspective. The results indicate that both the technological factors and the people-oriented factors of service delivery appear to contribute more in discriminating the three groups of overall service quality.

Regasamy Elango and Vijay Kumar (2005), in the comparative analysis on the services among the three major segments, has revealed that the foreign banks have topped the list in delivering qualitative customer service. The results also revealed that the private sector banks are also competing successfully with foreign banks and are making efforts to provide better banking services in tune with the changing global competitive scenario. However, it is also observed from the analytical results that the public sector commercial banks are lagging behind the above two sectors in providing satisfactory services as per the expectations of the clients.

Service Quality Concept and Measurement

Service quality is defined by Gronroos (1981) as the fulfillment of customer's expectations. Parasuraman et al, (1985, pp. 41-50) defined service quality as the gap between customers' expectations of service and their perception of the service experience. Cronin and Taylor (1992) suggested that service quality is a vital antecedent of customer satisfaction. In turn, satisfaction is believed to affect post purchase perception and future decisions. Lassar et al (2000) consider service quality as an important indicator of customer satisfaction.

Parasuraman et al (1988) developed a twenty-two item instrument, recognized as SERVQUAL that has become widely used as a generic instrument for measuring service quality. The instrument items represent the five dimensions explained below.

i. Reliability: This dimension refers to the ability to perform the service dependably and accurately.

ii. Responsiveness: This dimension refers to the willingness to help customers and provide prompt service.

iii. Tangibles: This dimension refers to the physical facilities, equipment, and appearance of personnel.

iv. Assurance: This dimension refers to employees' knowledge, courtesy, and ability to convey trust and confidence.

v. Empathy: This dimension refers to the level of caring and individual attention provided to customers.

In an effort to conceptualize service quality (by taking in to account all the aspects of customer-perceived service quality, including those already addressed in the existing instruments and those that are left out in the empirical service quality literature), Suresh Chandar et al (2001) identified five factors of service quality as critical from the customers' point of view. These factors are:

1. Core service or service product;
2. Human element of service delivery;
3. Systematization of service delivery: Non-human element;
4. Tangibles of service - Servicescapes; and
5. Social responsibilities.

Numerous other research studies have discussed in detail the importance of the aforementioned factors of service quality. In another research work, Suresh Chandar et al (2002) empirically validated the proposed service-quality factors, by developing a survey instrument consisting of 41 items. This instrument has been developed on the basis of an exhaustive review of the literature (prescriptive, conceptual, empirical and practitioner) and also based on a pilot survey among customers of banks in India. Feedback has also been collected from experts (i.e. academicians and researchers) in the field. The instrument has been refined several times based on the pilot study findings and on the comments and suggestions of the experts. Also, the instrument has been developed in order to maximally capture all the aspects of service quality, and to specifically address the issues of the banking industry.

Research Methodology

Six banks have been selected for the present research. Six hundred customers from these banks have been selected on random basis and have been administrated SERVQUAL questionnaires containing the determinants of service quality in banks. The parameters of service quality have been identified after analyzing the extensive literature review of the related works done in the past.

Objectives of the Study

1. To find out whether service delivery perceptions of customer influences the customers' perceptions of service quality with reference to three different banking sectors under study.

2. To find out whether service delivery expectations of customer influences the customer expectation of service quality with reference to three different banking sectors.

Research Hypothesis

The following hypotheses have been formulated to achieve the aforesaid objectives. They are:

1. Customers' perceptions of Service delivery influencing customers' perceptions of service quality

H_0: Customers' perceptions of service delivery would not influence Customers' perceptions of service quality.

$H_{1:}$ Customers' perceptions of service delivery would influence Customers' perceptions of service quality.

2. Customers' expectations of Service delivery influencing Customers' expectations service quality

H_0: Customers' expectations of service delivery would not influence Customers' expectations of service quality.

$H_{1:}$ Customers' expectations of service delivery would influence Customers' expectations of service quality.

Questionnaires

A well-structured questionnaire has been prepared and distributed to the selected bank customers in the selected areas. The questionnaire has been divided into two parts. Part I had SERVQUAL scale with 31 statements relating to customers' perceptions on the quality of service that the bank offer and 31 corresponding items relating to their expectations of the quality of service in a specified bank contacted for this study. In this part, the questions are on the basis of likert's seven point scale with the numerical values like; strongly disagree (1) to strongly agree (7). Part II of the questionnaire was designed to obtain demographic information about bank customers and the questions focused on age, sex, educational qualifications, occupation, income, marital status, nature of bank where the customer transacts and frequency of transactions. Six hundred customers from these banks have been selected and administered SERVQUAL questionnaires containing the determinants of service quality in banks.

Data Collection

Data has been collected using the 'personal contact 'approaches, i.e. the respondents are approached personally. In order to seek fair and frank responses on quality of service from bank customers, the importance of service quality to bank customers alternatives on offer to customers, knowledge of costs and benefits of retaining customers relative to attracting new ones, companies performance and future growth are first discussed. Respondents (bank customers) are asked to give their opinion about the level of quality of service delivered/received on a seven-point Likert scale (ranging from one indicating strongly disagree to seven indicating strongly agree).

Sample Profile

This study has been conducted among six banks of Odisha, namely State Bank of India (SBI) and Punjab National Bank (PNB) in public sector banks being the largest and oldest banks in India, ICICI Bank and Axis Bank in the private sector banks being the 2nd largest bank and most successful bank in India, and Citi Bank and Standard Chartered Bank having the maximum operations in India among the foreign banks. These banks are also purposely selected for the study keeping in view their role and involvement in shaping the economic destiny, in building financial infrastructure and in intrumentalizing the process social economic transformation in Orissa. Specifically, in terms of advancing credit and deposits, employee strength and branch network, they stand at the top (Business Standard-Banking Annual, December 2008 and also in IBA Bulletin 2002: 264-99).

The sample for the study comprises 600 bank customers. This represents 300 customers from Public sector banks, 200 from private sector banks, while as the remaining 100 are from foreign sector banks are approached to fill up the SERVQUAL instrument with a view to measure the perceptions and expectations about the quality of service they are delivering to

Table 1: Service Quality Reliability Test

Elements of Service Quality	Service Quality	
	Perceptions	Expectations
Reliability	.739	.721
Assurance	.961	.826
Tangibility	.837	.839
Empathy	.923	.912
Responsiveness	.830	.815

Source: Primary Data

Table 2: Service Delivery Reliability Test

Elements of Service Delivery	Service Delivery	
	Perceptions	Expectations
Systemization Elements of Service Delivery	.801	.897
Human Elements of Service Delivery	.876	.834

Source: Primary Data

their respective customers. While choosing a bank customer, the method of simple random sampling has been followed.

Result and Discussions

Reliability Test

To evaluate the reliability of the measuring instruments, a Cronbach's alpha (α) coefficient was calculated for each elements used. As shown in Table I, the values for all the instruments are above 0.70 which is regarded as an acceptable minimum level for further analysis as suggested by Nunnally (1978) for reliability.

Similarly, it revealed from table 2 that Cronbach's alpha (α) value of service delivery perceptions and expectations are more than 0.70. Hence, this also fulfils the reliability test requirement.

Demographic Analysis

The table 3 reveals that out of the total sample of respondents 52.67 percent are from public sector banks. The private sector banks have 179 numbers of respondents and the foreign banks which had 69 respondents which represents 34.16 percent and 13.17 percent of total respondents respectively. This reflects that the public sector banks have the highest number of respondents followed by private and foreign banks.

Table 3: Sample Classification of Customers

No.	Banks	Number of Respondents	Percentage
1	Public banks	276	52.67
2	Private banks	179	34.16
3	Foreign banks	69	13.17
4	Total	524	100.0

Source: Primary data

Objective 1

To find out whether service delivery perceptions of customer influences the customers' perceptions of service quality with reference to three different banking sectors.

The following hypothesis has been formulated to achieve the above objective.

Hypothesis 1

Customers' Perceptions of Service delivery influencing customers' perceptions of service quality.

H_0: Customers' Perceptions of service delivery would not influence Customers' perceptions of service quality.

$H_{1:}$ Customers' Perceptions of service delivery would influence Customers' perceptions of service quality.

To test the above hypothesis One-way ANOVA has been performed on the five dimensions of service quality. The results of the One-way ANOVA showing the significance of the F-values are shown in the table 4.

R (0.95) is the value of the multiple regression coefficients between perceptions of service delivery and perceptions of service quality. When only perceptions of service quality are used as a predictor, this is the simple correlation between perceptions of service quality and service delivery. The table 4 reveals that customers' perceptions of service delivery accounts for 90 percent ($R^2 = 0.90$) of the variation in customers' perceptions of service quality. The results also reveals that the perceptions of service delivery significantly influence the perceptions of service quality (B = 0.90; $\beta = 0.95^{***}$). Hence, the alternate hypothesis is accepted.

Objective 2

To find out whether service delivery expectations of customer influences the customers' expectation of service quality with reference to three different banking sectors.

Hypothesis 2

Customers' expectations of Service delivery influencing Customers' expectations service quality.

Table 4: Customers' Perceptions of Service Delivery influencing Customers' Perceptions of Service Quality

Model fit	
R	.95
R^2	.9
R^2 Change	.9
F Change	4966.12***
Durbin-Watson	1.54
Coefficients	
B	.9
Standard Error	.01
â (Beta)	.95***
T	70.47

***p< .000

Source: Primary data

Table 5: Customers' Expectations of Service Delivery influencing Customers' Expectations of Service Quality

Model fit	
R	.97
R^2	.93
R^2 Change	.93
F Change	7233.09***
Durbin-Watson	1.6
Coefficients	
B	.81
Standard Error	.01
â (Beta)	.97***
T	85.05

***p< .000

Source: Primary data

H_0: Customers' expectations of service delivery would not influence Customers' expectations of service quality.

$H_{1:}$ Customers' expectations of service delivery would influence Customers' expectations of service quality.

One-way ANOVA has been performed to test the above hypothesis on the five dimensions of service quality. The results of the One-way ANOVA are shown in the table 5.

R (0.97) is the value of the multiple regression coefficients between customers' expectations of service delivery and expectations of service quality. R^2 which is a measure of how much of the variability in the outcome accounted for by the expectations of service delivery. The table 5 reveals that its value is R^2 (0.93), it implies that customers' expectations of service delivery account for 93 percent of the variation in customers' expectations of service quality.

The B values reveal that the relationship between expectations of service quality and expectations of service delivery. The table 3 reveals that the value of B (0.81), which is positive that means there is a positive relationship between customers' expectations of service delivery and customers' expectations of service quality. This implies that increase in the expectations of service delivery increases the expectations of service quality.

The table 5 reveals that the t-test associated with the beta value (0.97^{***}) indicates that the customers' expectations of service delivery significantly influencing the customers' expectations of service quality. Hence, the alternate hypothesis is accepted.

Conclusion

The outcome of the study shows that banks can assess dimensions of service quality to determine the level of services provided and to decide which dimensions need improvement. In order to develop service quality, it is necessary to contact employees frequently and evaluate their service experiences. With the awareness of the service quality dimensions, the banks can judge how well the employee performed on each dimension and management could identify the weaknesses in order to make improvements. By identifying strengths and weaknesses pertaining to the dimensions of service quality, banks can better allocate resources to provide enhanced service. Assessing service quality and better knowledge of how various dimensions affect the overall service quality would enable banks to competently devise the service delivery process. Hence, efforts of the banks should be not only to equationalize the customers' expectations with what the bank offer but efforts have to be made in to ensure that banks provide that level of quality service which exceeds the perceived expectations of customers and thus creates a 'wow' syndrome among all visiting customers.

Major Findings

Customers' perceptions of service delivery significantly influence customers' perceptions of service quality ($B = 0.90$; $\beta = 0.95^{***}$), where B denotes the relationship between service quality and service delivery. And also customers' perceptions of service delivery accounts for 90 percent ($R^2 = 0.90$) of the variation in customers' perceptions of service quality. Similarly, customers' expectations of service delivery influence the customers' expectations of service quality ($B = 0.81$; $\beta = 0.97^{***}$). Moreover, customers' expectations of service delivery accounts for 93 percent ($R^2 = 0.93$) of the variation in customers' expectations of service quality.

The service quality of banks differs from each other. And service delivery is an antecedent of service quality. Also it revealed that there is a positive relationship between service delivery and service quality because the value of B in all the cases are positive (Customers' perceptions B=0.90 and expectations B=0.81).

Suggestions

- The banks should invest an adequate amount on both the human and systemization elements of service delivery.
- Bank should give individual attention to their respective customers, operating hours should be convenient to the customers and employees should understand specific needs of the customers.
- The bank employees need to pay attention on telling customers exactly when services will be performed, providing prompt services to the customers, employees' willingness to always help customers and employees never too busy to respond to customers' request.
- Banks should make investment in research in order to understand customers' needs and expectations at all stages in the service delivery process so as to determine the key components of service quality.

Limitations and Suggestions for Future Research

The study was carried out in Odisha state; therefore, the results obtained may not be generalized to the country as a whole. Although the theme of the instruments (to measure service quality and service delivery) is generic to the service sector as a whole, they have been so designed to specifically address the issues of the banking industry. The relationship between service quality and service delivery can be investigated in other sectors of the service industry in future research. Transnational studies across different economies are required to further enrich the subject researched. Further research can be done to find the variation in service quality due to demographic variations. Further, future research would benefit if the limitations of this research will be addressed so as to enhance the value of the service quality. It is hoped that the availability of this instrument would stimulate further research focusing on service quality and its impact on competitiveness for banking services.

Managerial Implications

The growth trail of Indian economy is also reflected in the banking sector, as it is the mirror of a country's economy. The banks have been keeping pace with the growing and maturing market economy since the initiation of reforms in 1992. The increased competition among banks, due to reforms has on one hand led to the strengthening of prudential norms and technological input to ensure better growth opportunities and on the other, an improved service offer to the customers. The quality concept therefore holds relevance in the banking sector.

Banks in Odisha have implemented many strategies to move ahead of competitors in terms of delivery of service quality. The bankers are also focusing on service delivery as a tool for enhancing service quality. The study provides insight for the managements to understand the customer's needs further and to improve service delivery process and implement valid and reliable service performance measures to measure the service quality. By understanding, to which dimension customer gives more importance, what customer expects, effective marketing strategies can be developed. Management would also be able to allocate resources as well as funds to ensure that the bank's operation strategies meet the customers' daily needs. Last but not the least, the management of the banks should put its sincere efforts to match the expected customers' service quality delivery so that commitment and loyalty of the customers can be achieved.

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Youth and Entertainment: City Scenario

J. Joshua Selvakumar and P. Vikkraman

Abstract

Indian 'young consumers' spending pattern, attitudes and lifestyles have put a great impact on marketers. These young people populate the markets of the future, while having a tremendous amount of discretionary spending power today. Youth are occupying pivotal positions in the marketing sector duly compensated by higher style of living. The lifestyles and attitudes have brought about a distinct transformation in the entertainment needs when compared to those of yester times. Youths in India are already having an enormous impact on the economy, on companies and on culture. Youths are 'the consumer of today, the growth engine of tomorrow.' This generational shift in attitudes is all the more important because this growth is growing so rapidly. By 2015, Indians under 20 will make up 55 percent of the population and yield proportionately higher spending power. This research paper analyses VALS of youth in Coimbatore and its impact on the share of pocket towards entertainment activities.

Key words:

Lifestyles, Youth and Entertainment, Generational Shift, VALS of Youth.

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A visitor coming to Coimbatore would first note the changing face of Coimbatore with its towering constructions and flurry of activity. Coimbatore is the hub for industrial activities which are on the growth chart and with the establishment of the ITES, the scenario is very promising. High earning and high living is the current trend. The question is if these superficial changes have changed the mindset of the Coimbatorians. The society and people of Coimbatore have not yet wholly embraced consumerism like all the other metros and big cities like Chennai and Bengaluru. In spite of having a steady flow of IT professionals, students from other states and other job seeking migrates; the city has not improved much entertainmentwise.

This lack of entertainment pushes the fun seeking young souls out during weekends and holidays. A visit to the Nilgiris hills or a bus ride to Chennai or Bengaluru is slowly becoming the norm. Consumerism today has gained immense ground in promoting a highly consumptive culture. Young consumers are being targeted as 'special' consumers and this impacts their thought processes and consumption patterns. Today, the demographics in favour of youth are enormous. Yes, India is a young country with a massive population below the age group of 35. While we can quibble about the size or the purchasing power, the size is still extremely interesting to a host of marketers both global and local. Yet, many entertainment centres like "RELOAD THE FUN" an adventure games provider, has bitten to dust in their quest to crack the youth market. Probably some of them are ahead of their time. A few others might have got their strategies wrong. But the time is right for many others to get in and stay in there. The best for this is to engage themselves with today's youth. So through this research we are trying to understand the attitude of the Youth and try and to suggest an entertainment that would best fit entertainment needs of the overall youth population in Coimbatore.

The acronym VALS, (for "Values, Attitudes and Lifestyles") is a psychographic segmentation. It was developed in the 1970s to explain changing US values and lifestyles. It has since been reworked to enhance its ability to predict consumer behaviour. Segmentation research based on VALS is a product of SRI Consulting Business Intelligence. According to the VALS Framework, groups of people are arranged in a rectangle and are based on two dimensions. The vertical dimension segments people based on the degree to which they are innovative and have resources such as income, education, self-confidence, intelligence, leadership skills, and energy.

Consumers driven by knowledge and principles are motivated primary by ideals. These consumers include groups called Thinkers and Believers. Consumers driven by demonstrating success to their peers are motivated primarily by achievement. These consumers include groups referred to as Achievers and Strivers. Consumers driven by a desire for social or physical activity, variety, and risk taking are motivated primarily by self-expression. These consumers include the groups known as Experiences and Makers. At the top of the rectangle are the Innovators, who have such high resources that they could have any of the three primary motivations. At the bottom of the rectangle are the Survivors, who live complacently and within their means without a strong primary motivation of the types listed above. The VALS Framework gives more details about each of the eight groups.

Values and Lifestyles, a system for grouping consumers according to psychological and sociological theories in order to predict their behaviour in the purchase decision process. VALS can aid in defining targets for creating new entertainment. The concept was introduced in 1978 by the California consulting firm of SRI International.

Review of Literature

Attitudes of youth may be shaped by hedonic responses involving simple positive or negative states (Allen, 1992).

Through using media to connect, communicate, and build community, young people can simultaneously learn to assess the real from the false and, instead of allowing media to control them, control the media to share the knowledge, experience, and strategies that will allow them to grow up to be healthy responsible, and safe. Children and youth spend more time using media than they do engaged in any other activity (Mccrindle M, 1981).

Most markets are nowadays so segmented and overstocked that, to sustain or enhance their positions firms are obliged to focus more tightly on their customer portfolio. Hence maintaining consistent purchase behaviour of a brand for a long time becomes a strategic goal for firms to preserve their business and their profits. The consistent purchase of a brand depends on the consumers perceived benefits related to keeping on this relationship with the brand (Abdelmajid Amine, 1998).

The learning environments which a child is exposed are also assumed to contribute to the increase of aggressive behaviour and attitudes. Media violence as one of specific learning condition is believed to be a potential contributor to the growth of antisocial behaviour in children and youth (Azarian ZS, 2009).

Exposure to violence in video games is associated with lower empathy and stronger pro-violence attitudes leading to desentization to violence in youth (Funk, 2004).

The power of the electronic media in the 1990s has made the 1960s archetype of how political/civic socialization takes place among youth outmoded. Social studies educators have to revise the old perception of learning and take into account the extensive direct and indirect effects on youth of electronic media. Not only do the electronic media shape perceptions of young people, but there is plenty of evidence that the mature population, including teachers and parents, are affected as well (Hepburn MA 1998).

Even though individuals in a specific demographic category share some common characteristic, such as age, sex or income, the psychographics of these groups-their values, motivations and beliefs - are not homogeneous. There are multiple motivations for behaviour, and people in a specific demographic category have a wide range of attitudes. And so there is difference between attitudes and perceptions even among youth (Morgan Carol 2003).

The power of youth today is evident in its large numbers, tendency to consume and in its ability to influence larger household decisions. There are three aspects that influence today's purchase decisions of the youth–– uniqueness, contemporariness and of course, value equation. The new generation is a generation of spendthrifts as against the old generation of 'thrifts.' At the same time, youth consumers are also looking at the 'value' equation in every purchase. This is probably the reason why they buy products that are well priced but buy them more frequently (Pinakiranjan Mishra, 2008).

The youth segment has an influence on consumer spending far in excess of its numerical strength. The youth have always been a prime target for marketers. More so in India now, as two-thirds of the population is below 35 years of age. The youth are "trysumers" (consumers who are willing to try new products) of the Indian market—a group that can play a pivotal role in any marketing campaign (Priyanka Mehra, 2009).

The youth market is viewed as a difficult group to connect with and sell to, based on the fragmented media landscape and young people's keen ability to identify and reject marketing messages that lack credibility. Successful brands marketing to youth have a foundation in or association with key interests and drivers among youth: music, sports, fashion, video gaming and technology, among others (Soney Mathews, 2010).

Millennials, who were born between roughly 1980 and 1994, have grown up with more choices and more selectivity in the products and services they use, which is why they do not have, for example, a generational music. They are impatient and goal oriented, learn by doing, and are used to instant feedback. They think it's cool to be smart and have friends from different ethnic backgrounds. They want flexibility — in the classroom and in their lives (Sweeney RT, 2007).

Participation in a community of practice involves developing that community's ways of doing, being, caring, and knowing, and that this way of doing/being/caring/knowing is organized by and around a way of thinking. That is, practice, identity, interest, understanding, and epistemology are bound together into an epistemic frame to be embedded in youth games (Shaffer DW 2005).

Objective of the Study

The objective of the study is to:

- Make a VALS (Values, Attitudes and Lifestyles) analysis of youth towards entertainment in Coimbatore based on gender.
- To identify the most preferred entertainment activity of the youth in Coimbatore.

Methodology

Keeping in view the various likes and dislikes of the present day generation, a research on the aspirations of the younger sections was taken up. A study in this connection was specially done in respect of the urban youth population in Coimbatore city as it is one of the cosmopolitan cities of India.

Tools to collect Data

Primary data was collected from a well structured questionnaire, which was both personally administered and mailed. 100 respondents were chosen non-randomly from various places in Coimbatore city. For the purpose of the studying Values, Attitudes and Lifestyles (VALS) a set of 15 statements on Activities, Interests and Opinions (AIOs) were asked to the respondents. The statements were rated on five point likert scale. Equal number of male and female respondents was chosen i.e. 50 male respondents and 50 female respondents.

The secondary data has mostly contributed in the area of review of literature and also in framing certain questions in the questionnaire and gaining in an insight in the research topic. The data collection of secondary nature has been vastly contributed from various articles, journals and other publications.

Sample for the Study

Non- Random Convenient sampling was followed where the researcher both personally distributed and mailed to 100 respondents chosen from various colleges, malls and hostels in Coimbatore.

Analysis

A paired sample t-test was done for every one of the five categories to estimate the difference between the attitude of the males and females. An overall estimate was also taken to find out the favourite form of entertainment for the youth in Coimbatore. All the statements used were given weightage according to their significance to the respective category or orientation.

Family Orientation

A family unit builds up a person's personality. Strong bond of family and good values are very important for an individual and his development. Family is where our roots take hold and from there we grow. We are bonded as a unit, which prepares us for what we will experience in the world and how we react to those experiences. Values are taught at an early age and are carried with us throughout our life. A close family bond is like a safe harbour where we find refuge. The goals which a person set for his/ her life are very much dependent on the life he/she have with the family.

