

# ABS International Journal of Management

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AGREEMENT: ITS EFFECTS ON THE MEXICAN TRADE BALANCE, 2005-2017  
PERIOD**

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**ABS International Journal of Management is the publication of Asian Business School, Noida, India.**

Address for Correspondence:  
Asian Business School,

**ABS International Journal of Management**  
Marwah Studios Complex II,  
Plot A2, Sector 125,  
Noida – 201303.  
INDIA  
Tel.:0120-4594200

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**Published by**

Asian Business School  
Marwah Studios Complex II, Plot A2, Sector 125, Noida - 201303, Noida.

**Designed by**

Mr. Himanshu Kumar

**Printed by**

N K Printers, NOIDA

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# INTEGRATION OF MEXICO-JAPAN IN THE ECONOMIC ASSOCIATION AGREEMENT: ITS EFFECTS ON THE MEXICAN TRADE BALANCE, 2005-2017 PERIOD

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## Abstract

This research seeks to analyze the effects of the Mexican trade balance on the basis of the Mexico-Japan Economic Partnership Agreement period 2005-2017. The research question is: what are the effects of the Mexican trade balance during the period 2005-2017 in terms of AAEMJ? The research method used is empirical-analytical and documentary, it is obtained that the AAEMJ has strengthened the economic relationship between both countries; however, it has a trade deficit with Japan of 12 million dollars, the growth of imports is due to establishment of Japan's FDI in Mexico. Mexican exports need support and development programs.

**Keywords:** AAEMJ, Mexican trade balance, FDI

## Introduction

April 1, 2017 marked the 12th anniversary of the entry into force of the Economic Association Agreement (EPA) Mexico-Japan. During this period, bilateral trade increased to almost 7 million dollars until 2016, compared to the 2005 figure; however, Mexico maintains a trade deficit of almost 13 million dollars with Japan until 2016. The importance of the AAEMJ is to create a strategic partnership that strengthens bilateral activities such as trade and investment, through the improvement of business, education, job training, support for small and medium enterprises (SMEs); which includes rules of origin and customs procedures, sanitary and phytosanitary regulations, investment, services, competition and bilateral cooperation.

For Mexico, the AAEMJ represents an important opportunity to boost exports to the Japanese market and attract investment to increase production, employment, and competitiveness. In addition to encouragement by Japan to SMEs through cooperative support. For Japan, the condition of the agreement is to take advantage of the country as a platform to export to the United States, Europe and South America.

The current investigation consists of the antecedents of the problem which are first given to delimit it, then a justification is made, the variables and hypotheses are raised, to later establish the objectives of the investigation; later, a conceptual and empirical theoretical revision of the literature is made; the context is established with the unit of analysis and the method is developed. Finally, the results are presented with their conclusions.

## Background

The Mexico-Japan Economic Association Agreement (AAEMJ) was signed on September 17, 2004 and entered into force as of April 1, 2005. This Agreement links us to the second largest economy in the world, and contributes to increase the production, employment and competitiveness (CONAPO, 2004, p.1). From the external debt of 1982, the economic policy of Mexico adopted an export-oriented industrialization model, seeking the development of its economy through the capture of foreign direct investment (FDI) from multinational companies and the export of industrial products. "Mexico is open to receiving FDI through the elimination of trade barriers, the establishment of a maquiladora regime, etc." (Tokoro, 2006, page 49). As effects

of Japanese Foreign Direct Investment (FDI) placed in Mexico has achieved high percentages, becoming Japan as the second destination for Mexico of exports and the first investment partner in Mexico.

Pro Mexico (2017) mentions that as a result of the signing of the AAEMJ, a considerable amount of trade has been obtained between both countries, having grown by 73.4%, from 12,758 million dollars in 2004, to the aforementioned 22, 129 million dollars in 2015. In recent years, Japan has become the second destination for Mexico of agricultural and food exports. Japanese foreign direct investment has had a great impact in