Table 1: Psychographic Dimensions of Respondents

	Statements
	Family Orientation
1.	Joining my family for entertainment activities is an obligation for me
2.	I prefer to spend my leisure time at home
3.	I prefer to socialise with my family circle
	Variety seeking Orientation
4.	I love to experience new activities, it gives me a thrill
5.	I prefer to hang out at a place having a homely atmosphere
6.	Getting an opinion from others before trying new things is better
	Fitness seeking Orientation
7.	Physical fitness is very important and I make efforts to keep myself fit.
8.	Participating in physical activities is too much effort
9.	Being fit increases my social status
	Technology Orientation
10.	I feel handicapped in places with outdated technology
11.	Discussing about gadgets and latest technology in the market is a must
12.	Basic level understanding of electronics and other gadgets is enough
	Money spending Orientation
13.	I don't believe in tomorrow, I live for today
14.	I am indulgent when it comes to entertainment activities
15.	I spend money on things that are not practical

Table 2: Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Male	19.4000	15	14.14618	3.65253
	Female	21.2000	15	16.88279	4.35912

Table 3: Paired Samples Correlations

	N	Correlation	Sig.
Pair 1 Male and Female	15	.558	.031

Hypothesis 1

There is a significant difference in the family orientation between the boys and girls.

The significance value after performing paired sample t- test is .644. Therefore the hypothesis is rejected as the significance value is greater than 0.5

Both the sexes are family oriented.

Variety Seeking Orientation

Variety seeking attitude is when consumers seek to try new activities not because it is expected to be "better" in any way, but rather because the consumer wants a "change of pace." This adventure seeking trend is spreading throughout the world. There is a wander lust yearning in all the youth. The lifestyle of the youth will be a big determinant as far as this attribute is concerned.

Hypothesis 2

There is a significant difference in the variety seeking orientation between boys and girls.

The significance value after performing paired sample t-test is 0.312. Therefore the hypothesis is accepted as the significance value is less than 0.5.

The males seek more variety than the females.

Table 4: Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Male	20.6667	15	17.67026	4.56244
	Female	22.2667	15	20.89931	5.39618

Table 5: Paired Samples Correlations

	N	Correlation	Sig.
Pair 1 Male and Female	15	.667	.007

Fitness Orientation

Size zero, perfect figures and six packs has become a common parlance. The terms "fashionable" and "unfashionable" were employed to describe whether someone or something fits in with the current or even not so current, popular mode of expression. Being fit and healthy is most definitely fashionable. Fitness bug is a rising approach among youth that has affected almost the whole society. Even the manufacturers are in a race to produce a whole lot of trendy and modern gadgets and clothes. Wearing fitting, trendy and designers' clothes have also become a great deal among youngsters.

Hypothesis 3

There is a significant difference in the fitness orientation between the males and the females.

The significance value after performing paired sample t- test is 0.705. Therefore the hypothesis is rejected as the significance value is greater than 0.5.

Both the sexes are fitness oriented.

Table 6: Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Male	20.4667	15	20.41661	5.27155
	Female	22.8000	15	22.57116	5.82785

Table 7: Paired Samples Correlations

	N	Correlation	Sig.
Pair 1 Male and Female	15	.582	.023

Table 8: Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Male	22.6000	15	15.31946	3.95547
	Female	17.4000	15	17.12475	4.42159

Table 9: Paired Samples Correlations

	N	Correlation	Sig.
Pair 1 Male and Female	15	.321	.244

Technology Orientation

Technical knowledge is the process by which society deliberately transmits its accumulated knowledge, skills and values from one generation to another. Technological expertise is very important in the present day life. Only a literate person can now adjust with the development of society. Getting educated makes man perfect and eligible. Gaming and many IT based games are gaining ground globally. The gaming culture has already set in many countries.

Hypothesis 4

There is a significant difference in the technology orientation between both the sexes.

The significance value after performing paired sample t- test is 0.654. Therefore the hypothesis is rejected as the significance value is greater than 0.5

Both the sexes are technology oriented and seem to be showing interest.

Money Spending Orientation

Shopping is the examining of goods or services from retailers with the intent to purchase at that time. To many, spending money and shopping is considered a recreational and diversional activity in which one visit a variety of stores with a premeditated intent to purchase a product. Shopping is recognized as an addiction. Also referred as shopping addiction, "shopaholism" or shopaholics, these shoppers have an impulsive uncontrollable urge to shop. The Coimbatore society has a reputation of being conservative, through measuring the money spending attitude of the youth; we can judge how much it has changed.

Hypothesis 5

There is a significant difference in the money spending orientation between the males and the females.

The significance value after performing paired sample t- test is 0.306. Therefore the hypothesis is accepted as the significance value is less than 0.5

Money spending behaviour is different in the boys and girls. Girls are a little more conservative and boys are more open to spending for entertainment.

Table 10: Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Male	18.5333	15	18.74973	4.84116
	Female	16.2000	15	14.41329	3.72149

Table 11: Paired Samples Correlations

	N	Correlation	Sig.
Pair 1 Male and Female	15	.897	.244

Favourite Form of Entertainment

Result and Findings

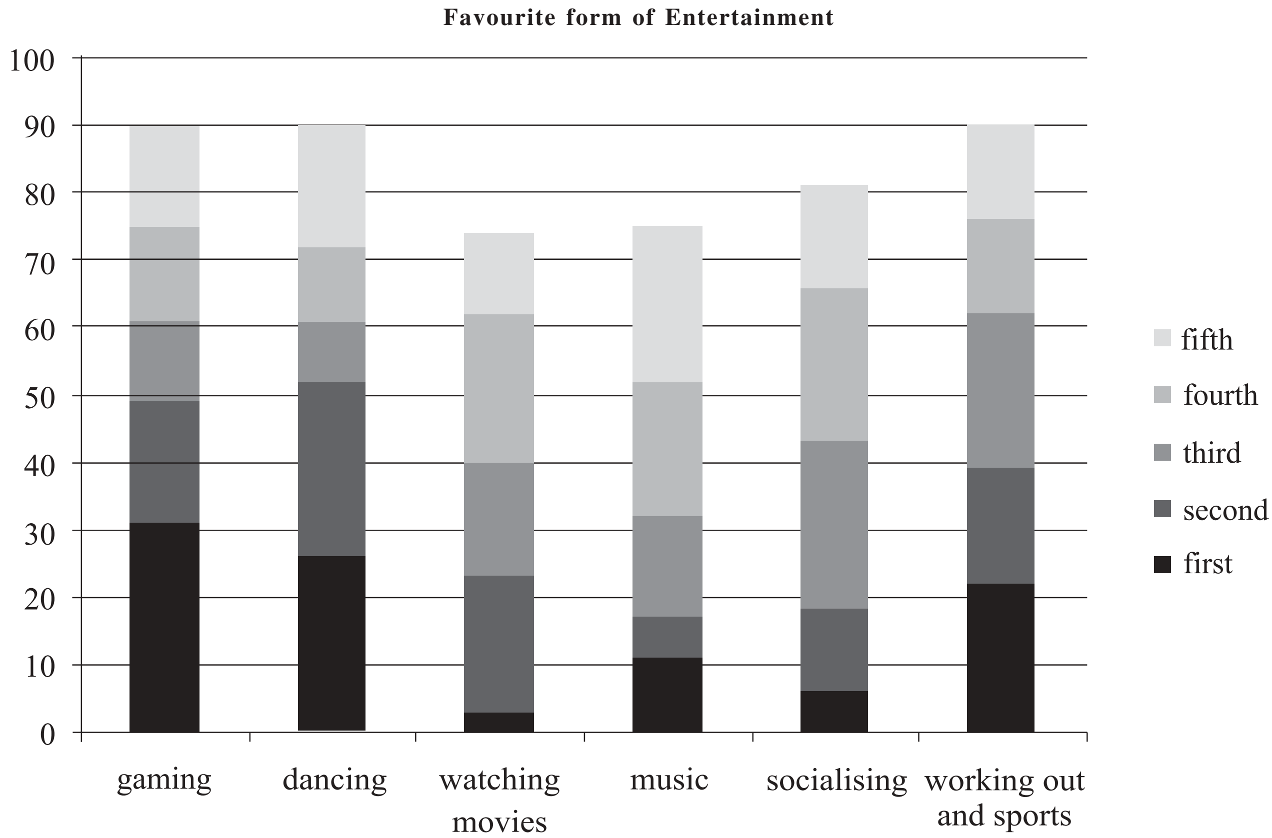
Men and women tend to have different attitudinal and behavioural orientations, based partly on genetic makeup and partly on socialization practices. As far as family orientation is considered, both the male and female youth in Coimbatore have strong family ties. Both the sexes seem to share equal interest in technology and need to be fit. But when it comes to experience different variety of entertainments and spending patterns there is a significant difference between the males and the females.

The Youth in Coimbatore have responded that activities involving gaming closely followed by dancing are the most favourite form of entertainment. The Coimbatorians are still in a transition state. It will take a few more years for the society to embrace consumerism.

Conclusion

Based on the findings from this research, an entrepreneur looking to start a new entertainment venture in Coimbatore can design his design his entertainment house accordingly.

- The venture should be a family entertainer, i.e.: it should appeal to all members of the family.



- The upper and upper middle class citizens of Coimbatore have exclusive clubs to cater to their entertainment needs but there is a huge gap in entertainment needs for the rest of the people. So an economical entertainment club with an appropriate balance of technology and fitness orientation has a high probability for success. i.e.: the club house can have a well furnished room, with the right set of gadgets and proper ambience for group gaming can be made available for the members.

- The male youth are more open to spending for entertainment, so this can be kept in mind while pricing the service and the female population seek more variety, this attribute has to be given importance while designing end bundling the entertainment venture.

- The youth of Coimbatore are a highly energetic and geared up lot as a lot of new entertainment and employment opportunities mushroom all over the city. Besides marketers are moving their focus from metros like Chennai, Bengaluru which are almost saturated to cities like Coimbatore which are far more promising.

- The youth although dictated in their values and beliefs by strong family ties have a modern western lifestyle. The results of the survey are proof that they are giving more importance to physical fitness and designer clothes which is an indication that they are more self conscious and social status and standing is beginning to count. Any entertainment venture designed should be pricey, while being stylish and innovative with a variety of value offerings.

- Pricey- Because the males have no qualms about spending.

- Stylish-As it is all about 'standing out' in the crowd.

- Innovative- To satisfy the youth's quest for adventure.

- Variety- To draw the female population and the family crowd to an extent. Besides the entertainment venture could be a multiplex with combined gaming, fitness and a disco as well as a cultural event hall as these seem to be the most preferred entertainment activities.

Marketers must design and invest on such entertainment ventures after considering the changing preferences and value systems of the youth who make up a majority of their target population.

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Demographic Variables: Optimum Stimulation Level

Geetu Sapra and Kiran Mor

Abstract

The present paper focuses on the impact of demographic variables on optimum stimulation level and exploratory tendencies. Based on literature review of 25 empirical articles, the paper makes Managerial implications that the concept of desire for exploration has emerged as the strongest motivating influencer for the consumer buying behaviour. Researchers have now understood the importance of the applicability of these findings to understand and predict consumers' buying behaviour. The findings of the paper implicitly point out that there is a positive impact of various demographic variables like age, gender, income, educational qualifications, employment status, marital status on Optimum Stimulation Level and Exploratory Behaviour.

Key words:

Exploratory Tendencies, Optimum Stimulation Level, Demographic Variables, Actual Stimulation Level.

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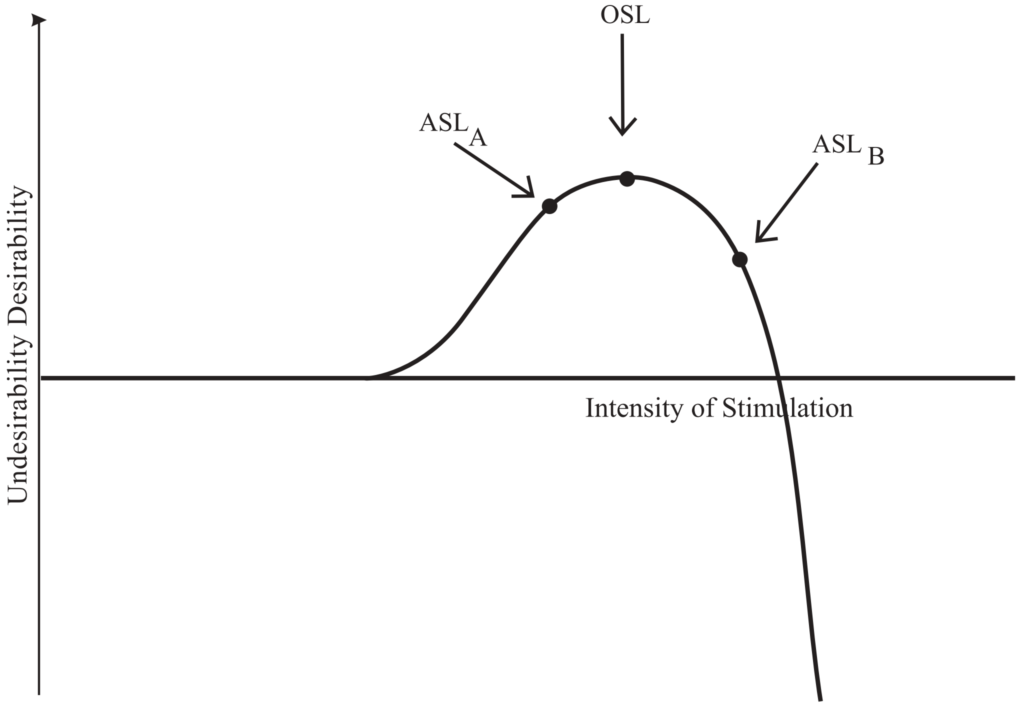
The concept of Optimum Stimulation Level was introduced simultaneously in psychology literature by Hebb and Leuba (1955). They argued in their studies that every organism whether animal or human being prefers certain stimulation which is known as its Optimum Stimulation level. According to them, individual behaviour is influenced by the intrinsically motivated desire to accomplish a specific level of stimulation, termed the 'optimum stimulation level.' OSL is a personality trait referring to the amount of stimulation individuals prefer in life (McReynolds, 1971). OSL varies from individual to individual. When the actual stimulation from the environment is very low as compared to individuals Optimum Stimulation Level, the individual will try to increase the stimulation level towards his Optimum Stimulation Level and when the actual stimulation received from the environment is too high, then the individual will try to reduce it so as to reach Optimum Stimulation Level following the pattern of Wundt Curve (Figure 1).

Thus the individual tries to strike out a balance between Actual Stimulation Level and Optimum Stimulation Level so as to

Figure 1: OSL Theory (the Wundt Curve). ASL—Actual Stimulation Level



adapt to the environment. Several theoretical frameworks (e.g., Berlyne 1960; Fiske and Maddi 1961) have expanded on this basic principle, but see Raju [1981] and Raju and Venkatesan [1980] for excellent reviews. The behaviour which aims at changing the stimulation from actual to optimal is known as Exploratory Behaviour.

To conclude, an individual behaviour is influenced by the intrinsically motivated desire to accomplish a specific level of stimulation which is termed as Optimum Stimulation Level or OSL. OSL varies among individuals. Those having the actual stimulation levels lower than the OSL try to increase the same and vice versa. This behaviour which aims at changing the stimulations levels from actual to optimum is termed as Exploratory Behaviour.

Exploratory Tendencies

To reach an optimum level of stimulation, a person engages in exploration of the environment (Steenkamp and Baumgartner, 1992). As stated by Berlyne (1963, p. 288), exploratory behaviour is "behaviour with the sole function of changing the stimulus field." Raju (1980) viewed exploratory behaviour as a tendency, aimed to change environmental stimuli. As stated by Raju (1980, p. 272): "The magnitude of OSL, therefore, leads to attempts to adjust stimulation from the environment. Such behaviour, aimed at modifying stimulation from the environment, can be termed 'exploratory behaviour.' Raju's (1980) categorisation of three general exploratory tendencies dominates the body of consumer behavioural studies (Steenkamp and Baumgartner, 1992, 1995; Baumgartner and Steenkamp, 1996; Gierl et al, 1999): (1) risk taking describes exploratory behaviour expressed through choices of innovative and unfamiliar alternatives that are perceived as risky; (2) variety seeking is expressed through an individual's switching within familiar alternatives, including brand switching, and an aversion to habitual behaviour; and (3) curiosity-motivated behaviour involves exploratory information seeking, interpersonal communication, and shopping. Consumers looking forward for thrills, adventures, dis-inhibition, new experiences, fantasies, sensory stimulation, escape from boredom, and alternation among familiar things have been identified as engaging in exploratory consumer behaviours in order to raise their level of stimulation in life (Holbrook and Hirschman, 1982; McAlister and Pessemier, 1982; Raju, 1980; Steenkamp and Baumgartner, 1992; Zuckerman, 1979). People with high OSL are higher on risk taking, variety seeking, and curiosity motivated behaviour.

- **Risk Taking:** According to Raju (1980) Risk Taking can be divided into two heads i.e. innovativeness and risk taking where innovativeness can be explained by the eagerness an individual shows to either buy or know about the new products and services in the market; Risk taking can be explained by being adventurous or preference for taking risk. Risk taking is based on the concept of 'chance of loss' individuals high on risk taking tendencies have more innovative behaviour and hence purchase more of new products (Steenkamp and Baumgartner, 1992; Baumgartner and Steenkamp, 1996). RT can be defined as a tendency to take risk in different situations consumer behaviour which generally increases the willingness to take over innovations (Steenkamp and Baumgartner 1992, p. 435; Burns and Krampf 1992, p. 227) and to choose uncommon and unknown products (McAlister and Pessemier 1982, p. 314). More specifically, past research reports that 'risk takers' more often act upon their intrinsic desire to explore unusual and unfamiliar products (McAlister and Pessemier, 1982). Risk taking is thought to be arousing (Slovic 1964), and OSL is therefore expected to be positively related to risk taking behaviour (Zuckerman 1979).

- **Variety Seeking:** Raju (1980) subdivided variety seeking under two heads i.e. repetitive behaviour proneness which means the tendency to stick with the same behaviour or product over time and Brand switching which means switching from one brand to another for change and variety. Variety seeking means switching from one familiar brand to another familiar brand or store (McAlister and Pessemier 1982, p. 314; Steenkamp and Baumgartner 1992, p. 435; van Trijp 1994, p. 2; ter Haseborg and Ma¨ßen 1997, p. 167, Givon 1984; Simonson 1990; Simonson and Winer 1992; van Trijp and Steenkamp 1992; van Trijp 1994; van Trijp et al. 1996; Baumgartner and Steenkamp 1996) just to get the feeling to benefit by the change. The motive of switching between brands and products is due to an intrinsic motivation for change of pace. Switching which occurs due to non-personality-related factors such as special offers or out-of-stock conditions are not termed as 'true variety seeking' (Van Trijp et al, 1996). McAlister and Pessemier (1982) incorporate OSL into their model of variety-seeking behaviour and hypothesize that the utility derived from switching brands is positively related to consumers' OSLs. The difference between risk taking and variety seeking is that the latter describes an individual's tendency to switch between familiar alternatives within a specific product category (McAlister and Pessemier, 1982; Steenkamp and Baumgartner, 1992; van Trijp, 1994). Some investigations into exploratory tendencies and variety seeking, either intrinsic or extrinsic, are as follows: Venkatesan (1973); Bass (1974); Faison (1977); Laurent (1978); Bass and Pilon (1979); Moschis (1978); Holbrook and Hirschman (1982); McAlister (1982); McAlister and Pessemier (1982); Givon (1984); Raju (1980,1984); Lattin and McAlister (1985); Alba and Marmorstein (1987); Mazursky *et al* (1987); Carlson and Grossbart (1988); Hoyer and Brown (1990); Van Trijp and Hoyer (1991); Steenkamp and Baumgartner (1992); Feinberg *et al* (1992); Keaveney (1995); Menon and Kahn (1995); Baumgartner and Steenkamp (1996); Van Trijp *et al* (1996); Campo and Gijsbrechs (1997); and Berne *et al* (1997). Of these empirical studies, some that include the construction of models are those of Raju (1980); Mazursky *et al* (1987); Van Trijp and Hoyer (1991); Keaveney (1995); Van Trijp *et al* (1996); and Berne *et al.* (1997). These models include data on several products and services.

- **Curiosity Motivated Behaviour***:* Raju (1980) sub-divided Curiosity Motivated Behaviour under three heads i.e. exploration through shopping which means a preference for shopping and investigating brands, interpersonal communication which means communicating with friends about shopping and information seeking which means interest in knowing about various products and brands mainly out of curiosity. Curiosity Motivated Behaviour is defined as the desire for information and knowledge (McAlister and Pessemier 1982, p. 314; Steenkamp and Baumgartner 1992, p. 435). Consumers with greater interest on product-related information are known as curiosity-motivated consumers which can result in final purchase decision as well (Baumgartner and Steenkamp 1996) by increased willingness to choose new or familiar product or brand as improved knowledge about the product can decrease the risk and increase the confidence of the customer in the product. People with high OSL are greater on CMB. They engage in more information seeking out of curiosity. These individuals get more curiositybase thoughts when come across confusing ads and experiences more boredom when exposed to same ad time and again (Steenkamp and Baumgartner, 1992). They are more interested in knowing about new and complex products out of curiosity (Raju 1980). Curiosity motivated behaviour can be expressed through more of window shopping, discussion with friends regarding purchases and a curiosity to collect more information about products and brands (Raju, 1980). A distinction can be made between specific and diversive curiosity-motivated behaviour (Berlyne 1960). Specific curiosity refers to a response to a specific stimulus with given collative properties. Diversive curiosity on the other hand is a tendency to seek stimulation from a variety of sources. It occurs because of boredom and is not directed toward one stimulus in particular (Raju 1980).

Exploratory tendencies were categorized under two heads by steenkamp and Baumgartner, 1996. They provided a two-factor conceptualization of exploratory consumer buying behaviour in which exploratory acquisition of products is distinguished from exploratory information seeking.

- **Exploratory Acquisition of Product (EAP)** shows consumers tendency to seek sensory stimulation in product purchase through risky and innovative product choices and varied and changing purchase and consumption experiences. Hence, Risk taking and Variety seeking comes under EAP. People with higher EAP tend to take risk and chances in buying new, unfamiliar, innovative products and keep on changing their purchase behaviour in an effort to attain stimulation.

- Whereas **Exploratory Information Seeking (EIS)** is a tendency to obtain cognitive stimulation as the individual get involved in collecting information of the product out of curiosity. Exploration through shopping, Interpersonal communication and Information seeking comes under Exploratory Information Seeking. People with high EIS tends to go for window shopping, do a lot of browsing, are very interested in ads and promotional material which increases their knowledge about various products and services and love to discuss their purchases and experiences with their friends. To conclude EAP Tendencies have the potential for sensory stimulation in product purchase decisions through risky and innovative products and diverse and changing purchase experiences whereas EIS tendencies satisfies consumers' cognitive stimulation requirements through gaining knowledge about the market out of curiosity (Steenkamp and Baumgartner, 1996).

To conclude the above, the change in the behaviour which accounts for stimulation level changes from actual to optimum is termed as Exploratory Behaviour. Steenkamp and Baumgartner (1996) provided a two-factor conceptualization of exploratory consumer buying behaviour viz., Exploratory Acquisition of Products (EAP) and Exploratory Information Seeking (EIS). EAP is more towards risk taking while EIS is more concerned with curiosity. More widely accepted is Raju's (1980) categorization of the EB who categorized it in to three general exploratory tendencies – Risk taking, Variety seeking and Curiosity-motivated behaviour. The Risk taking behaviour is further classified into two heads – Innovativeness which deals with the eagerness for a new product or service and Risk taking which involves individual's preference for taking risk. Risk taking is thus positively related to OSL. The Variety Seeking has been subdivided into two categories by Raju as Repetitive Behaviour and Brand Switching. The brand switching is considered as positively related to consumers' OSL. The same is different from the Risk Taking in respect that latter is concerned about switching between familiar alternatives. Curiosity Motivated Behaviour has been subdivided into three categories by Raju – exploration through shopping, interpersonal communication and information seeking. People with high OSL are generally greater on CMB. CMB is also divided as Specific and Diverse CMB which occurs because of boredom.

Thesis Statement

The paper intends to review the available literature in order to understand the impact of demographic variables: age, gender, income, educational qualifications, employment status, marital status on Optimum Stimulation Level and Exploratory Tendencies.

Objectives

1 To review the available Literature of the Demographic variables in relation to Optimum Stimulation Levels.

2 To conduct a review on the available Literature of the relationship between Demographic Variables and Exploratory Tendencies.

To fulfill the above mentioned objectives literature available will be reviewed on Exploratory Tendencies and Optimum Stimulation Level in relation to demographic variables.

Relationship between various Demographic variables with Optimum Stimulation Level / Exploratory Tendencies

The influences of various consumer demographics on OSL and Exploratory Tendencies have been studied by very few researchers. Raju (1980) found age, employment status and education correlated with OSL but income showed no correlation with OSL. It proves that relatively younger, educated and employed people are high on OSL and therefore have greater Exploratory Tendencies. Surajit et al. (2009) in his study attempted to explore the relationship of age, gender, income and education with various exploratory tendencies like Brand Switching, Risk Taking/ Innovativeness and Curiosity Motivated Behaviour. He found that males are higher on Risk Taking/Innovativeness as compared to females. Younger people have greater tendency to involve themselves in Interpersonal Communication. The study also found that income and education have no significant effect on Brand Switching, Risk Taking/Innovativeness and Curiosity Motivated Behaviour. Kish and Busse (1968) found education to be positively correlated with OSL and found an inverted U-Shape relationship between age and OSL which indicates that middle age grouped people are highest on OSL. Ailawadi et al (2001) found that higher educated customers used to seek more variety as compared to lower educated customers. Robertson (1971) found negative correlation between age with adoption of new products. He also found a positive correlation between education and income with adoption of new products and Im et al (2003) supported his findings. Urbany et al. (1996) found that older consumers have greater tendency for Curiosity Motivated Behaviour (Exploration through shopping and Information seeking) whereas less educated consumers search and use less of information. Gianfranco and Mitchell (2005) found that older consumers are more prone to information overload and Solomon (1994) supported his findings by commenting that older people love searching information 'Just for the fun of it.' Zuckerman, Eysenck, and Eysenck, (1978) found that men reflect higher OSL as compared to women. Zukerman (1988) developed a biochemical explanation for the same regarding age and gender. He reviewed some research which explains that OSL is significantly negatively correlated with the level of the enzyme monoamine oxidase (MAO) and females have higher levels of MAO than males at all spans of life. Also, MAO levels increase with age. Single and divorced people show high OSL (Zuckerman and Neeb, 1980). Steenkamp et al. (2001) found that income have a positive effect on Exploratory Consumer Behaviour and OSL. OSL decreases with age. More educated people reflect higher Exploratory Tendencies and higher OSL. Males try new brands and purchase new financial products hence high on OSL whereas females have higher patronage for grocery stores. The researcher found that Single and Divorced people are low on exploratory behaviour may be due to time-pressure they face. Household size is negatively associated with Exploratory behaviour in case of Black people and whereas household size has a positive association with Exploratory behaviour in case of Whites.

To conclude the above, Raju has correlated age, employment status, and income with OSL but did not find any correlation with gender or any other demographic factor. However, some later researchers have worked on the same and have found correlation between these factors such as younger, higher educated people show higher OSL than elder, less educated ones. Also, males show a higher OSL in terms of financial products while females have higher OSL towards grocery and other household items. Zukerman (1988) developed a biochemical explanation of the gender bias on OSL based on the level on an enzyme named monoamine oxidase (MAO) which is significantly negatively related to OSL. This explains the high OSL in males than females.

Conclusion and Managerial Implications

The concept of desire for exploration has emerged as the strongest motivating influencer for the consumer buying behaviour. This involves the desire for exciting, novel experiences, variation and change and an urge to satisfy one's curiosity. Researchers have now understood the importance of the applicability of these findings to understand and predict consumers' buying behaviour. There is now a consensus in the literature that activities such as risk taking and innovative behaviour in product purchase, variety seeking and brand switching, recreational shopping, and information search, and interpersonal communication about purchases could be regarded as manifestations of exploratory tendencies.

Summary depicting Relationship between Various Demography's and OSL/Exploratory Tendencies

Demographic Variable	OSL/Exploratory Tendency Variable	Relationship	Study
Age	OSL	U-shaped	Kish and Busse
	OSL	Positive	Raju
	Interpersonal communication	Positive	Surajit et al
	Risk taking/innovativeness	Negative	Robertson,Im et al
	Information seeking	Positive	Solomon,Walsh and Mitchell
	OSL	Negative	Steenkamp et al
	Exploration through shopping	Positive	Urbany et al
Education	OSL	Positive	Kish and Busse
	OSL	Positive	Raju
	Exploratory Tendencies	No effect	Surajit et al
	Risk taking/innovativeness	Positive	Robertson,Im et al
	Variety	Positive	Ailawadi et al
	Information seeking	Positive	Urbany et al
	OSL/Explratory Tendencies	Positive	Steenkamp et al
	Information seeking	Negative	Moorman,Walsh and Mitchell
Income	OSL	No Correlation	Raju
	Exploratory Tendencies	No effect	Surajit et al
	OSL/ Exploratory Tendencies	Positive	Steenkamp
	Risk taking/innovativeness	Positive	Im et al
Employment	OSL	Positive	Raju
Gender (Males)	Risk taking/innovativeness	Positive	Surajit et al
	OSL	Positive	Zuckerman, Eysenck and Eysenck
	OSL	Positive	Steenkamp et al
Marital Status (Single/Divorced)	Exploratory Tendencies	Low	Steenkamp et al

Raju's (1980) categorization of three general exploratory tendencies: Risk taking describes exploratory behaviour expressed through choices of innovative and unfamiliar alternatives that are perceived as risky, variety seeking is expressed through an individual's switching within familiar alternatives, including brand switching, and an aversion to habitual behaviour, curiosity-motivated behaviour involves exploratory information seeking, interpersonal communication and shopping have been the most dominating in consumer behavioural studies.

Exploratory behaviour is a major topic of research in the psychology literature, and several theories of exploratory behaviour have been proposed. Psychologists have studied exploratory tendencies extensively, and the general finding has been that people with higher OSLs engage in exploratory behaviours to a greater extent than people with lower OSLs. In the current scenario of cut-throat competition and marketing – dominant markets the survival is dependent not on one but various demographic conditions. Thus it is desirable in the marketing context to target different demographic variables with marketing strategies specific to each demographic segment. This study is directly linked to the society and benefits the society in a direct way. This study deals with the effect of demographic factors on the exploratory tendencies of the people. Present societies are coping with the scarcity of resources across nations and it becomes the moral duty of the economy or the guardians of economy to safeguard the interest of the society. Every human being has got a tendency to explore the resources and in doing so we generally forget that the resources which are being consumed in fulfilling this behaviour may or may not be replenished in future. These tendencies vary according to the various demographic factors like age, gender, income, education, marital status and many more. This research, studies these factors to help those companies which become the fulfilling agents of the human exploratory tendencies thus giving them a better insight of these factors. This will help them in using the resources in a better way while fulfilling the exploratory hunger of the people and in some way help in conserving the already depleting scarce resources.

Scope for Further Research

However, this study takes in to account some of the major demographic factors and their effect on Optimum Stimulation Level and Exploratory Tendencies but still there is much more to do in this field of study. This study is limited to general exploratory tendencies where as OSL and its effect on consumer buying behaviour is spread across all types of goods and purchases being done by any strata and part of the world across all types of industries. There is a large scope of improvement to be done by the manufacturers if they study the various factors affecting OSL and thereby helping in better product conceptualization, promotion etc, thus ensuring higher profits without disturbing the ecosystem balance. Extensive study can be done on other factors like psychographic and behavioural which are not focused in previous researches.

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Enhancing and Empowering: Customer Experience

R.T.R. Varma

Abstract

This paper attempts to review the various dynamics of customer experience from the perspectives of the customer and how companies have been trying to recognize the significance of CE in cementing their relationships with their customers. The key for success appears to be in creating the right expectations on the part of the customers and matching them through the offer of products and services that ensure long term values through a mutually satisfying and beneficial relationship. Modern technology has considerably enhanced the ease and promptness with which contacts can be built and updated. The emotional and psychological aspects of the people's behaviour cannot be prejudged or orchestrated. Managers should avoid hiding themselves as opportunities are plentiful for engaging the customer into meaningful dialogues paving the way for enhancing customer experience.

Key words:

Customer Experience, Building Relationships, Experiential Marketing, CRM Route, Silo Effect.

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Customer experience (CE) is the sum of all experiences a customer has with a supplier of goods or services, over the duration of their relationship. Customer experience encompasses every aspect of a company's offering – the quality of customer care, of course, but also advertising, packaging, product, service features, ease of use, and reliability.[6] Customer experience could indeed deal with the experience of an individual over one single transaction or a multiple of them.

Customer experience may be adduced as good or bad or unexplained at various levels or grades but should normally dwell upon his or her response or lack of it in terms of the product, service, and psychological experience. "Customer experience is the internal and subjective response customers have to any direct or indirect contact with a company."[6]

There has been a diversity of dictionary meanings or definitions relating to 'customer experience.' Cognitive definitions term customer experience as an outcome emerging out of a process of events or activities. Customer experience is also explained as an affective process involving “the feelings of emotions and sensations as opposed to thinking.” The customer experience if looked upon as providing ‘hedonistic benefits’ only may question the validity of the claim that the outcome is the result of an attitude developed and sustained by an event or activity. The confusion here is largely due to the academic interest as to what extent the customer experience management as distinct from customer relationship management that is practised by marketers.[3]

Why Companies overlook Customer Experience?

All companies these days profess to be customer centric and work toward increasing efficiency by lowering costs, offering competitive prices, and better services. As it becomes increasingly difficult to survive competition, companies are driven to focus on internal transactions. This inward focus initiated on reasons of improving efficiency may force the managers to distance themselves from customers.[4]

When a customer of India’s most acclaimed mobile service provider walks into the company’s ‘customer relationship centre’ in Bangalore and requests for a statement of account for the last three months in order to satisfy her anxiety that she will be paying for what she is justly liable to pay, she gets pushed around from desk to desk. She is told that she will have to wait for 48 hours and the statement will be e-mailed to her. The officer in the relationship centre neither has access to her account nor is the customer entitled to get the matter settled then and there! The officer in charge of the center would suggest that the customer may talk to the customer care on the phone and get her queries answered. Attempts on the part of the service provider to enhance customer functional efficiencies and improved customer experience often conflict with each other.

Companies have been trying to assert that they are different from others. Achieving differentiation in the features of the products by adding a few frills here and there which do not involve any credible improvement in the value offerings is one such method. Such methods not supported by a sustainable core competency or the result of some remarkable innovation, draw a blank when it comes to matching customer satisfaction in irrespective of the tall claims made by the marketers.

Differentiation is the key to success in an era where most brands are on par with each other competing brand. Brand parity is the result when firms realize that they cannot afford to resist changes brought about by leading competitors in their respective industry. This phenomenon most markedly exists in the case of delivery of services in retail banking, insurance, automobile sector, etc. The Internet and IT have considerably changed the ways in which people buy and sell products or services. Axiomatically all service providers use the fruits of these technological tools and end up imitating competitors by departing seriously from the traditional methods of doing business.

The irony of the situation is that all these innovative approaches have only empowered the customers further. Methods followed by others may not quite impress the customers as they may look at them as “all of them behave the same way.”

Always, customers may not just look for the best prices, maximum incentives, and easy access, and so on. Companies do not pay much attention to the fact that customers more often listen to their hearts than resorting to cognitive thinking. Companies extensively use emotional appeal while advertising their products but often overlook the role of emotional aspects while designing their sales and service delivery. The gap between the customer expectations and actual experiences may further widen.

Experience that matters

Waiting for a delayed airline flight to take off and then realizing that it had left without the anguished passenger, digging out a rare book from the shelves of a bookstore in the supermarket but unable to get a correct price quote from the customer desk, getting annoyed by continuous difficulty in getting across a customer service representative over a telephone line when you have messed up an ATM password, coming across an e-mail cancellation of a room in a membership resort booked and confirmed on the Internet (due to some ineligibility criteria), failing to talk to the right agency for repairing a leaky washing machine over a weekend, are all instances customers dearly want to avoid and feel variously depressed and frustrated over those mishaps.

Customer experience going sour is nothing new and on numerous occasions, service providers employ trouble shooters to talk to the aggrieved customers after some sort of service had been restored. These attempts enrage the customers more often than assuaging their wounded feelings.

Customer experiences prior to buying a product, during the purchase stage or the post purchase period can all alter the attitude of a customer toward a product. Companies do try to understand customer experiences through customer satisfaction surveys. Through customer satisfaction surveys customers might not always give a good and true account of how their encounters with a company's products or services had turned out to be. A serious impediment to the reliability of customer surveys is that satisfaction could be expressed as a measure of perception relating to some aspect/(s) of the customer experience and not necessarily in the entirety of the customer's internal or external response to a company's product or service.

How do then companies go about addressing these issues as none of them would not naturally allow the customer nurse a 'bad experience'? Customers have their own expectations about the performance of a product or a company in some context or other. If it is a brand new car in question, would the customer expect the auto manufacturer to provide a satisfactory response if in case one of its tyres go burst and remain irreparable although the vehicle had run only 7500 K.M.? Apart from the cost involved in replacing the tyre, what about the safety of the passengers? The customer would have certainly entertained certain level of expectation of safety from a new car and equally from a new tyre. Could the auto manufacturer provide the choice of which brand of tyre that should be initially fitted with? So what do the customers expect in different contexts in different conditions and in the case of different products?

The good or bad aspect of customer experience may be understood in terms of a plethora of important features of a product. If the customers have been sufficiently informed or warned in advance about the product features that exist or the ones that are missing, customer experiences could turn out to be reasonably positive. In other words if value propositions are spelled out clearly there would be very little scope for mismatch between expectations and experience. Take the case of high quality (value) products like Gillette razors, Duracell batteries, or very expensive range of wines or perfumes.

Take the experience of a customer in a cosmetics counter in a departmental store where highly priced products are displayed befitting best standards in visual merchandising. She is also afforded with some extra care and attention offered to by an elegant lady with some expertise. The service personnel do often impart exclusivity and customized attention to the customers adding an aura of invaluable service. In such situations it might be found easier to measure the satisfaction levels of the customer. But trying to capture their emotional experience from the computer monitor that flashes customer sales records and other data pertaining to customer preferences in terms of price, quality, delivery, etc., is exceptionally difficult, if not impossible.

Customer Expectations matching Experiences

Customer expectations are typically recorded at "touch points;" instances of direct contact either with the product or service itself or with representations of it by the company or some third party.[6] All touch points obviously cannot be treated with equal significance. Depending upon the nature of the product or service in terms of value provided to the customer, relevant 'touch points' should be taken serious note of by the manufacturers or service providers. In a restaurant catering to the rich and famous, authenticity of food and wine, service standards, and the 'sophistication and splendor' of the atmosphere do all equally merit customer satisfaction. The total experience from a dinner session at this restaurant will ultimately depend upon the overall value gained by the customer.

Reading Expectations

Managers in recent years seem to have been misled by the notion that managing experiences simply meant providing entertainment or being engagingly creative. On the contrary, companies must gain an understanding of the customer's journey – from the expectations they have before the experience occurs to the assessments they are likely to make when it is over. Companies seeking to understand the experience of the customers may send out 'clues' that collectively meet or exceed people's emotional needs and expectations. The first category of clues may relate to the actual functioning of the good or service and the second set of clues would deal with the emotions and the smells, sounds, sights, tastes, and textures of the good or service as well as the environment in which it is offered.[5]

Was the transmission problem in a car fixed to the satisfaction of the customer? Did the tone of the voice of reception clerk desk trying to welcome you for a week's stay at a resort hotel appeal to you as the most courteous place to live in? Seeking customer responses on the two different situations as above would depend upon understanding customer expectations that meet functional needs versus psychological needs. "To fully leverage experience as part of a customer-value proposition, organizations must manage the emotional component of experiences with the same vigour they bring to the management of product and service functionality."[5] But soft, friendly, and endearing conduct of the front desk staff cannot however be expected to overcome the unpleasantness of an untidy hotel room presenting aged out carpet with fading colours, noisy air conditioner, or dusty curtains adorning the French windows of the balcony.

The customer experience should therefore be understood by manufacturers and service providers on the broad contours of product experience, service experience, and psychological experience. All the three however cannot be treated in separate compartments rather they should be seen in the context of all the three constituting one whole experience. Often companies consider one part of the experience to be more important or less significant than the other and leave some aspect of its responsibility to the design engineer, another to the installation or training manager, and the psychological part to the marketing person. Then you get explanations such as "the latest Fiat Punto is an excellent family car and value for money and in fact the best in that category, but there is lot to be desired in terms of their dealer service."

Arousing Expectations

The secret to a good experience is not necessarily the multiplicity of features of the offer or its great pricing or the packaging. A successful brand shapes customers' experiences by embedding the fundamental value proposition in offerings every feature. In the case of iPod, a small sticker, "designed in California, made in China," communicates the message that Apple is firmly in charge but also interested in keeping the costs down.[6]

Customer expectations are aroused through promises taking shape in the form of advertisements of products and services. A famous Lufthansa ad reads "On six continents one word is synonymous with punctuality."

Or they are given vent through interactions of the sales people. A lot of tall talk can lead to building up customer expectations when none was really required. Company images and reputations too hold out promises to customers that they would not be let down when good experiences matter most. Comparative advertising too could force a potential customer to expect better deals or results while switching brands or trying out new products and services.

All that lead to mismatch of expectations and reality would pave way for customer disillusion and negative reactions. Therefore the companies should resort to credible steps that positively address the consequences of the unmet expectations. They would be required to inform as much as it can be done and avoid fine print and ambiguous statements. Sales people should not leave anything for chance. Sales people should deal meticulously with weaknesses and limitations of product performance and value. Driving customers to pinnacles of expectations that lead to setting up the customers to imagine the impossible will be a very disastrous route.

Rather companies should attempt to build a firm relationship with customers with a very modest goal of achieving a satisfying exchange of long term values.

Building Relationships

Companies (sellers) are giving a lot of emphasis on practising relationship marketing with a view to ensuring the customers (buyers) gaining a more satisfying exchange. Customer relationship softwares are developed and put in place by many companies to track and monitor customer preferences, choices, likes, dislikes, and various other characteristics. A customer service executive in a luxury hotel is well prepared to ask a question to the guest while checking in whether the guest will pay his dues by charging to the American Express card, what will be his favourite wine for keeping it in the room, and so on. A department store maintaining a database of when and how repeat customers buy their products, the options they choose, the way they finance the purchase etc., is in a good position to make customized offers and product benefits.

Providing customers with what they seem to seek and expect in the varying features of a product or service will be an approach that assures an experience which need not be what a patient might remark at the end of a brief stay at a hospital "that it was surprisingly great." Nobody should ideally expect 'surprises' rather they would expect the cool assurance of things happening as they should and in the end, get quite 'delighted.' What might be practised as Experiential Marketing by many companies could prove to be an extension of consumer centric marketing. The experiential marketing works on the principles that relevant brand experiences would work in favour of the customers showing overtures to rational and emotional buying urges.

Product centric marketing on the other hand generally influences the customers to adopt a rational buying approach of following the promise of the advertised brand over the competitors' products. But often it is found that emotional feelings generated through affective strategies over ride the considerations of rational thoughts.

An example of Experiential Marketing is what is practised by Mahindra and Mahindra in India. Mahindra Tractors wanted to launch their Hy Tec brand which was a strong hydraulic tractor aiming to help farmers saw the field.

To show this technology to the farmers they engaged them through a technique in which sensors were fixed to the hydraulic tractor and a large LCD monitor was placed for the farmers, which captured the movement of the cultivator on an ECG graph. This activity was easily understood and remembered by the farmers and the sales graph tremendously improved.

Experiential Marketing can be easily combined with Word of Mouth Marketing and affects can be astounding. An experiential approach to launch a brand may be more effective and relevant than anything that television advertisements can offer. One of the best examples is Absolut Vodka. In Australia, Absolut Vodka launched a brand called "Cut" through a strictly experiential marketing point of view. Using public relations, point-of-sale, online and event marketing, Absolut was able to eschew traditional advertising altogether, something unheard of when launching a spirits brand.

In a rather astounding bow to experiential marketing over mass marketing, Absolut leased two bars in Sydney and Melbourne, put on DJ sets, band concerts and photo exhibitions in these spaces. Visitors to the Absolut Cut bars got a free bottle of Cut, and consumers were given a chance to contribute their photos to the exhibits, generating what Absolut hoped would be a viral element to the campaign. The campaign flew in the face of traditional ways to launch a brand. Instead of using mass marketing to blanket the millions in order to reach the few, Absolut chose to target the few to eventually reach the masses.[10]

Customer Experience – The New Battle Ground

The customer should be the centre of attraction and is the main reason why the companies are in business as profoundly stated by Mahatma Gandhi decades before the management gurus of the 20th century started expounding management theories.

What is then required will be to identify the right customer, target him, and deliver the right experience through a product or service that is in need. Growing customer demand comes from a focus not just on products, but on the total experience. Starbucks which have currently over 17000 outlets in the world including 2000 in China and is all set to enter the Indian market, did not become a global business leader on the basis of its dark roasted beans alone. The company revolutionized the coffee category and indeed the casual dining category by providing a unique experience that included service, ambience, product naming, and even the smell as the customer walks in the door.[2]

A study undertaken at the dawn of the new millennium revealed that 85 percent of business leaders held the view that differentiation by price, product, and service was no longer a sustainable business strategy. 71 percent of them believed that 'customer experience' was the new battleground. 44 percent of the customer experiences were found to be bland and uneventful. Only about 15 percent of the companies were actually recognizing the significance of customer experience and building strategies to enhance the level of customer experiences.[4]

Many companies and products/brands seem to lose steam down the road and begin to wither away for want of customer focus because that is not quite the way they are used to doing business. The efficiency model which all are obsessed with like reducing costs or increasing prices and/profits is mostly an internal exercise. Off and on they come back singing praise of the primacy of customers but fail to sustain the enthusiasm for enriching the customer experience.

Service organizations are used to considerably enhance the service quality by re-engineering work flow and supply chain. Industrial engineers approach the physical side of their work with renewed focus on improving the outcome of service experience. Some excellent frontline employees too may produce qualitative difference in the manner in which customers obtain good experience. Obviously companies seeking to improve the quality of service need to focus on fine tuning the service process by dwelling upon the 'soft side' of customer management. Ultimately, managers must carefully rethink the psychological aspects of emotions, trust, and control of service encounters.[8]

Every other product/service brand looks alike sans any differentiations as far customer experience is concerned. Commoditization is the result of the frenzy shown for benchmarking and practising very similar practices in production, marketing, delivering etc. General George Patton is credited for remarking "If everyone is thinking alike, then someone isn't thinking."

The commoditized market requires that service is the differentiator; marketing and advertising work overnight to make it appear that way. But these promises are not actually kept up; rather expectations soar sky-high and disenchantment with the product or service in an actual experience turn away some customers. Traditional ways of doing business have been there for many years and the way to go about could be to use the new technologies for achieving excellence in customer experience rather than putting them to use for reinforcing the old ways.

Emotions should find ways into relationships with customers. Most rationally empowered will axiomatically go for the lowest price every time he needs to buy a product and will show not much loyalty. Cost of doing business with these customers will be high as they need to be given maximum incentives. Emotional customers are more likely to stay with you, share the world their own views, and be willing to pay premium prices.[4]

The Price of Loyalty – the CRM Route

"I don't know the key to success, but the key to failure is trying to please everybody." Many companies now try to measure customer satisfaction. But what is the true measure of customer success? Businesses can only at best understand and measure the value of the business to all their stakeholders including customers, employees, and shareholders.

"The hardest thing to get right in CRM is not the IT. It's your people. CRM involves changing your fundamental culture, transforming the way your people see customers and changing the way you do business on those insights. That is the hard part."[4]

CRM data are often generated post mortem. Touch points are mostly computer run. Very high level of satisfaction or what can be called 'delight' and the opposite results such as very poor satisfaction and outright rejection are not often recorded at these touch points. Such levels of strong appreciation or dislike could be registered only when the customers elect to sit down and write a long note to the company head or when employees go the extra mile to measure the emotional outbursts of the distressed customers.

"If you can't measure it, you can't manage it. This truism of traditional business logic starts to fray around the edges when it comes to managing customer relationships. The challenges of integrating multichannel support and corresponding tools create disparate data sources and plague organizations attempting to develop actionable measurements. This is occurring despite the promises from a multitude of CRM tools designed to cultivate one to one relationship."

CRM tools do help in developing plenty of data about customers but the data itself cannot qualitatively improve customer service and experience. Understanding the process of customer experience triangle namely 1) the promise of advertising and promotion 2) execution through multi-channels and 3) through pre and post sales efforts becomes quite critical while employing the CRM tools that cost organizations quite dearly.[9]

The technology per se would not enhance the customer experience or replace service value. At best it can only equip the firm with a process to find technical solutions to meet the customer requirements. The customer support management may have to be thoroughly founded and oriented well toward putting in place a most responsive and alert service backup.

The Silo Effect

To effectively monitor customer experience companies should move out of organizational silos. The phrase "silo effect," popular in the business and organizational communities, refers to a lack of communication and common goals between departments in an organization. From a technology viewpoint, silos are managed by computer systems that do not provide efficient machine communication systems to other computers. In this view, "silo technologies" limit what software developers can do.

The silo effect may become critically damaging in the context of customer experiences as they take shape in transactions involving business to business (B2B) customers. Nowadays companies typically try to market solutions than just products as an attempt in providing additional value or incentives. While attempting to do this, companies seem to run into rough weather because their knowledge (about customers) and expertise are housed within organizational silos and they have trouble harnessing their resources across those internal boundaries in a way that customers truly value and are willing to pay for. Ranjay Gulati on concluding his studies of Best Buy, GE Healthcare, and JLL note that the journey to understand and unite around customer needs require a strong systematic effort to undertake ongoing change to help organizations transcend existing product-based or geographic silos, replace them with wherever necessary customer-oriented ones.[7]

Various factors have been cited in support of the cause and need to accelerate the adoption of CRM for strengthening customer relationships that would lead to meeting of customer expectations. Technological advances and the declining costs of information and communication technology have accelerated the growth and application of CRM.[1]

But CRM may pave way for some of the ill effects of organizational silos. In a typical CRM approach, experience of a customer is not ordinarily collected through 'touch points' where customer interactions take place. Rather these customer interactions are captured by the system after the transactions are over and registered. Customer experience management has to do more with the perceptions of a customer about a transaction rather than transactions which are over and have become history. Complaints, comments, and feedback are sometimes acknowledged immediately by the CRM system and promises are held out that "our customer service executive" would get in touch with you in the next 24/48 hours. And often the promises remain promises and reminders elicit the same type of responses!

There are plenty of occasions where customer services go astray in a bank or similar service organizations and are asked to wait indefinitely for the computer system to restart or a particular officer to come out of the morning meeting with her boss. In the accompanying melee the customer get served with coffee but no sight of the officer emerging out of the meeting room. And then the customer gets finally diverted to another officer who apparently had not handled the transaction before and therefore had to be briefed by the distraught customer. The experience of drinking coffee back at someone's home or office after the job was done would have been a more pleasant experience than drinking coffee and wasting time in the bank.

Customer Experience Management

Mayer and Schwager in an interesting analysis had highlighted the contrasting elements of Customer Experience Management (CEM) and Customer Relationship Management (CRM). Whereas CRM may drive cross selling by bundling products in demand with ones that are not, CEM may help locate additional ground for adding offerings in the gaps between expectations and experience. Having spent millions on CRM software, CEOs may consider their problem to be one of what to do with the superfluity of it and not lack customer information. CRM captures what a company knows about its customer and her transactions history whereas customer experience data capture customers' subjective thoughts about a particular company.

The information about a customer is mostly used in CRM by the sales or marketing employees of the company to further drive sales activity such as cross-selling by bundling products in demand with ones that are not. In the case of CEM the information generated are used by business leaders who look out for various ways to fulfill customer expectations about the products and hence come very handy for providing product offerings that may fill the gaps between expectations and experience.[6]

Customer experience is a continuous process; it involves multiple previous experiences with a brand or a company. In terms of their expectations, customers may at all touch points, compare their past experiences with the current ones and may draw some conclusions about the future ones. Customer expectations are of course shaped by the competitive environment and the customers' own stages or contexts in the personal life cycle. Getting delighted or disappointed over a product's performance or lack of it is on account of the mismatch that might exist between expectations and experiences.

To discern the gulf between expectations and experiences, customer relationship management (CRM) may not offer much help. At touch points CRM captures data dealing with what a company knows about a customer and distributes it after a transaction had just taken place. Contrastingly, customer experience management (CEM) captures information about what the customer thinks about the company wherein the satisfaction level could be much better understood. In other words customer satisfaction is acknowledged at the end phase of a series of experiences – bad, good, or none.[6]

Information collected on the past, present, and the future customer experiences assume different patterns. When companies track transactions completed by a large number of individuals as is the case with most of the data obtained by CRM Software, they are essentially assessing past patterns. An air conditioner firm may depute one of its engineers to do a post-installation survey of how the user company was experiencing the new plant. The attempt here is obviously to capture the recent experience of the customer who may be further advised to enhance the product or service experience. This is persistently continued with.

Present patterns would track current relationships and experience with a view to identifying future prospects for similar air conditioner plants or absolutely new installations. Potential patterns of experience may altogether help tap future opportunities for developing a niche market segment for a thoroughly innovative product.[6]

Employees Promoting Good Experiences

Knowing the value and significance of customer experience is one thing but putting that into practice is another area where the employees would contribute considerably. Senior management should pay great emphasis on gaining strength by constantly egging on the employees to pay more than lip service to enhancing customer experience. The technology is providing the managers incredible amount of information about the transactions undergone by the customers and using them in the context of how customers had really experienced the goods and services is quite vital.

"The front line now produces the bottom line. That is where leadership needs to be, at the front line. Stop telling the front line what to do and let them be leaders," Stephen Covey.

Highly motivated and engaged employees can create memorable customer experiences. With the machines and systems now releasing the front line staff from the clerical manures to which they were subjected to in the past, employees have more felicity to smile and even be empathetic to customer complaints. Employees should feel elated that they have provided good experience to the people who they are serving. The companies should recognize this role and allow the staff facing the customer to take appropriate action in a situation where the customer may consider the experience as most critical to the satisfaction he or she is expecting from the product or service.

Ultimately the customer should feel comfortable in going back to the service provider or remain loyal to a brand as long as he wishes to be. But in doing so he is not likely to undergo unreasonable delays, frustrations, and surprises that may run counter to the expectations he was led to cherish whether in response to company's advertisements, sales force, or its corporate ethos and vision. Human emotions cannot be entirely predictable; most often their emotions remain hidden.

"A cat has absolute emotional honesty: human beings, for one reason or another, may hide their feelings, but a cat does not." - Ernest Hemingway.

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Employee Retention Strategies: IT Industry

Leena James and Lissy Mathew

Abstract

Employee Turnover is a major challenge faced by the companies globally. This study has focused on IT sector. Employees are the assets of any organization and organization can not afford losing its key performers. Organizations are striving to retain their talents by implementing effective retention strategies. High Employee Turnover would subsequently have an impact on productivity and sustainability of the organization. This study is an attempt to understand the impact of Retention Strategies on Employee Turnover in IT sector in India. Bangalore, being the IT hub of India, was chosen as the location of the study. Other variables such as Welfare Benefits, Personal Satisfaction and Organizational Culture, which are said to be associated with the Employee Turnover, were also investigated as a part of this study. Intention to stay is the proxy variable which explains the employee turnover in this study. Previous research conducted by various scholars has shown that employee's intention to stay/leave determines the actual turnover.

Key words:

Employee Turnover, Employee Retention Strategies, Personal Satisfaction, Organizational Culture, Welfare Benefits, Intention to stay.

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Employee turnover is a common phenomenon which many organizations are facing today. Organizations invest immensely in recruiting and developing their employees. Hence employee turnover is a potential loss for any firm. HR managers try to prevent the employee turnover by implementing effective retention strategies. Employee turnover is a common issue in Indian IT sector, though the trend has been reduced for the interim due to the recession. Still the issue becomes perpetual once the economy becomes stable.

People leave the organization due to various reasons. The experience of job related stress (job stress), the range factors that lead to job related stress (stressors), lack of commitment in the organization; and job dissatisfaction make employees to quit (Firth, Mellor, Moore, Loquet (2007). Employee can be dissatisfied with the organization due to many reasons. Personal dissatisfaction itself is a major reason for an employee to leave the firm. This dissatisfaction can arise from various factors such as compensation, job security, job autonomy, relationship with the supervisor and other colleagues etc.

Turnover intentions can arise from organizational factors as well. Organizational culture itself can be motivating or de-motivating to many employees. Some organizational cultures can be inspiring to their employees and provides an inductive environment to their employees. Organization with strong communication systems enjoy lower turnover of staff (Labov, 1997).

Voluntary quits represents an exodus of human capital investment for organizations. The subsequent replacement process entails manifold costs to the organizations. Replaced employee has to be inducted, trained and developed, which incur costs. Till one employee is substituted, production is also going to suffer which adds more costs to the firm.

In order to minimize the costs associated with the turnover, firms are implementing various strategies. Given that there is increase in direct and indirect costs of labour turnover, therefore, management is frequently exhorted to identify the reasons why people leave organizations so that appropriate action is to be taken by the management. Providing competitive salaries and other benefits, empowerment, providing stock options, flexible work hours are few of such strategies adopted by the firms to retain their staff. But how significant are these strategies to the employees? The purpose of this study was to study the impact of the retention strategies on employee turnover.

Literature Review

According to Gaan (2011) employee turnover has been a major issue pertaining to IT personnel. It has been noted frequently that IT personnel have a stronger than average tendency to leave their current employer to work for another. Employee Retention involves taking measures to encourage employees to remain in the organization for the maximum period of time. Retention is defined as a voluntary move by an organization to create an environment which engages employees for long term (Chaminade, 2007). The main purpose of retention strategies is to prevent the loss of competent employees from the organization.

According to Agarwal and Ferratt (2002), the effective utilization of IT depends on the availability of IT professionals to plan for, develop, maintain, and integrate information systems applications. The ability of organizations to retain their information technology (IT) staff has been a critical factor in the effort to achieve strategic business goals. The exit of an IT professional who knows a project inside and out can delay or even prevent the implementation of a new technology or system (Mooreand Burke, 2002). Authors also mentioned that turnover rates of 25 percent-35 percent had been reported in Fortune 500 companies over the past five years, while a supply-demand gap in the IT labour market conceivably exacerbates the IT-retention problem.

Employee turnover often results in a drain on management time, and creates pressures in workforce planning. Intangible costs include: negative impact on culture or employee morale; adverse effect on social capital; erosion of organizational memory (Dess and Shaw, 2001).

In addition to a number of direct costs associated with the process of recruiting replacement staff, there are multiple indirect and intangible costs (Clark-Rayner and Harcourt, 2000). Indirect costs include learning costs for new employees; the costs of being short staffed, with knock-on effects for remaining employees; and costs to the quality of products or services, which can in turn result in lost customers (Cheng and Brown, 1998).

Retention Management

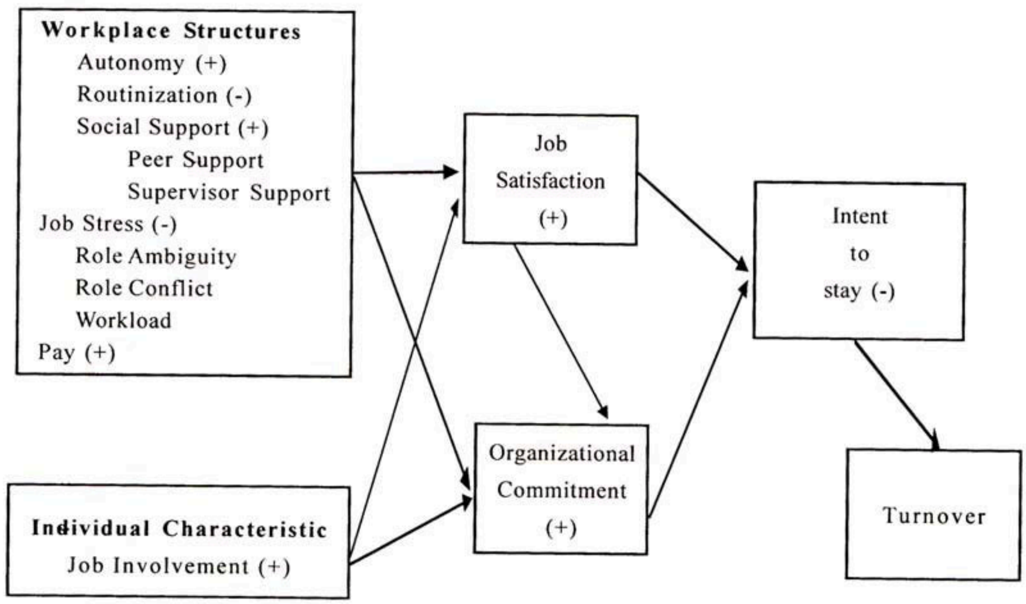
Effective retention management requires ongoing diagnosis of the nature and causes of turnover, a strategic approach to determining in what human capital markets retention has the largest impact on organizational success, and the development of an appropriately targeted and organized bundle of retention initiatives (Allen, Bryant, Vardaman, 2010). Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time. Employee retention is beneficial for the organization as well as the employee. Employees today are different. When they get dissatisfied, they move to other organizations. It is the responsibility of the employer to retain their best employees, if not; the organization will lose the star performers (good employees), (Gurumani, 2010).

According to Vaiman (2008), retention management has become a major source of competitive advantage in the modern and rapidly globalizing business world. Whitt (2006) in his study mentioned that increased retention means reduced employee turnover. According to Cappelli (2000) the old goal of HR management—to minimize overall employee turnover—needs to be replaced by a new goal: to influence who leaves and when. Research conducted by Agarwal and Ferratt (2002) in IT industry identified several retention practices. Additional financial incentives, increased frequency of performance appraisal, training and development opportunities were highlights of those retention practices. Griesser (1993) investigated the motivational issues among IS (Information Systems) professionals. According to him, IS employees are more resistant to changes than other professionals, and development professionals are concerned about their career development prospect.

Causes of Turnover

The causes of turnover varies from external environmental factors such as economy, to the organizational variables such as type of industry, occupation, organization size, payment, supervisory level, location, selection process, work environment, benefits, promotions and growth (Achoui and Mansour, 2007). Other factors are individual work variables such as job satisfaction, pay and working conditions (Arthur, 2001). Study conducted by Singh and Loncar (2010) revealed that pay satisfaction and job satisfaction affects turnover intention. Currivan (1999) conducted a study which examined four possible models of the causal relationship between job satisfaction and organizational commitment in models of employee turnover: (1) satisfaction precedes commitment, (2) commitment precedes satisfaction, (3) satisfaction and commitment have a reciprocal relationship, and (4) satisfaction and commitment have no significant relationship.

Figure 1: The Causal Model - Dashed Pathways (-) Represent Presumed Influences of Satisfaction and Commitment on Intent to stay and turnover that are Not Analysed in this Study



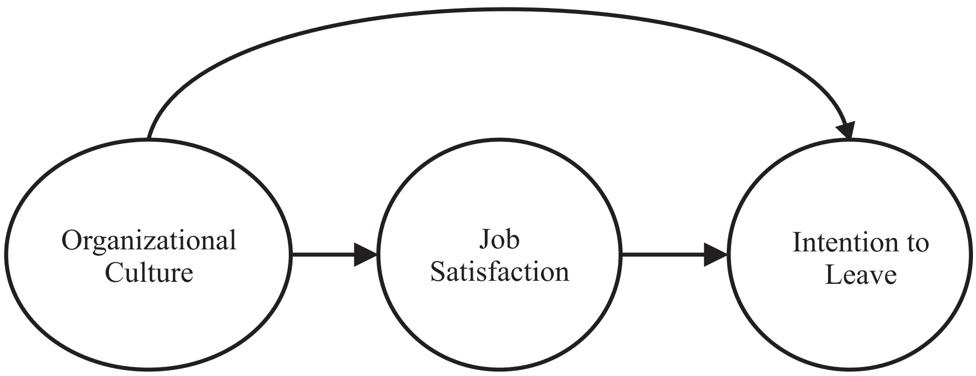
Source: Currivan.D.B.(1999). The causal order of job satisfaction and organizational commitment in models of Employee turnover, Human Resource Management Review, Vol.9, No.4, 1999.

Reviews of the turnover literature across occupations indicate that both age and tenure are associated with voluntary job leaving. Those employees who are younger and those who have been in a job for a shorter period of time is more likely to leave the job than older or longer term employees (Cotton and Tuttle, 1986).

Organizational culture refers to 'a system of shared values and norms that define appropriate attitudes and behaviours for organizational members' (O'Reilly and Chatman 1996). It is one of the fundamental factors in developing and maintaining a high level of organizational commitment among employees. Study conducted by Gaan (2011) indicated that organizational commitment was negatively and significantly related to intention to quit and Job satisfaction negatively and significantly related to turnover intention. Organizational culture has been shown to have a direct influence on staff satisfaction and commitment (Silverthorne, 2004) and turnover intention (MacIntosh and Doherty, 2005).

The intention or the actual intention to leave has been identified as the most immediate psychological determinant of actually quitting the job. Behavioural intention is one of the best methods of predicting turnover rates among staff (Egan, Yang and Bartlett, 2004).

Figure -2: Relationship between Organizational Culture, Job Satisfaction and Intention to leave



(Source: MacIntosh E.W., Doherty A. Sport Management Review 13 (2010) 106–117)

Methodology

Population of the study was comprised of IT firms listed in NSE and also members of NASSCOM, located in Bangalore. 169 IT firms operating in Bangalore are members of NASSCOM. 50 companies from the population were approached for the study. Questionnaire was administered to 300 employees. 225 responses were received. Middle level employees and middle level managers from the ample unit were selected. Convenience sampling method was adopted for collection of data.

Instrument

The instrument was adopted from study conducted by Neenu Antony, *"A study on Employee Retention Practices and its effectiveness in IT Sector"* and also from *Employee Retention Report*, a report submitted by New York government officials, retrieved from <http://www.cs.ny.gov/successionplanning/workgroups/Retention/retention.cfm> Questionnaire was standardized and validated for the present research.

Scale

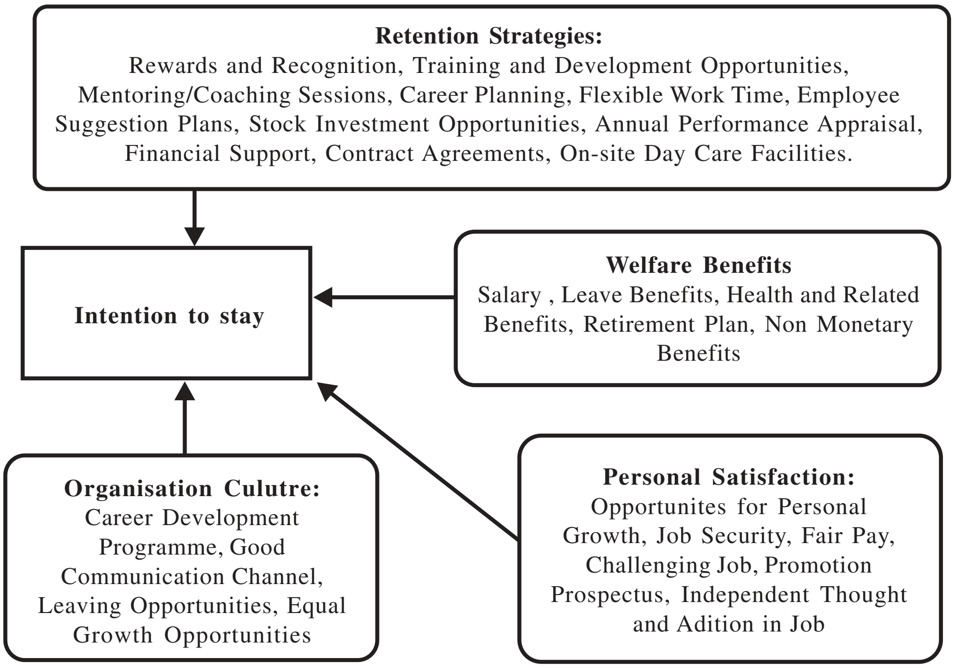
Survey questionnaire has four sections. For the first two sections, Retention strategies and Welfare Benefits scoring was done based on five points Likert's scale in which Very Important = 5, Important = 4, Neutral = 3, Not very Important = 2 and Not at all Important = 1. For the next two sections, Personal Satisfaction and Organization Culture, scoring of the statements were done based on five points Likert's Scale in which Strongly agree = 5, Agree = 4, Undecided =3, Disagree = 2 and Strongly disagree = 1.

Statistical Tools

Descriptive statistics was comprised of grading number and frequencies. Further, Mean and Standard Deviation of the raw data was calculated. Factor Analysis, Regression Analysis and Pearson Correlation were the tools adopted to analyze the data and to establish the relationship between the variables. To perform the hypothetical testing, ANOVA was also used.

Figure 3 explains the variables investigated for this study. Based on the literature review, variable 'Intention to Stay' was adopted as the proxy variable (dependent variable) to study the Employee Turnover. Previous research shows that behavioural intentions of turnover are strongly related to actual turnover (Irvine and Evans, 1995). Retention Strategies, Welfare Benefits, Personal Satisfaction, and Organization Culture were the independent variables investigated under this study. Dimensions mentioned under each respective variable were included in the questionnaire to understand the perceptions of the respondents.

Figure 3: Conceptual Model of Variables investigated for the Study



Source: Field Study

Hypotheses

Based on the literature review, following hypotheses were formulated.

H_{01}: Retention Strategies have no significant impact on Intention to Stay.

H_{02}: Retention Strategies, Organization Culture and Personal Satisfaction have no significant relationship with Intention to Stay.

H_{03}: Retention Strategies has no significant relationship with Welfare Benefits and Personal Satisfaction.

H_{04}: Years of Experience with the organization has no impact on employee's perception towards Retention

Strategies, Welfare Benefits, Personal Satisfaction, Organization Culture and Intention to stay.

H_{05}: Overall Years of Experience has no impact on employee's perception towards Retention Strategies, Welfare Benefits, Personal Satisfaction, Organization Culture and Intention to stay.

H_{06}: Qualification of the respondents has no impact on employee's perception towards Retention Strategies, Welfare Benefits, Personal Satisfaction, Organization Culture and Intention to stay.

Major Findings

Results of the study proved that Retention Strategies had an impact on Intention to stay. Regression analysis explains this effect. Regression analysis was performed to find the effect of Retention Strategy on Intention to stay of the respondents. The correlation coefficient value is (R) 0. 790 for Model1, which exhibits a fair amount of correlation between the Independent variable (Retention Strategies) and dependent variable (Intention to stay), with the F-ratio being 371.197 and its associated significance level being small ($P<0.05$). The R square value was .625, which explains the goodness of fit of the regression model. That is, the amount of variability explained by the whole of the selected predictor variables in the model for 62.5 percent (R^2 percent=.625 * x100=62.5 percent) of variation in the dependent variable (Intention to stay).

Pearson Correlation results showed that variable Retention Strategy is highly correlated with the dependent variable Intention to stay while compared with other two constructs, Organization Culture and Personal Satisfaction. However all the constructs were statistically significant with Intention to stay at least by five percent level?

Table 1: Pearson Correlation : Retention Strategies, Personal Satisfaction and Organization Culture Vs. Intention to stay

	Intention to Stay	Sig. Value
Personal Satisfaction	.141*	.018
Organization Culture	.240**	.000
Retention Strategy	.790**	.000

*5% level of significant **1% level of sign.

Pearson correlation also revealed that there is a relationship between Retention strategies, Personal satisfaction and Welfare Benefits. Retention Strategies were reduced into four major factors - Career Development (Factor1)**,** financial strategies (Factor 2), Flexi work (Factor 3) and Appraisal (Factor 4) by performing Factor Analysis. Figure 4 depicts the results of Factor Analysis.

The First factor **Career Development** was correlated with Welfare Benefits at 0.316 (32 percent) and with Personal Satisfaction at 0.135 or (13.5 percent) since significant value is less than 0.01; for the both, the relationship was statistically significant at one percent level. The Second factor **Financial Strategies** was correlated with Welfare Benefits at 0.285 (29 percent) and with Personal Satisfaction at 0.220 or (22 percent) since significant value is less than 0.01; for the both, the relationship was statistically significant at 1 percent level. The third factor **Flexi work,** which correlated with Welfare Benefits at 0.261 or (26 percent) and with Personal Satisfaction at 0.180 or (18 percent) since significant value is less than 0.01; for both, the relationship was statistically significant at one percent level. There was 0.107 (10.7 percent) relationship existed between fourth factor **Appraisal** and Welfare Benefits, in similar way, 0.016 relation exists between **Appraisal** and Personal Satisfaction, since significant value is not less than 0.05, the relationship is not statistically significant.

Figure 4 : Factor Analysis

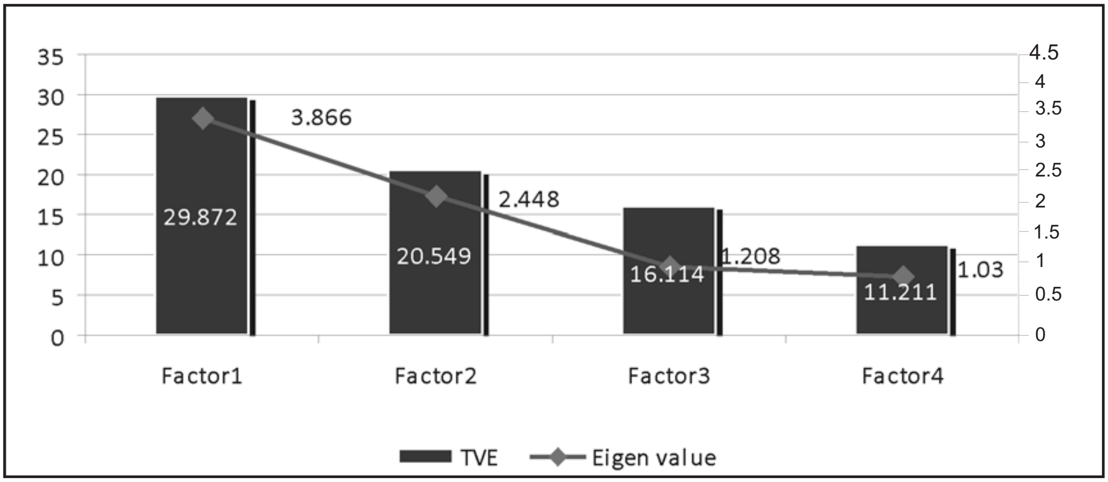


Table 2: Relationship between Retention Strategy factors Vs. Welfare Benefits and Personal Satisfaction

	Welfare Benefits	Sig. Value	Personal Satisfaction	Sig. Value
Career Development Strategy	0.316**	**.000**	0.135*	**.022**
Financial Strategies	0.285**	**.000**	0.220**	**.000**
Flexi Work	0.261**	**.000**	0.180**	**.003**
Appraisal	0.107	.056	0.016	.405

** 1% level of significant *5% level of significant

ANOVA results revealed that The Years of Experience (with the present organization) has an impact on employee's perception towards Retention Strategies. On the contrary, ANOVA results of Overall Years of Experience with the variable Retention Strategies implied that Retention Strategies may not be perceived as essential requirement for the continued sustainability based on the Overall Years of Experience.

ANOVA output of Qualification (Education) level with the variable financial strategies (Factor 2) revealed that Graduate level respondents seemed to perceive the importance of financial strategies more than Post Graduates and professionally qualified respondents. Flexi work arrangement was perceived to be an important strategy amid graduate level qualified respondents.

Rewards and Recognition for good work was perceived to be more effective and imperative for the respondents with regard to the Retention strategies. On the other hand, on-site day care facilities and contract agreements perceived to be least preferred Retention Strategy. With regard to the Welfare Benefits, Salary/Compensation was perceived to be most important aspect. Where as Recreation Benefits was perceived as least preferred aspect. Opportunities for personal growth and development were perceived to be the key aspect which determines Personal Satisfaction. Fair pay according to the contribution did not seem to translate Personal Satisfaction. Promotion prospects also found to be dissatisfactory amid the respondents. Learning opportunities in the organization were perceived to be motivating factor by the respondents. Learning opportunities seemed to be prevalent in most of the organizations studied.

Discussion

Much emphasis was given by the respondents to the strategy – Flexible work timings. Mean score of 4.05 implies this fact. On the other hand, 68 percent of the organizations do not provide this facility. Work from home/ Telecommuting strategy has a mean score of 4.14, which implies that much emphasis is given to this strategy by the respondents. But 77.78 percent of the organizations do not encourage this facility. Organizations should consider these as effective strategies to retain their talents.

Stock investment opportunities scored a mean value of 3.23, which implies that many respondents gave importance to this strategy. Unfortunately 72.44 percent of the organizations (studied) do not provide this opportunity. Financial Strategies were perceived to be much important strategy to graduates level respondents. Financial strategies (Factor 2) included Financial Support for the education, Stock Investment Plans, Contract Agreements and Employee Suggestion plans. 84.89 percent of the organizations do not provide Financial Support for the education.

Regarding Welfare Benefits, Retirement plans are not provided by 81.33 percent of the organizations where as the respondents gave much importance to Retirement plan, with a mean score of 4.79.

Organizations should understand the needs of their employees and try to implement effective retention strategies to retain their star performers. Functional employee turnover is good for the organizations, but dysfunctional employee turnover affects the productivity of the organization and the organization would lose its competitive advantage subsequently. It is the challenge for the HR managers to implement the right strategy to retain their talents.

Conclusion

Employees are the assets of any organization. No Organization can afford losing their star performers. It is the challenge of HR managers to identify the right retention strategies which their employees perceive to be effective. Every employee's perception varies. Secondary data source reveals that proper communication is necessary to generate a conducive environment in the organization.

Best way to enhance employee retention is to understand what the employees require from organization and provide it to them. Each employee's needs would be different, but organizations should be able to reach the limits and act accordingly. It is not feasible to satisfy every employee's demands. But organization should make the employees feel that employees are most valuable for the organization. By enforcing appropriate HR practices and policies, organization can instigate this feeling amid their employees.

Limitations of the Study

Other industry generalization is not possible based on this study. Perception of the employees on a national level could not be covered under this context.

Future Research

Future research can be done from management's perspective. More variables for eg., work–life balance, work environment etc., can be included in the future study.

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Portfolio: Performance Optimization

Manjunath K. R. and J. Madegowda

Abstract

Capital Market trends, positive trends as well as negative slumps, observed always leave the economy in dismay. Where positive trends remain in isolation, most of the times the market experiences major negative slumps, due to the irrational behaviour of its participants. This calls the investors to strategize their portfolios to the merit of the trends prevailing in the market, to realize above normal returns. This paper, evaluates various derivative mix strategies adopted by the investors in the market to the merit of the trends to effectively hedge the performance risk of their portfolio and realize optimal reward from their investments.

Key words:

Stock Derivatives, Stock F&O Mix Strategies, Market Trends, Investment Value.

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Capital Markets around the world are experiencing major turmoil in terms of their performance and/or performance of their investment portfolios. The markets are always looking forward for opportunities for effective hedging of their investment risk and to capitalize on the potential opportunities extended by the markets. Due to market integration and liberal economic policies, the markets are becoming more and more vulnerable to the changes effected by unstable policies, poor market infrastructure, informational inefficiencies, irrational behaviour of participants, lack of information regarding the markets and the financial assets in which they invest. Regulatory frameworks evolved for the governance and control of markets are also found to be not so effective. This is due to the reason that none of the regulations can have a bearing on, and control, the irrational behaviour in the markets. And most of the times, these are the major causes for the markets to underperform. A number of strategies initiated by the markets, innovative products and the tools for management of risks designed by the markets and offered to the investors are also performing below their actual potential.

Derivative Markets in India, in their structured form, are in existence just over a decade from now. In the midst of a number of myths in the market, they have seen metamorphic changes in their operations. Securities Exchange Board of India (SEBI), as a part of its continuous initiative for development of its markets, had set up a number of committees for studying the market, potential opportunities and risks associated with trading on derivative instruments. All these committees have highlighted the need for formulation of effective regulatory framework for the growth of these instruments in Indian Capital Markets. But, a look at the current market scenario shows that the market participants are highly skeptical regarding the real potential of these instruments. Absence of efficient regulatory system and independent exchanges for trading on Derivatives (like, LIFEE in London, CBOT and CBOE in America) are also seen as the causes for under-performance of the markets and Derivative instruments.

The initiatives of the Regulators for promoting these instruments are not so comprehensive. Further, most of the studies, in the past focused on the application of mathematical models to infer the market behaviour without making any attempt to understand the perception of investors towards these instruments and what makes them to accept or refuse adoption of Derivative Instruments in their investment portfolio. When a number of strategies are available for adoption (for portfolio management), only few are accepted and adopted, and the remaining majority are either unaccepted or remain isolated from the market participants. In many cases, management of investors' portfolios is always marked to market performance or decisions taken in isolation.

In the light of the above, the present work makes an attempt to evaluate the strategies adopted by the investors in the market and what the market perceives regarding the efficiency of these instruments in delivering the value to their investor-participants.

An Overview of Earlier Works

Patil, R. H. (2006)[1] has examined how short settlements and dematerialization can enhance the efficiency of capital market operations, and highlighted how introduction of Badla system (in stock markets) and Stock Futures would pose threat in future exposing the investors with potential risks, and questioned how the Index Futures would be sustained by the market in the long run. Jones, Mark Britten and Neuberger, Anthony (2000)[2] showed how risk neutral probability of stock price movements expected during the future, will affect the Option price on the hedged instruments, and further how they would in turn influence the consistent and continuous price movements on the underlying instruments on which the contracts are drawn. Misra, D. and Misra, S. D. (2005)[3] examined various factors that act as drivers for trading on Derivatives. They showed how the Derivatives are providing solutions to the investors in the market. Raina Ajay and Mukhopandhyar, C. (2004)[4] analyzed how Equity Derivatives enable the investors in assessing the right proportion of portfolio mix and help the investors in allocating the unit capital to minimize the Value at Risk (VaR) associated with the investment portfolio. They concluded that a combination of equity options (Call and Put) and selling Futures can reduce the associated VaR of equities invested significantly.

Liu Jun and Pan Jun (2003)[5] exhibit how adoption of Derivatives and strategizing investment portfolio can provide for better tradeoff between risk and returns. The study concludes that adoption of Derivatives by non-myopic investors would expand the opportunity set for capitalizing on returns in commensurate with the risk exposed by time-varying investment opportunities. Neuberger Anthony and Hodges Stewart (2002)[6] analyzed how Option Contracts in the market extend the benefits to the investors in performance optimization of their portfolio. However, the magnitude of benefits realized depends upon how best the investors optimize the opportunity sets, available in the market. Sankarshan Basu (2004)[7] provides a conceptual framework for Derivative Instruments traded on the Indian Stock Exchanges analyzing how the phased development of Derivative Instruments and introduction of Swaps, Currency Options, Exotic Options and Interest Rate Options have provided for effective hedging of risk by Banks and Other Financial Institutions. Raman Rao, S.V. (2007)[8] in his study observed that the introduction of Derivative Instruments such as Index Futures, Index Options, Stock Options and Stock Futures has brought about radical changes in the performance of Nifty spot market and has enhanced the volatility of spot market index significantly.

Malik, N.S. (2008)[9] provided an overview of the utilities delivered by few selected Derivative strategies on Index and Stock, and examined the relative sensitivity of the performance of underlying in the cash markets as compared with their performance in the Derivative segments. Based on this, he concludes that the investors opt to make their investments in Index Futures when focusing on short term, and contrarily when the investments are made in the long run, it is necessary for the investors to understand the market risk and chose stock option strategies which could assure them with opportunities to hedge and earn marginal gain offered by the market due to price swings experienced in the market. Srivastava, Sandeep (2003)[10] brings the importance of net efficiency of open interest on Derivative Contracts written on underlying instruments and how it would affect the spot price in future ensuring the investor with greater liquidity and opportunity to hedge his financial risk.

It is obvious from the above that a number of works have been undertaken by the researchers in the past on different aspects of broader subject of this paper. And they concentrated on one or the other micro aspect of the topic selected for the present study. However, no comprehensive work on establishing the meaningful relationship between the F&O mix Strategies and their impact on portfolio performance optimization are undertaken. Hence, the present study is an attempt to cover these aspects with an emphasis on how Derivatives mix strategies enable the investors to take effective hedge over the volatile market trends and how they influence investment portfolio performance.

Sources and Collection of Data

The required and relevant data are collected from both primary and secondary sources. Primary data are collected from the retail investors using questionnaire-based survey method. Questionnaire is used to obtain the details about the awareness and perceptions of retail investors about various Derivative products available for trading in Indian Capital Markets with special reference to Equity Derivatives and how they see these instruments as effective tools for hedging risk associated with their investment portfolio. The questionnaire was designed to study the awareness and perception of investors towards Derivative instruments, strategies adopted, realized efficiency of these strategies, and future for these instruments in the opinion of the target group. Other necessary materials are collected from secondary sources such as books, journals, websites, etc.

Sample Design

For the purpose of the present study, 370 respondents were selected using simple random sampling method. However, out of 370 respondents, only 256 accounting for 68.65 percent of the respondents were found to be aware of Derivatives though the level of knowledge about these instruments differs. And the remaining 114 respondents have no knowledge about Derivative Instruments. Out of 256 respondents who are aware of the Derivatives, only 188 accounting for 50.82 percent (of total 370 respondents selected) are investing in Derivatives Contracts and the remaining 68 respondents are not investing though they are aware of Derivatives. This may be due to the complex nature of contracts and/or due to high contract volume as one contract is equal to 100 units of the underlying assets.

Hypothesis of the Study

The present study aims at testing the hypothesis that appropriate F&O mix strategies enable the investors to realize optimal results from their portfolios. Statistically:

- H_0 = Stock Futures and Options Mix Strategies are inefficient in optimizing portfolio performance.
- H_1 = Stock Futures and Options Mix Strategies effectively optimize portfolio performance.

Statistical Tools used for Data Analysis

The data was compiled using Excel, and SPSS was used for tabulating the data collected through questionnaire. To analyse the data and to interpret the analysis, Simple Percentage, Weighted Average and Rating Method are used. Besides, Z test for testing of proportion is used for testing hypothesis.

With these details about the objectives and methodology, an analysis is made in the following paragraphs to evaluate the role of Derivatives as strategic tools in managing investment-related risk.

Strategies adopted by the Investors when Markets are experiencing Bullish or Bearish Trends

Markets may experience positive or a negative trend on a continuous and persistent basis. When the markets experience positive trend, the markets are said to be **bullish** and when they are experiencing negative trend, they are said to be **bearish**. These trends in the market would have a major impact on the securities held by the investors. Accordingly, the investor uses a number of strategies by taking various positions in the market that can help to have a hedge over the performance risk of the portfolios held by him. In this background, the respondents were asked to provide their opinion about the strategies they adopt when the markets are having adverse movements. The responses obtained from them are summarized and presented in Tables-1 and 2.

From table 1, the following become obvious.

a. Investors buy contracts in anticipation of growth in the value of their investments in future. When the market enters bullish trend, few become skeptical regarding sustainability of such trend in future and assuming the market to enter bearish trend and with the objective of optimizing the returns from the current trend (appreciative returns), they mark the performance in the market and sell the contracts.

Table 1: Positions held by the Investors when Markets are in Bullish Trend

Sl. No.	Positions	Buy		Sell	
		Number of Respondents	Percentage to Total Respondents	Number of Respondents	Percentage to Total Respondents
01	Long Call	123	84.83	22	15.17
02	Short Call	65	54.17	55	45.83
03	Combination Long/Short Call	35	54.69	29	45.31
04	Combination Long/Short Put	29	64.44	16	35.56
05	Combination Long Call/Short Put	28	47.46	31	52.54
06	Combination Long Put/Short Call	14	51.85	13	48.15

Note: Allowed multiple responses, Source: Field Survey

b. It can be seen from the table that 84.83 percent of the respondents (123 out of 145 respondents) felt that they would buy Long Call when the markets are appreciative. Because, they expect that it has all the potential to have increased price (over and above the strike price of the contract). However, 22 respondents out of 145 accounting for 15.17 percent of the respondents felt that they prefer to sell Long Call taking a contrarian position. As these respondents are skeptical regarding the ability of the market to sustain the current growth, they plan to realize optimal reward at the current trend.

c. Anticipating that the market would decline in future, 65 respondents out of 120 (54.17 percent) prefer to buy a Short Call and the remaining 45.83 percent of the respondents opined that they would sell a Short Call especially when the markets are expected to be promising for growth in future.

d. Out of 64 respondents, 35 respondents accounting for 54.69 percent opined that they would buy a Long Call with a high strike price and Short Call with a low strike price that would help them to cover loss in the short run and gain with the long call with the market moving positive. On the other hand, 45.31 percent of the respondents (29) felt that they would sell a Long Call with low strike price and Short Call with a high strike price as it would help them to cover the loss in the

Long Call with low strike price with the gain in the Short Call with a high strike price.

e. Out of 45 respondents, 29 respondents (64.44 percent) prefer to buy Long Put with a low strike price and Short Put with a high strike price especially when the market is in initial stages of growth. Because, this provides for higher profit margins than when the market would reach the new resistance level (highest level of growth that the market would see). On the other hand, 35.56 percent of the respondents (out of 45 respondents) opine that they would sell Long Put with a low strike price and Short Put with a high strike price. These respondents are skeptical about the sustainability of the market trends and the market would offer better profitability in the short trends than in long trends.

f. Out of 59 respondents taking position of Long Call/ Short Put, 47.46 percent opine that they would buy the contract and the remaining 52.54 percent responded to the effect that they would sell the contract. A Long Call would ensure positive movement of prices (Spot Price > Strike Price) and Short Put would provide better recovery of prices with the risk of (spot price going above the strike price and making the contract out of money) and with an intent of speculation and taking contrarian position would sell the contracts.

g. Similarly, the investors also take position in Long Put and a Short Call where the hedgers sell the contracts. Speculators buy the contracts which would provide them with better payoff from the positions held.

Table - 2: Positions held by the Investors when Markets in Bearish Trend

Sl. No.	Positions	Buy		Sell	
		Number of Respondents	Percentage to Total Respondents	Number of Respondents	Percentage to Total Respondents
01	Long Call	63	48.84	66	51.16
02	Short Call	84	64.12	47	35.88
03	Combination Long/Short Call	24	58.54	17	41.46
04	Combination Long/Short Put	31	59.62	21	40.38
05	Combination Long Call/Short Put	24	61.54	15	38.46
06	Combination Long Put/Short Call	17	34.69	32	65.31

Note: Allowed multiple responses, Source: Field Survey

A careful observation of the contents of the table 2 reveals the following:

a. It can be observed from the table that when the market experiences bearish trend, 63 out of 129 respondents (48.84 percent) with a speculative intent felt they would buy Long Call with an anticipation of accumulating assets (getting more units of shares when the prices are very low) in future. On the other hand, 64.12 percent (i.e., 84 out of 131 respondents) felt they would buy Short Call especially when they expect that the market would recover immediately or has a shorter negative runs in the market based on their past experience. Contrarily, 66 out of 129 respondents accounting for 51.16 percent feel they will sell a Long Call for those assets which they hold expecting the market would bounce back after touching new support level – lowest price the market would observe. On the other hand, 47 out of 131 respondents accounting for 35.88 percent feel they would sell a Short Call as further decline in the market prices (especially when the market has a long range bound movements) would force them to incur additional losses, and short positions will always give them better profits.

b. When the investors adopt combination trading, 24 out of 41 respondents (58.54 percent) feel that they prefer to buy a combination of Long Call with low strike price, whereas other 17 respondents (41.46 percent) feel that they would prefer to sell a Short Call with a high strike price as the market offers better profits in short run as compared to in long run.

c. Of course, out of 52 respondents, 31 (59.62 percent) opine that they prefer to buy a Long Put with a low strike price and remaining 21 respondents (40.38 percent) prefer to sell Short Put with a high strike price as the Spot Market prices would be very low in the future market. This is more so when the markets are recessive in nature providing better profits only in the short run (strike price would be more than the spot market price). And when the market takes a contrarian movement against the expected, the Short Put with the high strike price would give investors better profits as the investment always gets exposed to risk of spot price going higher than the strike price making the Put Option out of money. This would be especially when the market takes a bullish move against the expected bearish movements.

d. Out of 39 respondents, 24 (61.54 percent) opine that they would prefer to buy a Combination of Long Call and Short Put which provides better profits in the short run and also extends the benefits of buying in the long run as it helps in asset accumulation (due to reduced prices of assets in future on account of continued negative or bearish moves). On the other hand, 17 out of 49 respondents (34.69 percent) feel that they would sell Combination Long put/Short Call as a speculator taking a contrarian position in the market would have greater possibilities of earning above normal rate of returns, and at the same time, it also exposes the investors with high degree of risk.

e. 15 out of 39 respondents (38.46 percent) and 32 out of 49 respondents (38.46 percent) opine that they would sell Long Call/Short Put and buy Long Put and sell Short Call respectively which would provide them a better payoff even when the markets experience adverse movements.

American Options Vs European Options

American Options are expected to provide better leveraging opportunities than the European Options. This is due to the reason that the American Options offer, their participants, opportunities to exercise their rights any time during the option period, whereas European Options can be exercised only on the day of expiration. This feature of American Options provides a right which can be exercised any time during the option period and this creates

Table - 3: American Options Vs European Options

Particulars	American Options provide better Cost Recovery than European Options		
	Agree[1]	Disagree[1]	Total[2]
Number of Responses	125	129	254
Percentage of Responses to Total Respondents	49.21 ($\hat{p}$)	50.79 ($\hat{q}$)	100%
Expected Chance of Occurrence (percent)	50 (p)	50(q)	100%

1. Responses in the form 'agree' or 'disagree' is to the statement, **American Options provide better Cost Recovery than European Options.**
2. Total respondents here are only 254 against 256 being aware about Derivative Contracts and Derivative Markets. Only 254 respondents responded to this statement and therefore, 254 is used for analysis.

Source: The calculations in the above table are made based on the responses obtained from the investor-respondents.

opportunities for realizing optimal profits and recovers the cost of investment (premium paid for procuring such rights). The cost recovery is always in isolation in European Options contract. In this background, the responses are obtained from the respondents which are used to calculate few values as presented in Table–3, and the values in Table–3 are used for further analysis.

It is observed from table 3 that the opinion of the respondents is, more or less, equally distributed. It is obvious that only 49.21 percent of the respondents agree with the statement, whereas the remaining 50.79 percent of the respondents disagree. These disagreed respondents feel that the market would become more vulnerable when such independence is provided to the investors to exercise their rights. Further, they feel that American Options would hinder the cash market performance than providing for better performance. This statement is converted into a sub-hypothesis as presented below:

- H_0 = American Options do not provide for better cost recovery or leveraging opportunities than European Options
- H_1 = American Options provide for better cost recovery or leveraging opportunities than European Options

The hypothesis is tested using "z" test for proportions.

$$Z = \left[\frac{\hat{p} - p}{\sqrt{\frac{p \cdot q}{n}}}\right] = \left[\frac{0.4921 - 0.50}{\sqrt{\frac{0.50 \; X \; 0.50}{254}}}\right] = \left[\frac{-0.0079}{0.0009843}\right]$$

$$|Z| = \pm 8.02601$$

$|Z|_{cal} =$ 8.02601 > $Z_{0.05}$, and $Z_{0.01,}$ i.e., 1.96 and 2.56 respectively.

From the above calculations, it can be observed that derived value of Z is higher than the standard value of Z at five percent and one percent levels of significance. Hence, H_0 is rejected and therefore, it can be concluded that American Options provide for better cost recovery or leveraging opportunities than European Options.

Covered Options are less risky than Naked Options

Covered Options refer to contracts where the participants entering into the contracts to hedge the performance risk associated with the assets held by them. Naked Options refer to contracts where the parties entering into the contract do not have physical possession of the assets on which the contracts are written.

The very nature of the Derivative Contracts is that there is no obligation on either of the parties to have the physical possession of the assets on which the contracts are written. Most of the times, the contracts drawn are open position contracts which carry high degree of risk.

As the right of execution of the contract is in the hands of the option buyer (though he is not obligated), in the event he exercises his rights, the option seller will be obligated to deliver the underlying asset. Further, if the option seller does not have physical possession of the assets, when such obligation arises to deliver the underlying assets, especially when the market prices are very high than what is anticipated (strike price), then the level of risk exposed would be very high (as the price recovered against the price paid would be very low. i.e., Strike Price is lesser than the Current Market Price).

In this background, respondents were asked to express their opinion about whether Covered Options are less risky than the Naked Options. Their responses are used to compute the relevant values and presented in Table–4.

From table-4, the following points become clear.

a. It is evident that 185, out of 254 respondents, (72.83 percent) agree with the statement that Covered Options are less risky than the Naked Options. However, the remaining 69 respondents out of 254 (27.17 percent) disagree. Because, in their view, risk associated with the contract is only with the market and not with the open or covered positions held by the investors.

b. What becomes important here is the ability of the investor to forecast and when all the contracts become covered and the participants have to take physical possession of the assets (when entering into the contract), the very objective of the Derivatives gets defeated. The purpose of taking positions in Derivative is to see whether the expected movements in the market would be as per the estimations and execution of rights by the holder should help him to hedge the expected performance risk and realize optimal returns from the assets procured in future.

Further, to evaluate the above statement, the following sub-hypothesis is tested using "Z" test (for proportions).

- H_0 = Covered Options are riskier than the Naked Options
- H_1 = Covered Options are less riskier than the Naked Options

$$Z = \left[\frac{\hat{p} - p}{\sqrt{\frac{p.q}{n}}}\right] = \left[\frac{0.7283 - 0.50}{\sqrt{\frac{0.50 \; X \; 0.50}{254}}}\right] = \left[\frac{0.2283}{0.0009843}\right]$$

$$Z = 231.942$$

$Z_{cal} = 231.942 > Z_{0.05}$, and $Z_{0.01,}$ i.e., 1.96 and 2.56 respectively.

From the above calculations, it can be seen that the derived value of Z is more than the standard value of Z at five percent and one percent levels of significance. Hence, H_0 is rejected and it can be concluded that Covered Options are less risky than the Naked Options. Option Contracts would deliver value only for those investors who look for hedging their risk and not for the speculators who carry high degree of risk as most of the times they take open position with the market.

Market Beta/Risk Variation and Parallel Impact on underlying Security Performance

Market beta refers to the systematic risk associated with the performance of securities in the market. These forces are consistent and recurring in nature, and are said to have parallel impact on the performance of the securities traded in the market and their derived contracts (Derivatives). Respondents were asked to express their opinion regarding the impact of market risk on the portfolio held by them, and their responses are summarized and presented in Table–5.

Following points become clear from table-5.

a. It can be seen that 13.67 percent of the respondents strongly agree whereas another, 44.53 percent agree that market risk always has a parallel impact on the portfolio performance.

b. Of course, 22.66 percent of the respondents are of neutral opinion and feel that both market risk and firm specific risk affect the portfolio performance.

c. However, 18.36 percent and 0.78 percent of the respondents disagree and strongly disagree respectively.

Table – 4: Covered Options Vs Naked Options

Particulars	Covered Options are less risky than Naked Options		
	Agree[1]	Disagree[2]	Total
Number of Responses	185	69	254[2]
Percentage of Responses to Total Respondents	72.83($\hat{p}$)	27.17 ($\hat{q}$)	100%
Expected Chance of occurrence (%)	50 (p)	50(q)	100%

1. Responses in the form 'agree' or 'disagree' is to the statement, **Covered Options are less risky than Naked Options.**
2. Total respondents are only 254 against 256 being aware about Derivative Contracts and Derivative Markets. Only 254 respondents responded to this statement and therefore, this number is used for analysis.

Source: The calculations in the above table are made based on the responses obtained from the investor-respondents.

Table 5: Market Beta/Risk and its Parallel Impact on the Underlying Security Performance

Market Beta/Risk Variation has a parallel impact on the performance of underlying Security	Number of Respondents	Percentage to Total Respondents	Weighted Values	Weighted Averages
Strongly Agree	35	13.67	105	0.31
Agree	114	44.53	228	0.67
Neither Agree nor Disagree	58	22.66	58	0.17
Disagree	47	18.36	-47	-0.14
Strongly Disagree	2	0.78	-4	-0.01
Total	256	100.00	340	1.33

Weights Assigned: Strongly agree = 3, Agree = 2, Neither Agree nor Disagree = 1, Disagree = -1, Strongly Disagree = -2

Source: The calculations in the above table are made based on the responses obtained from the investor-respondents.

with the statement that market beta always has an impact on the portfolio performance. Most of the times, the strategic competency enjoyed by the originator or issuer-organization of the securities helps them to sustain the market risk, and the investor can observe that when the entire market is in turmoil, the securities held by him would still perform better in both cash and derivative segments.

d. With net Weighted Average Mean of 1.33, it can be concluded that the overall market opinion is that the market risk has a necessary bearing on both current performance and future anticipated performance of securities in cash as well as in Derivative segments. The market risk is necessarily evaluated based on the Index which is a parameter to evaluate the overall impact of stock volatility. An Index Derivative helps the investor to protect and immunize his investment portfolio especially when the changes are frequently experienced in the market, and the markets are highly speculative and expect a bullish trend. The Index movements indicate some speculative stock movements in the markets and thereby creating opportunities for better profit realization, and when taking position in future, one cannot predict the risk without hedge. Stock movement is not as per their beta. The ability of the underlying asset to sustain the impact of the market forces with the help of proper strategic initiatives would determine the level of impact of market beta on the securities traded. It is opined that getting the right stock or any other financial asset is a good bet in the market.

Trading in Derivatives Market and in Cash Market – Cost Factor

Derivative Contracts carry the fundamental features of fungibility to the contract and extend the benefits to their participants. They do not make it mandatory for the participants to have the physical possession of the assets nor to have the full value of the contracts. This automatically reduces the cost of investment in the hands of the investors. The only requirement, if the contracts are exchange traded, is that both the parties to the contract will have to maintain margin deposits with the exchanges where the transactions are entered. In this background, the respondents were asked to respond whether trading on Derivatives is cheaper compared to trading in Cash Segment. Their responses are summarized and presented in Table–6.

A careful observation of the contents of table – 6 reveals the following

a. While only 17.58 percent of the respondents strongly agree, 52.73 percent agree that trading on Derivative is cheaper compared to the Cash Market as the only requirement for entering into derivative contracts is the margin requirement and there is no requirement to have amount equal to contractual value of the contract which reduces the cost of investment significantly. At the same time, it also helps the investors to realize profits in terms of margin gains.

b. Out of 256 respondents, 10.16 percent of the respondents are neutral and are of opinion that linking

Table – 6: Trading on Derivative Markets is cheaper than Trading in Cash Markets

Trading in Derivative Markets is cheaper than in Cash Market	Number of Respondents	Percentage to Total Respondents	Weighted Values	Weighted Average
Strongly Agree	45	17.58	135	0.37
Agree	135	52.73	270	0.74
Neither Agree nor Disagree	26	10.16	26	0.07
Disagree	34	13.28	-34	-0.09
Cannot Say	16	6.25	16	0.04
Total	256	100.00	365	1.13

Weights Assigned: Strongly agree = 3, Agree = 2, Neither Agree nor Disagree = 1, Disagree = -1, Cannot Say = 1

Source: The calculations in the above table are made based on the responses obtained from the investor-respondents.

their portfolio performance in the market to the market trends and adopting aggressive portfolio management techniques would help them to realize better profits and would be less riskier, and Derivatives alone do not reduce the cost of investment.

c. But 13.28 percent of the respondents disagree and the remaining 6.25 percent opine that they cannot say anything about the statement, High degree of volatility experienced by market, lack of proper market infrastructure for the derivative segments, lack of proper and efficient regulatory system, poor pricing mechanism and complex nature of the instruments, etc., make some of the respondents to feel that trading on physical securities in the cash market is better than trading on Derivative platforms.

d. With the weighted average of 1.13, it can be said that the respondents agree with the statement that trading in Derivative Markets is economical than in Cash Market.

e. However, in some cases, trading in cash market is cheaper when compared to trading in derivative markets. This is due to the fact that opportunity cost will become higher when not traded in cash markets as the potential opportunities of realization are lost. This depends upon the market conditions and the net realization at the end of executing the contract with probable delivery of the underlying asset on which the contract is drawn.

f. Derivatives are margin-based trading contracts and there is no need for the participants to have either physical possession of the asset or to possess cash to the extent of the full value of the contracts as required in cash market transactions.

g. Low brokerage and enhanced market exposure help in creating better leverage to the investment portfolio, and cost of brokerage payable in derivative markets is very less as compared to that of cash market trading. This benefit of lower margin requirement makes the Futures Markets more attractive than cash markets. And even the settlement charges are cheaper.

h. Decision to trade in the derivative segment also has a favourable impact on the liquidity position in the market. Precisely speaking, the market has a bundle of offers and it depends upon the individual to utilize the opportunities in the market thereby realize the possible rewards extended by the market.

i. SEBI has made it optional at the discretion of the parties that the Stock (underlying) Instruments are deliverable to the party when he is willing to accept the same against mere margin settlements. Efforts are also on to see how Index could also be delivered.

j. A small group of investors disagree to this statement and opine that as there is no actual delivery of the stock or any other underlying in Derivative Markets, it is difficult to predict or assess the nature and quantum of reward earned from investment and determining the actual cost (real or notional/opportunity costs) becomes difficult for these contracts. And they feel that physical delivery system should be introduced for the net position on the due date, and these contracts should provide for minimization of cash losses by supplementing the instruments traded on cash domain.

k. Further, until and unless the markets turn efficient and they would have control of unwarranted volatility, it could be hard to comment on this aspect, as the markets when in volatile conditions would lead to loss of intrinsic value of the transactions thereby incurring huge loss of investments resulting in capital loss.

Conclusion

From the above analysis, it can be concluded that having the right mix of derivative strategies and adopting them into the investment portfolio would help the investors to optimally utilize the opportunities extended by the market and realize rewards in commensuration to the risk taken by them. Derivative instruments available in the market carry a bundle of utilities with them and it is the investors who have to take rational decision in choosing the right instruments into their investment portfolio that can help them to have an effective hedge over the potential risk and also realize the optimal value from their investment. It is also explored by the market that Market Beta/Risk Variation has a parallel impact on underlying Security Performance, and trading on derivative instruments which is also considered cheaper compared to trading in Cash Market helps the investors to effectively optimize the investment performance and realize rewards in commensuration to the risk taken by the investors in the market.

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Customer Satisfaction: CRM in Canara Bank

K.S. Kavitha and P. Palanivelu

Abstract

The business of banking can neither function without customers nor does just acquiring a certain number of customers do the business. It is a continuing process of transactions culminating in a long term banker-customer relationship. Banking institutions thrive more on keeping old customers happy rather than getting new customers. No banks can possibly meet all the needs of its customers given to the diversity of their wants. In such a situation the secret key factor of the bank's success is effective Customer Relationship Management. CRM is being increasingly used to identify, attract and retain most valuable customers that help business to sustain profitable growth, successful banking companies are achieving long term performance in customer relationship management by gaining deep insights about their customers which help them design product/service offerings that match or exceed the customer expectations which in turn help in building customer trust and gain loyalty.

Key words:

Customer Satisfaction, Services Rendered, Customer Relationship Management (CRM), Occupation.

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A customer is the core component in the banking industry. The business of banking can neither function without customers nor does just acquiring a certain number of customers do the business. It is a continuing process of transactions culminating in a long term banker–customer relationship. Banking institutions thrive more on keeping old customers happy rather than getting new customers, no banks can possibly meet all the needs of its customers given to the diversity of their wants. In such a situation the secret key factor of the bank's success, is effective CRM.

CRM is neither a product nor a service, but a business strategy designed to optimize profitability, revenue and customer satisfaction. CRM is a paradigm shift from 'product centric' and 'mass marketing' to customer centric way of business. It is an integrated business strategy that places the customer at the center of business consciousness. It is comprehensive strategy and process of acquiring, retaining, and partnering with customers to create superior value for both the banker and the customers across the whole organization.

Customer Perception about CRM in Banks

Customers who contact any bank expect two things: a solution to their problems relating to the banking transactions and treatment as someone special.

Speed and time taken to render service is taken care of with personal interaction with customers, Courtesy and competence in discharging their study, managing the expectation of customers, maintaining good attitude and customer liaison, and Long term relationship with customers.

Statement of the Problem

Banking has today become an extremely competitive business. Banks in the pell-mell rush for achieving efficiency and gaining technology are facing the danger of forgetting this fundamental premise. For the years, banks have been guilty of five interpersonal sins, that have caused tremendous irritation to customers, inability to crossell, long queues, poor service attitude lack of information and lack of humility that prevent them from maintaining good customer relationship.

In the light of this development it seems pertinent to focus on the study of the quality of banking service, and the banker customer relationship. In this process, the following questions arise.

1. Are the customers satisfied about their relationship with bankers?
2. How can the banker customer relationship be strengthened?
3. Does the banker understand the importance of customer retention?

Scope of the Study

The study has been undertaken to know the various factors influencing the customer to open an account, to study the satisfaction of customers about the services and to assess the customer relationship management in Canara Bank.

Objectives of the Study

The study has been conducted with the following specific objectives:

1. To study the satisfaction of customers about the services rendered by Canara bank (Lead Bank) and
2. To offer valuable suggestions for improvement the customer relationship.

Hypothesis of the Study

Hypotheses related to customer satisfaction about services rendered by the Canara bank (Lead Bank)

- There is no significant relationship between age group of the sample respondents and their level of satisfaction.
- There is no significant relationship between gender of the sample respondents and their level of satisfaction.
- There is no significant relationship between marital status of the sample respondents and their level of satisfaction.
- There is no significant relationship between educational qualification of the sample respondents and their level of satisfaction.
- There is no significant relationship between occupation of the sample respondents and their level of satisfaction.
- There is no significant relationship between income of the sample respondents and their level of satisfaction.
- There is no significant relationship between size of the family members of the sample respondents and their level of satisfaction.
- There is no significant relationship between earning members in the family of sample respondents and their level of satisfaction.
- There is no significant relationship between nature of the family of the sample respondents and level of satisfaction.

Limitations of the Study

1. There are more customers engaged in banking activity but this study is based on the mere opinions and view of 100 respondents only.

2. The researcher found difficulties in collecting data from uneducated customers.

3. Availability of literatures relating to the present study is main limitation of the study.

Period of Study

The study is covered during the period of 2009-2010.

Area of the Study

The study covered the customers of Canara Bank (Lead Bank) in Erode District.

Framework Analysis

The primary data collected from sample respondents have been entered into a master table and sub-tables were prepared. To test the relationship between personal profile of the sample respondents and collected data with the help of chi-square test and applied five percent level of significance.

For chi-square test the following formula was used.

$$\chi^2 = \Sigma\,(O-E)^2/E$$

Where,

O = Observed frequency

E = Expected frequency

Methodology and Tools

This study is based on only primary data. Primary data relating to customers of the bank was collected through personal interview with the customers by using well structured interview schedule.

Sample Design

In Erode District, Canara bank is the leading bank; and, therefore, this has been purposively selected for this study. Among 44 branches of Canara bank, five branches have been selected purposively based on their operation. From each branch, 20 respondents from various categories have been chosen by using purposive sampling technique.

Level of Satisfaction as to the Services Rendered by the Bank

To measure the level of satisfaction of sample respondents the following score procedure are followed.

For analysis the level of satisfaction 20 statements were given in interview schedule. To measure the satisfaction, a likert type 'five' point scaling technique was used. If the sample respondents are highly satisfied with a statement, a score of five was allotted, likewise four for satisfied, three for neutral, two for dissatisfied and one for highly dissatisfied.

A total score for each respondent from all the 20 statements are calculated by using the likert's five point rating scaling technique. The maximum score of respondents that one can get from all the 20 statements is 100 and minimum score is 20.

The Table 1 indicates that out of 100 respondents, 63 percent of the respondents are having high level of satisfaction and 37 percent of the total respondents are having low level of satisfaction about services rendered by the Canara bank.

It can be concluded that majority (63 percent) of sample respondents are highly satisfied with services rendered by the Canara bank.

Personal Profile of the Sample Respondents and Level of Satisfaction

To identify the role played by various socio-economic characteristics of the sample respondents on the satisfaction over the services rendered by the Canara bank, the following various, socio-economic characteristics have been considered such as age, gender, marital status, educational qualification, occupation, income per annum, size of the family, number of earning members and nature of the family.

On the basis of the data, the following null hypothesis has been framed.

Table 1: Distribution of the Sample Respondents according to Their Level of Satisfaction

Level of Satisfaction	No. of Respondents	Percentage
High (Score > 60)	63	63
Low (Score < 60)	37	37
Total	100	100

Table 2: Distribution of Sample Respondents according to Their Age and Level of Satisfaction: χ^2

Age Level	Level of Satisfaction		
	High	Low	Total
Young	12 (46)	14 (54)	26 (100)
Middle	38 (75)	13 (25)	51 (100)
Old	13 (57)	10 (43)	23 (100)
Total	63 (63)	37 (37)	100 (100)

Source: Primary data (figures in parenthesis indicate percentage)

Degree of freedom: 2, χ^2 = 6.4778, Table Value = 5.991

H_o: There is no significant relationship between personal profile of the sample respondents and level of satisfaction about services rendered by the Canara bank.

i) Age and Level of Satisfaction

Age is one of the notable factors to determine the level of satisfaction. Desire and level of satisfaction may change according to the age of the respondents. The age groups of the sample respondents are divided in to three categories, viz., and young, middle, old. Young (who is up to 25 years) Middle age (between 26 to 50 years) and Old age (above 50 years).

From the table 2, it is clear that the satisfaction level of 75 percent of the sample respondents belonging to 26-50 years of age group, 57 percent of the sample respondents belonging to age group of above 50 years and 46 percent of the sample respondents belonging to the age group up to 25 years are high level of satisfaction about the services rendered by the Canara Bank.

It is proposed to test the null hypothesis that there is no significant relationship between age and their level of satisfaction. Chi-square test has been applied.

The calculated value of χ^2 (6.4478) is more than the table value of χ^2 (5.991) at five percent level of significance. Therefore, the hypothesis is not accepted.

It is concluded that the level of satisfaction is associated with the age group of respondents.

ii) Gender and Level of Satisfaction

Gender is another important factor to determine the level of satisfaction. Desire the level of satisfaction may vary according to gender. Generally females are cordially approached, compared to males. It's well known fact the gender of respondent is divided in two categories viz., (a) male, (b) female.

Table 3, shows that the satisfaction level 70 percent of the sample respondents belonging to male group, 53 percent of the sample respondents belonging to female group are having high level of satisfaction about the service rendered by Canara Bank.

It is proposed to test the null hypothesis that there is no significant relationship between gender and its level of satisfaction. Chi-square test has been applied.

Table 3: Distribution of Sample Respondents according to Gender and Level of Satisfaction: χ^2

Gender	Level of Satisfaction		
	High	Low	Total
Male	40 (70)	17 (30)	57 (100)
Female	23 (53)	20 (47)	43 (100)
Total	63 (63)	37 (37)	100 (100)

Source: Primary data (figures in parenthesis indicate percentage)

Degree of Freedom: 1, χ^2 = 2.9278, Table Value = 3.84

Table 4: Distribution of Sample Respondents according to Their Marital Status and Level of Satisfaction: χ^2

Marital Status	Level of Satisfaction		
	High	Low	Total
Married	44 (71)	18 (29)	62 (100)
Unmarried	19 (50)	19 (50)	38 (100)
Total	63 (63)	37 (37)	100 (100)

Source: Primary data (figures in parenthesis indicate percentage)

Degree of freedom: 1, χ^2 = 4.4434, Table Value = 3.84

The calculated value of χ^2 (2.9278) is less than the table value of χ^2 (3.84) at five percent level of significance. Therefore, the hypothesis is accepted.

It is concluded that the level of satisfaction is not associated with the gender group of respondents.

iii) Marital Status and Level of Satisfaction

Marital status is another important factor to measure the level of satisfaction. The marital status of the sample respondents is divided in two categories namely (a) married (b) unmarried.

From the table 4, it is very clear that the satisfaction level 71 percent of the sample respondents belonging to married status and 50 percent of the sample respondents belonging to unmarried status are having high level of satisfaction about the services rendered by the Canara Bank.

It is proposed to test the null hypothesis that there is no significant relationship between marital status and their level of satisfaction. Chi-square test has been applied.

The calculated value of χ^2 (4.4434) is more than the table value of χ^2 (3.84) at five percent level of significance. Therefore, the hypothesis is not accepted.

It is concluded that the level of satisfaction is associated with the marital status of sample respondents.

iv) Educational Qualification and Level of Satisfaction

Educational qualification is one of the best socio-economic characters to measure the level of satisfaction. The education is an effective yardstick to measure the character of an individual. The educational qualification of the sample respondents are divided into three categories viz., (a) illiterate, (b) school level, and (c) college level.

From the table 5, it is observed that the satisfaction level 67 percent of the sample respondents belonging to the school level, 64 percent of the sample respondents belonging to the illiterate level and 60 percent of the sample respondents belonging to the college level are having high level of satisfaction about the services rendered by the Canara Bank.

Table 5: Distribution of Sample Respondents according to Their Educational Qualification and Level of Satisfaction: χ^2

Education	Level of Satisfaction		Total
	High	Low	
Illiterate	9 (64)	5 (36)	14 (100)
School level	24 (67)	12 (33)	36 (100)
College level	30 (60)	20 (40)	50 (100)
Total	63 (63)	37 (37)	100 (100)

Source: Primary data (figures in parenthesis indicate percentage)

Degree of freedom: 2, χ^2 = 7.4818, Table Value = 5.991

Table 6: Distribution of Sample Respondents according to Their Occupation and Level of Satisfaction: χ^2

Occupation	Level of Satisfaction		Total
	High	Low	
Employee	18 (62)	11 (38)	29 (100)
Business	15 (65)	8 (35)	23 (100)
Agriculture	24 (73)	9 (27)	33 (100)
Others	6 (40)	9 (60)	15 (100)
Total	63 (63)	37 (37)	100 (100)

Source: Primary data (figures in parenthesis indicate percentage)

Degree of freedom: 3, χ^2 = 4.8025, Table Value = 7.815

It is proposed to test the null hypothesis that there is no significant relationship between educational qualification and their level of satisfaction. Chi-square test has been applied.

The calculated value of χ^2 (7.4818) is more than the table value of χ^2 (5.991) at 5 percent level of significance. Therefore, the hypothesis is not accepted.

It is concluded that the level of satisfaction is associated with the educational qualification of sample respondents.

v) Occupation and Level of Satisfaction

Occupation of customer is one of the important factors to determine the level of satisfaction of customers. In most of the case the accounts are operated for business. Here, the occupation of customer will affect their approach towards banker. The respondents are pressured psychologically in their occupation. The occupation of the sample respondents is divided in to four categories viz., a. Employee, b. Business, c. Agriculture and d. Others.

Table 6, indicates that the satisfaction level 73 percent of the sample respondents belonging to agricultural level, 65 percent of the sample respondents belonging to business level, 62 percent of the sample respondents belonging to employee level and 40 percent of the sample respondents belonging to others are having high level of satisfaction about the services rendered by the Canara Bank.

Table 7: Distribution of Sample Respondents according to Their Income and Level of Satisfaction: χ^2

Income	Level of Satisfaction		Total
	High	Low	
Low	43 (65)	23 (35)	66 (100)
Middle	17 (61)	11 (39)	28 (100)
High	3 (50)	3 (50)	6 (100)
Total	63 (63)	37 (37)	100 (100)

Source: Primary data (figures in parenthesis indicate percentage)

Degree of freedom: 2, χ^2 = 0.6336, Table Value = 5.991

It is proposed to test the null hypothesis that there is no significant relationship between occupation and their level of satisfaction. Chi-square test has been applied.

The calculated value of χ^2 (4.8025) is less than the table value of χ^2 (7.815) at five percent level of significance. Therefore, the hypothesis is accepted.

It is concluded that the level of satisfaction is not associated with the occupation of sample respondents.

vi) Income and Level of Satisfaction

Income of the respondents is one of the notable factors to measure the level of satisfaction of the sample respondents. The size of income of the respondents will force to meet the banker in regular interval of time. The annual income level of sample respondents are divided in to three categories viz., a. Low income group (earning up to ₹1,00,000), b. Middle group (earning between ₹ 1,00,000 to ₹ 3,00,000) and High income group (earning above ₹ 3,00,000).

Table 7, shows that the satisfaction level 65 percent of the sample respondents belonging up to ₹ 1, 00,000, 61 percent of the sample respondents belonging to ₹ 1, 00,000 to ₹ 3, 00,000 and 50 percent of the sample respondents belonging to above ₹ 3, 00,000 are having high level of satisfaction about the services rendered by the Canara Bank.

It is proposed to test the null hypothesis that there is no significant relationship between income and their level of satisfaction. Chi-square test has been applied.

The calculated value of χ^2 (0.6336) is less than the table value of χ^2 (5.991) at five percent level of significance. Therefore, the hypothesis is accepted.

It is concluded that the level of satisfaction is not associated with the income group of sample respondents.

vii) Size of Family and Level of Satisfaction

Size of family of the respondents may have an impact on the satisfaction about services rendered by the bank. It is the general opinion that the family size is low sowing relationship with the bank is high. For the purpose of the study, the sample respondents are grouped in to two categories i.e, a) Small family (consists up to four) and b) Big family (consist of above four).

From the table 8, it is observed that the satisfaction level 66 percent of the sample respondents belonging to big family consists of above four and 62 percent of the sample respondents belonging to small family consists up to four are having high level of satisfaction about the services rendered by the Canara Bank.

It is proposed to test the null hypothesis that there is no significant relationship between size of the family members and their level of satisfaction. Chi-square test has been applied.

The calculated value of χ^2 (0.17) is less than the table value of χ^2 (3.84) at five percent level of significance. Therefore, the hypothesis is accepted.

It is concluded that the level of satisfaction is not associated with the size of the family members of sample respondents.

Table 8: Distribution of Sample Respondents according to Their Size of the Family Members and Level of Satisfaction: χ^2

Size of the Family Members	Level of Satisfaction		Total
	High	Low	
Small	40 (62)	25 (38)	65 (100)
Big	23 (66)	12 (34)	35 (100)
Total	63 (63)	37 (37)	100 (100)

Source: Primary data (figures in parenthesis indicate percentage)

Degree of freedom: 1, χ^2 = 0.17, Table Value = 3.84

Table 9: Distribution of Sample Respondents according to Their Earning Members of the Family and Level of Satisfaction: χ^2

Earning Members	Level of Satisfaction		Total
	High	Low	
Low	42 (61)	27 (39)	69 (100)
High	21 (68)	10 (32)	31 (100)
Total	63 (63)	37 (37)	100 (100)

Source: Primary data (figures in parenthesis indicate percentage)

Degree of freedom: 1, χ^2 = 0.4332, Table Value = 3.84

viii) Number of Earning Members in the Family and Level of Satisfaction

The earning members of the family of the respondents will affect the annual income of the family. If the earning members of the family are more, income will be more. When there is low level of earning members in the large family, the financial problems are created. So this factor will also influence the savings habits of the employee.

The earning members of respondents' family is divided in two categories viz., a. Low (earning members up to 2), b. High (earning members above 2).

From the table 9, shows that the satisfaction level 68 percent of the sample respondents belonging to earning members above 2 and 61 percent of the sample respondents belonging to earning members upto 2 are having high level of satisfaction about the services rendered by the Canara Bank.

It is proposed to test the null hypothesis that there is no significant relationship between earning members and their level of satisfaction. Chi-square test has been applied.

The calculated value of χ^2 (0.4332) is less than the table value of χ^2 (3.84) at five percent level of significance. Therefore, the hypothesis is accepted.

It is concluded that the level of satisfaction is not associated with the earning members of sample respondents.

ix) Nature of the Family and Level of Satisfaction

It is known that all type of family sample respondents also has an impact on the satisfaction level. The nature of the family is classified into two categories as nuclear family and joint family.

Table 3.10, shows that the satisfaction level 63 percent of the sample respondents belonging to the nature of family and 63 percent of the sample respondents belonging to joint family are having high level of satisfaction about the services rendered by the Canara Bank.

It is proposed to test the null hypothesis that there is no significant relationship between nature of family and their level of satisfaction. Chi-square test has been applied.

Table 10: Distribution of Sample Respondents according to their Nature of Family and Level of Satisfaction: χ^2

Nature of Family	Level of Satisfaction		Total
	High	Low	
Low	31 (63)	18 (37)	49 (100)
High	32 (63)	19 (37)	51 (100)
Total	63 (63)	37 (37)	100 (100)

Source: Primary data (figures in parenthesis indicate percentage)

Degree of freedom: 1, χ^2 = 29.0118, Table Value = 3.84

The calculated value of χ^2 (29.0118) is more than the table value of χ^2 (3.84) at five percent level of significance. Therefore, the hypothesis is not accepted.

It is concluded that the level of satisfaction is associated with the nature of the family of sample respondents.

Findings

The main findings of the study are as follows.

It is found that 63 percent of the sample respondents are highly satisfied about services provided by Canara Bank.

Levels of Satisfaction:

Age

Among these three age groups, the level of satisfaction of 75 percent of the sample respondents belonging to B (middle) group is high.

Gender

Among these two gender groups, the level of satisfaction of 70 percent of the sample respondents belonging to male category is high.

Marital Status

Among these two marital status groups, the level of satisfaction of 71 percent of the sample respondents belonging to married group is high.

Educational Qualification

Among these three groups based on education level, the level of satisfaction of 67 percent of the sample respondents belonging to school level group is high.

Occupation

Among these four groups of occupation, the level of satisfaction of 73 percent of the sample respondents belonging to agriculture group is high.

Income

Among these three income groups of the respondents the level of satisfaction of 65 percent of the sample respondents belonging to low income group is high.

Size of Family

Among these two sizes of family groups, the level of satisfaction of 66 percent of the sample respondents belonging to big size of family group is high.

Earning Members

Among these two earning group of the respondent, the level of satisfaction of 68 percent of the sample respondents belonging to high earning member group is high.

Nature of the Family

Among these two natures of the family groups of the respondent the level of satisfaction of 61 percent of the sample respondents belonging to nature of the family group is high.

Suggestions

In the light of the study, some important suggestions for the improvement in satisfaction about services rendered by Canara Bank are described below:

1. It is found that 25 percent of other age group of sample respondents is having low level of satisfaction about

services rendered by Canara Bank. Hence, it is suggested the banker may take proper steps to improve the satisfaction about services rendered by the customer.

2. It is found that female respondents are having very low level of satisfaction about the services provided by the bank. Hence, it is suggested that bank should give due importance to the female respondents also.

3. It is found that only low income group of sample respondents are having high level of satisfaction when compare with higher income group. Hence, it is suggested that bank may provide new schemes to improve the satisfaction of high income group.

Conclusion

Banking is an important sector to the developing countries economy. In Canara Bank is having more number of customers and they are satisfied with the services rendered by it. The relationship between the banker and customer is also in a good phase. A few suggestions are given to improve the relationship between the banker and customer. If the management implements these suggestions, it can retain not only its position as best relationship with customer but also a best serving banker in future.

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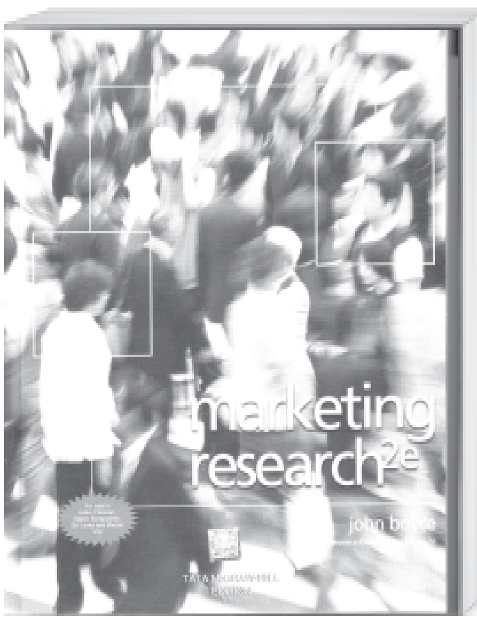
Book Title	:	***Marketing Research 2e***
Author	:	**John Boyce**
Edition	:	**Second 2011**
ISBN 13	:	**978-0-07-132108-2**
ISBN 10	:	**0-07-132108-X**
Pages	:	**599**
Publisher	:	**Tata McGraw-Hill Education Private Limited, New Delhi.**

Market Research touches every one of us - as consumers, executives or students – since it is a research into any aspect of market, meaning people. It enables an organization to keep in touch with what consumers think about its products and those of its competitors and to monitor their actions in the market place.

Interspersed with reference materials from the Australian milieu, John Boyce wrote his first edition of the book titled 'Market Research in Practice' in 2002 aimed at students who are required to study, plan and conduct market research projects, as part of their elected courses.



The second edition *Marketing Research 2e* by the same author published in 2005 (under review) largely builds on the success and experiences of the first edition. Key difference between the editions is that while the stress was on Market Research in the first edition, in the second edition emphasis has shifted to Marketing Research, i e focusing on research within the marketing domain/ course. Inclusion of many exercises and appropriate references to the internet and computer tools in the new edition makes it contemporary and more relevant.

John Boyce is a part-time faculty at TAFE (Technical and Further Education, Australia), Sydney teaching various marketing and research subjects. He has also ritten curriculum for a course for OTEN (Open Training and Education Net Work). With his vast experience as a practitioner of Market Research and having served in the capacity of Director of News Limited and Leo Burnett and Chairman of the Market Research Society of Australia, John currently runs his own marketing research consultancy, undertaking marketing research contracts for small to medium-sized businesses.

Tailor-made for TAFE, *Market Research 2e* keeps its practical focus, while catering to the updated training packages, diversifying market needs and new technologies. The book dwells on the design of research projects and surveys, focus groups, interviewing, research analysis, reporting and ethics.

The fifteen chapters in the book are divided into five parts. The first part, consisting of chapters 1-3, introduces market Research, its evolution and relevance in overcoming a problem or capitalizing on an opportunity, tools and technology available and the skill requirements. Further it elaborates the research methods, design, process and progress from the initial stage of research brief to the final preparation of the research proposal.

The second part, from chapter 4-6, explores the methods and issues in conducting the research, the process of collecting secondary data and special emphasis on the qualitative research methods like focus group and depth interviews.

The third part, from Chapter 7-12, explains the process and procedures for designing and conducting surveys including data collection methods, sampling, measurement and scaling, questionnaire design including pre coding, pretesting and managing field work.

The fourth part from chapter 13-15 dwells on preparing, analyzing and reporting the data from the survey and the final part (Chapter 15) comprehensively covers the ethical issues in Marketing Research.

Each chapter includes learning objectives, examples, key terms, technology updates, critical thinking questions and case-studies capped with up to 30 end-of-chapter review questions. Solutions to all questions and case-study tasks are provided to teachers via an Instructors' manual, featuring a range of classroom support tools.

The margins in the book have been effectively utilized to provide brief definitions of the technical terms in the related pages as well as to display the learning objectives.

While each chapter highlights relevant examples, the web links are flagged with a marginal icon. 'Market Research in practice' in each chapter prods the reader to apply the real world critical thinking activities. The chapter review and the key terms at the end of each chapter help the reader to reinforce the learning and revision. The online support tools with power web at <www.mhhe.com/au/boyce2e> provides further scope for reference and learning. By no means has a replacement for books specializing in detailed statistics, yet the book provided a starter kit of the most frequently used concepts and methods of statistical analysis in an easy-to-follow approach. The book is pedagogically rich in learning and achieves its set objective of assisting students, planners, decision makers and anyone who wishes to understand the what, why and how of Market Research. Conceived with a training orientation, the book facilitates easy readability and stands out for its imaginative lay out, lucid style and user friendly design.

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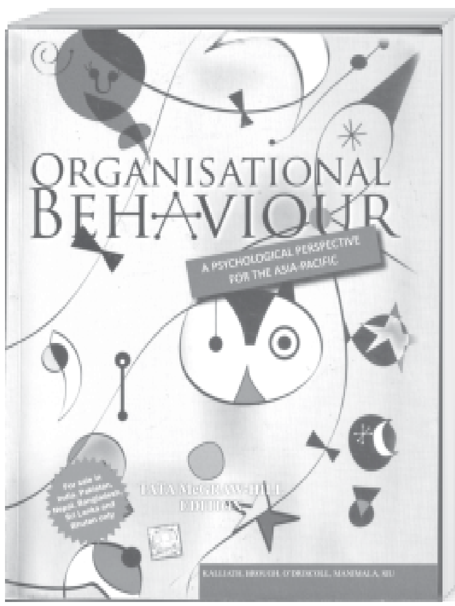
Book Title : ***Organisational Behaviour***
A Psychological Perspective for the Asia- Pacific
Author : **Thomas Kalliath, Paula Brough, Michael O' Driscoll, Mathew J. Manimala, and Oi-Ling Siu**
Edition : **First - 2011**
ISBN 13 : **978-0-07-133366-5**
ISBN 10 : **0-07-133366-5**
Pages : **463**
Publisher : **Tata McGraw-Hill Education Private Limited, New Delhi.**

The complex nature of organizations of today has raised the overarching question as to how these organizations engender the highest level of employee and organizational performance. This text book answers this question in minute details. Organizational behaviour (OB) is dealt here with a psychological perspective. The unique feature of this book is that it tries to leverage the strength of organizational psychology and organizational behaviour. This book is well organized and its features can be dealt in two categories: **1. The content and 2. The structure.**

As far as **the content** is concerned, the whole book is divided into fifteen chapters comprising topics from **introduction to OB**, **individual behaviour, group and social process, organizational process and employee safety.** The first chapter is an **introduction to the OB**. It defines OB and highlights the impact of forces like globalization, technological innovation and reductions in trade barriers. In this context, five arenas of significance particularly – creating high performing organizations, leveraging knowledge management, global sourcing, corporate social responsibility and ethical practices, are discussed. The generic model depicted in page 24 clearly describes the relationship between the organizational topics and outcome variables.



The second section (Chapters two to six) constitutes topics under **individual behaviour. Chapter two** deals with job analysis. The opening vignette – "the job analysis of a teacher" provides an excellent preface to the description of job analysis. This chapter highlights the primary functions of Job Analysis and also provides an insight into the methods of Job Analysis. The implications of Job Analysis caused by changing social and employment conditions and increased use of technologies are also discussed. **Chapter three** is all about personnel selection. It differentiates between predictive and constructive job selection theories. The predictive theory is an objective process of selection whereas the constructive theory focuses on person – organization fit. **Chapter four** discusses the topic individual difference, with special attention on three variables – self concept, personality and emotions. Personality tests like MBTI, Big Five model, Type A and B are dealt. OB in research discusses the relationship between resilience and happiness. **Chapter five** is about motivation and deals with five major theories of motivation brought under three major categories: behavioural, content and process theories. **Chapter six** finds a discussion on work attitudes and values. Aspects like - work values, job involvement and organizational commitment are the highlights of this chapter. Job satisfaction and organizational citizenship behaviour are also discussed. This chapter also displays sample items from Meyer-Allens measure of organizational commitment and also job descriptive index.

The third section (chapters 7 to 10) is about **group and social process**. **Chapter seven** is all about theories and models of organizational stress. It explains why organizational stress remains a prominent issue and how it can be addressed. Murphy's tripartite model with focus on stressor reduction, stress management training and employees assistance programmes is also discussed. **Chapter eight** has an opening vignette of the teamwork of fire fighters engaged in rescue operations during 9/11 attacks followed by an introduction of growing significance of teams and different types of teams. LePine et.al (2008) model of team effectiveness is also discussed. OB in research highlights the relationship between various team variables like size, heterogeneity, task, autonomy, team cooperation with that of team performance. **Chapter nine** is about training, performance appraisal and career development. The opening vignette of Chaparral Steel illustrates a philosophy of employee development, the practices of which are totally different from those followed by conventional organizations. Principles of learning and their applications, Training need analysis, training methods, raters and rating schedules and career management are some of the highlights of the chapter**. Chapter ten** genuinely addresses the topic of leadership. It gives a good comparison between a leader and manager. An overview of leadership theories, research findings and their relevance for managerial performance is presented here. Burns model, Bass model, Bennis and Nanus model and Scheins model are the models discussed in the "outcome approach." Graduate Profile of Indra Nooyi is a perfect match to this chapter.

The fourth section (chapters 11-14) is **about organizational process. Chapter eleven** is about organizational structure and design. The major theories and prescriptions have been briefly described under classical, behavioural and contingency approaches. Types of organizational structure also find a discussion here. OB in research highlights the relationship between organizational design features, corporate creativity and business excellence. **Chapter twelve** constitutes the areas of organizational culture and climate. Apart from defining culture, culture typologies, subculture, factors that influence culture and assessment are some of the areas discussed under culture. The Kopelman, Brief and Guzzo's model is discussed under organizational climate. In addition of this there is also a glimpse of research on organizational climate and the practical application of Climate surveys. **Chapter thirteen** is about organization development and change. It provides a rich conceptual framework on OD. Table 13.1 shows the relationship between OB and OD (organizational Development) and Table 13.2 provides a comparison of external and internal OD consulting which is a rare and unique feature and needs high appreciation. It is also enriched with the discussion on skills of OD practitioners. OD technical skills- with description of entry skills, start up skills, assessment and feedback skills, action and intervention planning skills, intervention skills, evaluation skills, adoption skills, and separation skills provides an excellent insight into the various types of skills that an OD practitioner require.

Chapter fourteen deals with various aspects of organizational communication and conflict.

The last section and **Chapter fifteen** tells about safety climate, behaviour and human factors. Neel and Griffin's (2004) framework for conceptualizing safety climate and safety behaviour is well explained here. OB in research explains relationship between safety climate and safety performance.

The structure of the book- Each chapter has an **opening vignette** which provides a premise for discussion of the topic under consideration. The next important aspect is the **Graduate profile**. It is an interesting section as it provides profile of eminent persons and their interest, areas of work, contributions and their transformation into highly experienced professionals. These would help students to understand possible areas of research and would help them to carve out their own career path. **OB in research** summarizes the findings of research in the field of OB and provides a rich resource for discussion and evaluation. **OB in practice** is a regular feature of each chapter. It illustrates the real–world applications of organizational behaviour and provides a glimpse of latest practices of organizations. Apart from these, the chapters are enriched with chapter summary, activities, key terms and further reading. This book is a must read for OB practitioners, management consultants, academicians and students of management discipline.

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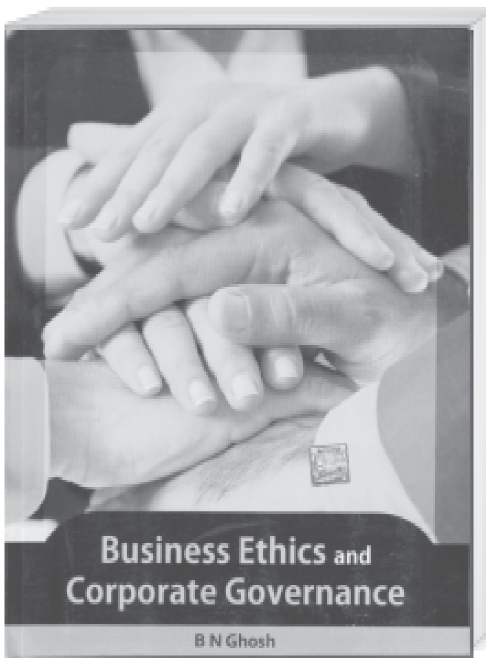
Book Title	:	***Business Ethics and Corporate - Governance***
Authors	:	**B.N. Ghosh**
Edition	:	**2012**
ISBN-13	:	**978-0-07-133332-0**
ISBN-10	:	**0-07-133332-0**
Pages	:	**484**
Publisher	:	**Tata McGraw-Hill Education Private Limited, New Delhi.**

Dr. B.N. Ghosh's book on *Business Ethics and Corporate Governance* has the quality of an encyclopedia. The book exposes the reader to multiple abstract theories and concepts. A focus on the reader, as well as a logical connection of the ideas that have been covered, both are completely missing.

This book is divided into three parts - Theories of Ethics, Business Ethics in Management, and Corporate Governance – Principles and Practices. The redeeming chapter in the book is covered in Part II of the book under chapter eleven dealing with functional areas in business management. Here the ethical dilemmas faced by different departments in an organization make interesting reading and one can readily relate them to the business context.



For those readers who love equations here is one for you to figure out and internalize:

Ethical Business Decision-making = f (G, AS, EIF, EL, R/D, PV)

Where G = Gender, AS = Age Structure, EIF = External-Internal Factors, EL = Educational Level, R/D = Rule or Discretion, PV = Personal Values.

In many of the chapters the author is able to start with a very good anecdote but is not able to sustain the interest aroused in the remaining part of the chapter that is extremely pedantic, dry, and disconnected.

At the end of each chapter the author will provide you with a question bank ranging from 'True-False' format to 'fill in the blanks' to 'choosing the correct option' that are appropriate for class room tests of short duration and finally open ended questions apt for an end term exam. In keeping with the trend in most books web links are also provided for further internet reference.

The twenty five case studies given at the end of book cover the spectrum of Hindu, Biblical and Islamic dilemmas to the debate on euthanasia. More than half the cases have nothing to do with business issues that a practising manager would face in real life. These cases would be more appropriate for students pursuing a social welfare course.

CSR(+) = CSR Undertaken

CSR(-) = CSR Not Undertaken

		ETHICAL ROOTING	
		STRONG	POOR
FINANCIAL CAPABILITY	STRONG	CSR(+)	CSR(-)
	POOR	CSR(-)	CSR(-)

On the subject of Corporate Social Responsibility (CSR) the author takes us to the **new model** in which the twin factors of ***ethical rooting of the company*** and its ***financial standing*** determine the path chosen by the company:

Overall this book is recommended only for those who have had prior initiation to the subject and wish to only refresh the different topics learned over many years from different sources. It is not recommended for a first time reader as the different Western and Indian esoteric concepts covered in the book need further elucidation for a new entrant.

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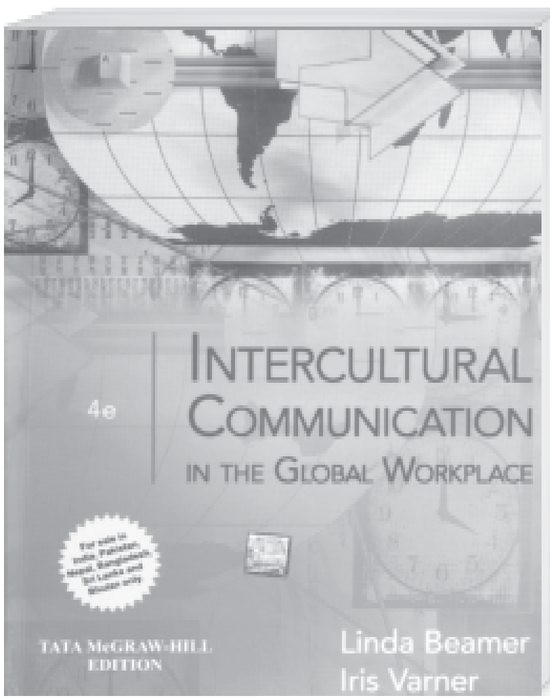
Book Title	:	***Intercultural Communication in the Global Workplace***
Authors	:	**Linda Beamer and Iris Varner**
Edition	:	**Fourth**
ISBN-13	:	**978-0-07-133264-4**
ISBN-10	:	**0-07-133264-2**
Pages	:	**469**
Publisher	:	**Tata McGraw-Hill Education Private Limited, New Delhi.**

The book titled *Intercultural Communication in the Global Workplace* by Lind Beamer and Iris Varner provides an insight of cultural values and practices and its impact on international business communication. The book portrays the role of culture and cultural values in communication, organization of business messages and real business decisions.



The book has been divided into three major parts which present the content in various chapters sequentially to facilitate progressive learning.

In the preliminary chapter, attention is drawn to the significance of learning cultures. The onstage and backstage aspects of culture are being explicated. The onstage element of culture is easily identifiable whereas the backstage cultural aspects explain the why of culture. The transactional onstage cultures often are co-created when members of different cultures interact.

Culture is also referred in terms of computer analogy. Culture is a mental set of windows through which all of life is viewed. The authors define culture as the coherent, learned and shared view of a group of people about life's concerns. They outline what culture does – it ranks what is important, it furnishes attitudes about what things are appropriate, and dictates behaviour. The way we respond to other cultures and the relationship between culture and communication are also being looked at.

The second chapter details the role of language in intercultural business communication. Thrust is given to five aspects: the language barrier and its consequences: real and perceived, selection of the right language, the company language, the role of the interpreter, communication with nonnative speakers.

In the subsequent chapters, the approach of asking questions about cultures is being highlighted. The questions can be sorted out into various categories such as – thinking and knowing, doing and achieving, the big picture, the self and social organization. These categories of questions help in gaining a superior level of understanding. The authors also call attention to the way culture impacts business correspondence and other documents. In addition, the key aspects of nonverbal signals in intercultural communication are being looked at. The authors elucidate the necessity of understanding the cultural values so as to be successful in interpreting the nonverbal language. How people establish relationships is being examined. As people from different cultures have different ideas, the rules for establishing relationships and working together also do vary.

An analysis of how the cultural priorities affect information gathering, decision making and problem solving is done in chapter eight. The next chapter discusses the way culture affects negotiations. The various factors in negotiations and phases of negotiations are being elucidated.

The legal implication of intercultural business communication is examined in the last section of the book. The authors also point out that intercultural business communication should take into consideration the structure of business organizations too. The various areas such as corporate culture and intercultural communication, stages in internalization and implications of cultural aspects of business structures for communication are being explored. The concepts discussed in the other chapters are applied in the last chapter through the case analysis of Daimler Chrysler merger. The chapter outlines the impact of culture on business decisions.

Throughout this book, the authors have given many short case-lets and examples which provide a broader understanding of the concepts to the readers. The issues pertaining to culture and communication are being addressed within the perspective of global business. The authors have taken a systematic approach in presenting the contents. They have provided a comprehensive coverage in an appropriately sequenced manner.

This book is definitely a good resource and the content would be of immense use for anyone across the globe who would like to improve intercultural business communication skills. It makes a noteworthy contribution in applying the intercultural business communication skills to practical business concerns thereby facilitating successful communication in culturally diverse workplace environments.

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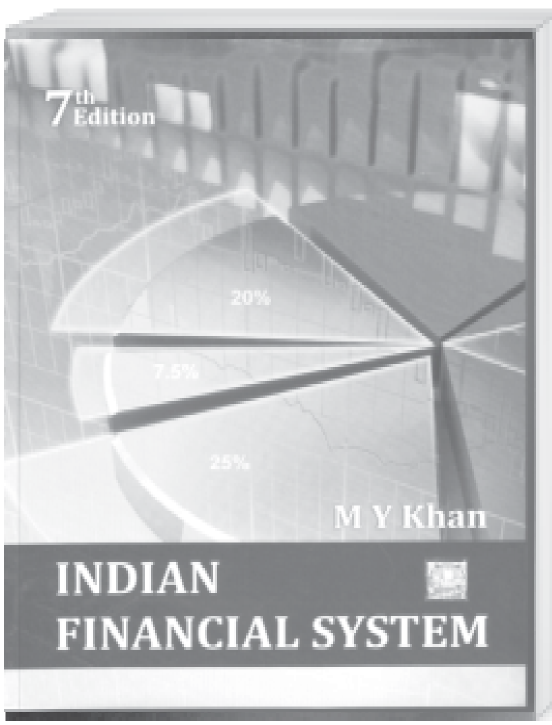
Book Title	:	***Indian Financial System***
Author	:	**M. Y. Khan**
Edition	:	**VII - 2011**
ISBN-13	:	**978-0-07-133335-1**
ISBN-10	:	**0-07-133335-5**
Publisher	:	**Tata McGraw-Hill Education Private Limited, New Delhi.**

A resilient economy and its sustainable economic growth are possible only if there is a well organised financial system. Perhaps we can say that India has experienced nothing short of an economic transformation since liberalization process began in the early 1990s. As the time would demand, the transformation in our Financial System was absolutely essential during the last two decades. That is what actually happened to Indian Financial System, even though the transformation can be closely identified with certain stock market collapses, scams and failure of one or two participants in banking sector. This transformation indeed has strengthened the system. It also paved path for country's development by acting as a strong pillar by supporting the growth of Indian companies to become big players in the global scenario.



The progress and growth of the Indian Financial system has been theme as either part of or separate book/ publications. M.Y. Khan's *Indian Financial System* stands out from all other books.

About Contents of the Book

As any system would have, the Indian Financial System also has three components: Assets, Market and Intermediaries. The author takes us though the background of Indian Financial System in Part-1. He has exactly structured the flow of the chapters in the same sequence as the Indian Financial Market is covered in Part-2, Financial Intermediaries is covered in Part-3, and divided the Instruments into two: Capital Market Instruments and Foreign Investment and dealt in Part-4 and Part-5 respectively.

Let us take a look at each chapter.

Part 1 - Background

In chapter one, author elegantly captures the entire structure of Indian Financial Systems in Exhibit-1.1 and explains the same in a simple language for the readers. A broad view of the relevance of financial systems to economic development has also been covered here.

In chapter two, the evolution of the

organisation of the Indian Financial System has been wisely divided into three phases and discussed. The well thought division of the phases coincides with the economic development witnessed by India.

Part 2 - Financial Market

In part-2, the book covers the financial market in entirety through Chapters 3 to 9. The functions and organisations, regulatory framework, listing regulations, chapters 3, 4 and 5 respectively set the floor for understanding the set-up. The chapter 5 gives us a clear picture of intermediaries in IPO market and chapter 6 the understanding of activities and procedures of IPO. In the next chapter the secondary market: the stock market structure and its components are brought out. The chapter 9 is dedicated for the money market organisation as an important component of the Indian financial system.

Part 3 - Financial Intermediaries

In the section (Part-3), essential prudential norms are covered in chapters 10 and 12 and the Non-performing assets management in banking section is thoughtfully discussed in chapter 11. The 13th chapter is dedicated to risk management in banks. Subsequent chapters 14, 15 and 16 are compassionately used for NBFC, Mutual Fund and Insurance sectors as these are the integral parts of Indian Financial system.

Part 4

The lone chapter-17 in the part is devoted to the various investment avenues i.e. instruments ranging from shares and bonds to futures and options.

Part 5

This part is divided in two parts a chapter 18 and 19 while the 18th chapter covers the FDI in its entirety from the origin, policies, remittances, reporting and violations. The 19th chapter handles the other forms of foreign investment in India/Abroad viz. investments by Indians in JVs and subsidiaries abroad. The Instruments like ECBs, FCCB, TCs, FIIs, Offshore Mutual funds, and overseas venture capital investments are discussed. The interesting part is that a portion is dedicated to the latest happening i.e. Euro issues.

The flow in the chapters is structured well by giving an introduction at the beginning followed by a 'organisation chart' depicting how that particular component of the financial system is organised. The each part of the chart is discussed in appropriate length to bring out the required message that can be transformed in to knowledge for students and ending with the 'Concluding Observations.'

For those who practise in the financial vertical, further references, reading materials, and illustrations are made available in the website <http://www.mhhe.com//khanifs7e>

Certainly, this book is useful and can very well cater to the needs of a wide section readers viz. teachers and students of finance, management and commerce would find it of special interest and use. To financial and investment managers of corporate and financial institutions and the stock exchange community in general, it would be equally handy reference book. Thus the book will be equally useful for academics as well as professionals.

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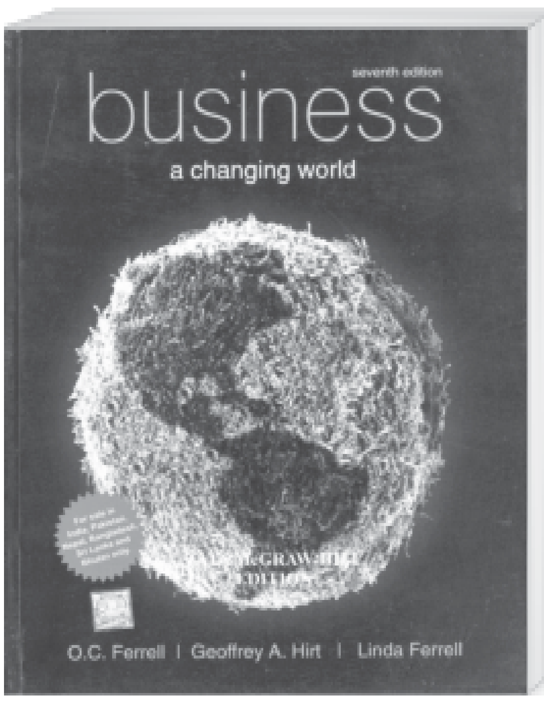
Book Title	:	***Business A Changing World***
Authors	:	**O.C. Ferrell, Geoffrey A. Hirt, and Linda Ferrell**
Edition	:	**VII - 2011**
ISBN-13	:	**978-0-07-133257-6**
ISBN-10	:	**0-07-133257-X**
Pages	:	**587**
Publisher	:	**Tata McGraw-Hill Education Private Limited, New Delhi.**

Business A Changing World is essentially a business management textbook which introduces and presents the multiplicity of the fast-changing facets of business with a unique perspective to the aspiring and would-be managers both at corporate and entrepreneurial levels.

This management book focuses on the critical knowledge one would need to become a great manager and leader in a fast-changing world. The book is a fine blend of contemporary content on different dimensions of business management. The topical depth and teaching support - claimed to be of world standard - are of value addition to the reader's knowledge. The book is well grounded in concepts but brief and lean in structure blending the concepts with applications in a flexible style enabling the reader / user to adopt a level suiting his / her needs.



The pedagogical features are great! The sixteen chapters covering management, marketing and finance from the perspectives of the owners, employees and customers are organized into six parts. Each part contains multiple chapters spanning over the dynamics of the competitive environment of business-economic, regulatory, legal, social, technological and global. The chapters are well-trodden through topics on marketing and human resources management and they are extended up to advanced topics like investment banking and financial crisis in finance. Each chapter has a handy outline and it states objectives at the beginning. It is supported at the end by a range of review questions to facilitate structured learning and exercises to build the related relevant skills. While the chapter opening vignettes illustrate the real world implications of business, the 'Revisit the World of Business' with the most up to date content and technology helps to apply what has been learned throughout the chapter.

Part One, "Business in a Changing World," spread over 4 chapters, explains the dynamics of business, the economic foundation of business, comparison of the various economic systems and the macroeconomic aspects, essence of micro economics like the forces of demand and supply, the nature of competition etc. and topics of contemporary relevance such as business ethics and social responsibility. It is written from the conventional ground level up to the modern IT-enabled borderless context of business.

Part Two focuses on starting and growing a business and introduces the reader to the various options for organizing business: small business, entrepreneurship and franchising, and touches upon modern topics like going green.

Part Three takes us through the essential fundamentals of management to Managing for Quality and competitiveness a concern which is of great contemporary relevance for sustainable business while treading through the various dimensions of managing services and manufacturing operations.

Part Four, spread over chapter ten and eleven, describes how to motivate the workforce and the various aspects of managing human resources.

Part Five, Marketing: Developing Relationship, elaborates on the nature of marketing, the marketing mix, marketing strategies through chapters twelve and thirteen.

Part Six is about financing the enterprise and it extends from Accounting and Financial Statements and Analysis to Financial Management and Securities Market.

In addition to the chapters mentioned, the Appendices and boxes- The Think Globally boxes, Entrepreneurship in Action boxes, Going Green boxes, Responding to Business Challenges boxes, and Consider Ethics and Social Responsibility boxes - at the end of the chapters, are particularly useful to budding entrepreneurs and students allowing them to practise real business situations, stimulate critical thinking, and reinforce key concepts.

The book along with its top notch ancillary material can serve as excellent resource for management students and as an unrivalled teaching support to instructors of introductory business management courses. The book is relatively brief in content, lean in structure and flexible in nature to suit the requirements of a wide variety of users. The authors have succeeded in providing a broad understanding of the world of business while maintaining the right balance of content and application which is really challenging in a world overwhelming with information through internet, magazines, newspapers, television, radio, encyclopedic textbooks, trade books etc. to engage students and heighten their interest in studying about business concepts.

The book is the combined work of three authors, Dr. O.C. Ferrell, Prof. Geoffrey A. Hirt and Dr. Linda Ferrell, with their rich and diverse experience in academics and business. Dr. O.C. Ferrell is world-renowned teacher and author and is a Professor of Management and Creative Enterprise Scholar at the Anderson Schools of Management, University of New Mexico. He has to his credit many accolades such as Bill Daniels Distinguished Professor of Business Ethics at University of Wyoming and a distinguished faculty at many Universities in United States, Canada and Asia. Dr. Geoffrey A. Hirt, Professor of Finance at De Paul University and a Mesirow Financial Fellow and has been the Director for many management programmes across Europe and Asia. Dr. Linda Ferrell, Assistant Professor and Creative Enterprise Scholar in the Anderson Schools of Management, University of Mexico and has wide experience in teaching and administration.

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Book Title	:	***Management and IT Consultancy***
Authors	:	**Sanjiva Shankar Dubey**
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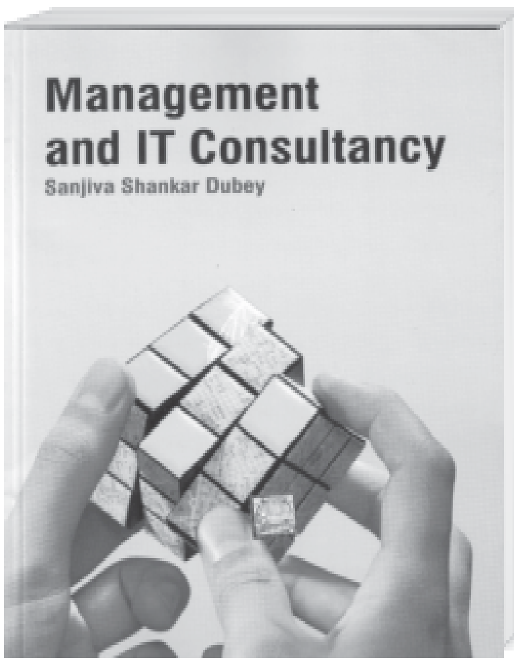
The book *Management and IT Consultancy,* by Sanjiva Shankar Dubey, would be ideal companion for those working professionals in the IT industry who need to venture into the role of business consultants. IT professionals who have gained business and IT knowledge over the years might want to branch out independently as Business consultants would find this book as a valuable resource as it covers in depth the concepts of consulting business, process framework and a concise collection of methods used in the consulting profession.



The author with over three decades of rich IT industry experience has done a wonderful job in converting his years of practice, study and research into an easy to read and simple to practise intellectual piece of work.

This book is divided into 3 parts; Part I includes Chapter 1 through Chapter 3 gives an insight about the basic concepts and prospects in the field of management consultancy. Part II includes Chapter 4 through Chapter 10 which discusses the various processes and practices of business and IT consulting. Part III comprises Chapter 11 through Chapter 14 throw light into the consulting career, a roadmap for future consultants. It also discusses the ethical challenges in the same field.

The Chapter 1 provides a brief introduction to identify who are management consultants and how important is the skill in IT companies. It also portrays the changes in an IT service firm's perspective due to acquisition of business consulting capabilities. The need for building an internal team of consultants, is also emphasized in this chapter. It also emphasizes the need for professional education and preparation required for becoming a management consultant.

Chapter 2 covers the different types of consulting. It gives an idea of the business challenges as well as the opportunities in the current century for a successful business consultant with an insight into the expectations from a consultant.

Chapter 3 talks about the strategic role of Information Technology (IT) in business. It also helps us understand the prolonged association between business consulting and IT consulting.

Chapter 4 (Part 2) provides in-depth knowledge about the various processes and sub-processes in consulting. Shares knowledge about the nuances and practices used at each of sub-processes. This chapter also details on follow-on management and continued client relationship.

Chapter 5 gives a holistic view of the consultancy engagement execution, the methodology to be followed, and various tools and techniques that are to be used at various stages of execution. We can also learn how to manage engagement governance, time, cost and budget appropriately, engagement scope, customer acceptance and engagement closer.

Chapter 6 covers generic consulting value chain. It helps us to acquaint with different categories of consulting firms. We can develop insights about various consulting themes such as general management, business and IT & IT Management Consulting.

Chapter 7 tells us about the conceptual foundation of the consulting practice management framework. From the perspective of a consulting firm what would conceptualize strategic direction and robust organization practices.

Chapter 8 provides knowledge about the classes of consulting skills. How can we develop and manage consultant skills, consultant skills assessment, consultant certification and accreditation process.

Chapter 9 gives an idea of how effectively the client can utilize a consultant. It reveals the best practice to be followed for effective utilization of the consultant. It also give insight into monitoring and review of the consulting work, conflict management etc.

Chapter 10 provides the reader with know-how of global consulting delivery works. It helps to understand consulting process and task mapping for global delivery. Deep insights of challenges and opportunities in global consulting delivery are provided in this chapter.

Chapter 11 (Part III) teaches us how to manage the consultant-client relationship. It gives an insight into the consulting marketing selling process with know-how on developing team for selling engagements.

The best practices, as well as the pitfalls of consulting engagements and have also been identified in this chapter.

Chapter 12 provides in depth knowledge on how to be successful as a consultant-entrepreneur. Knowledge about the education and training requirement of a consulting career is also included in this chapter.

Chapter 13 helps us understand the ethical and legal issues in business consulting. One can learn how to manage risks and liabilities in the consulting business.

The last chapter, Chapter 14 starts with a nice quote "The future belongs to those who believe in the beauty of their dreams" by Eleanor Roosevelt. This chapter discusses the emerging trends in consulting with special emphasis on IT consulting.

The Appendices at the end of the book provides valuable resources which include Case interview preparation, consulting case studies and strategic questions. It also provides frame work and tools for consulting. A sample consulting report is also attached.

The author has precisely included the entire concept of management consulting with a special emphasis on IT consultancy. Having such vast industry experience; adding more real world cases would have made this an even more resource rich venture. Despite this the author has done justice to unleash the management consulting concepts from an IT perspective. Definitely this book can be recommended to students who want to learn and understand the whole concept of management and IT consulting.

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Book Title : ***Mall Management:***
Operating in Indian Retail Space
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India has witnessed rapid growth in the organized retail sector over the last decade. This resulted in development of attractive and convenient retail store formats like, shopping malls, hyper markets, super markets, discount stores and specialty stores. Of all these formats, shopping malls have provided a unique and amusing shopping experience for the Indian consumers. The book titled *Mall Management* by Harvinder Singh and Srini R. Srinivasan is an effort towards providing an understanding about the concept of shopping malls, their development process, financial aspects, tenant mix decision, marketing and management of shopping malls in Indian context.

The introductory chapter of the book has focused on the emergence of organized retail and evolution of shopping malls in India. It also provides insights about the distribution of mall space across India, factors stimulating the growth of shopping malls and the challenges of mall development in our country. A brief idea about the concept of mall management and the major functions under mall management is also provided in this chapter.

The concept of shopping malls, definition of shopping malls in different perspectives, comparison of Indian and Western shopping malls, and significance and type of shopping malls are explained in the second chapter. It gives a general orientation about the shopping malls, their distinct nature when compared to other formats, features of Indian malls compared to shopping malls in countries like US, Europe and stages in life cycle of the malls. The second chapter is imperative in understanding the concept of mall and mall management.

The third chapter introduces mall development process and fundamental activities of the mall development process like planning and design process, selection of site for the shopping mall, characteristics of good mall design, elements of mall design and architecture. The chapter also gives significance of various macro and micro factors involved in the mall development process. The macro factors like estimation of business potential, supply situation and demand projection and micro factors like characteristics of site are explained in detail in this chapter.

Development of malls requires large scale financing which has to be raised from public and private sources. The fourth chapter focuses on the financial sources and methods by which capital is raised by mall developers. The authors have taken an effort to provide insights about the different revenue sources is required to meet the operational expenses of the mall. A brief account of the various decision dilemmas of mall developers, which they encounter during the development phase, were also explained in this chapter.

The success of every mall depends on the tenant mix and effective use of its floor area. The fifth chapter gives a brief account about the concepts of zoning, tenant mix, attributes and importance of tenant mix and atmospherics which can determine the foot falls inside the mall. The categorization of tenant on the basis of lease contract, tenant mix decisions, improvement of tenant mix, future of tenant mix management and ancillary use of the mall spaces are also provided in this chapter.

Leasing of retail spaces and its administration can be vital for the shopping mall. The sixth chapter provides insights about the types, clauses and provisions in the lease agreement. It also discusses the aspects of rent collection, rent review, lease renewal and termination of lease.

Promotion and marketing can determine the tenant mix in development phase and foot fall during the operational phase of the mall. The seventh chapter focuses on the marketing and promotion during the planning, construction, launch and operations phase. This chapter also provides an account about the mall promotion calendar and various marketing activities generally undertaken by mall management for drawing the customer to the mall. Facilities of the mall play a key role in determining the shopping experience of the people. The subsequent chapter focuses on the facilities to be offered in a mall and the building management system which can be vital for the mall operations. The smooth operation of any mall depends on the facilities management.

Regulations play a vital role in maintaining a fair and systematic functioning of shopping malls. The Ninth chapter provides a brief account of the regulatory framework and compliances for a shopping mall during the planning, development, launching and operational stage. The laws like shops and establishment acts, the payment of wages act, minimum wages act etc and their importance in regulating the functions of malls is explained in this chapter.

Anchor tenants are vital for the operational success of any malls. Anchor tenants are important for building an image and for enhancing the foot fall in the shopping malls. The tenth chapter focuses on significance and handling of anchor tenants which can determine the growth of the shopping malls and other tenants.

With the retail sector, booming the shopping malls will be facing a lot of challenges from existing and new mall developers, other retail formats, regulators and clustering of malls. The concluding chapter looks into comparison of mall development in US and India, stages in the life cycle of the malls and the future challenges of Indian shopping malls.

The authors have presented the different aspects of shopping malls which include planning, development, operations and management in a comprehensive manner. They have taken a commendable attempt in depicting the features, functioning and development of shopping malls in a simple and defined manner which can help the readers in understanding the contents effortlessly. The case studies provided in each chapter are supportive in understanding the issues and challenges faced by shopping malls. There are limited books focusing on Mall Management in Indian context, so this can serve as a reference book about shopping malls and their development in Indian context for educators and students.

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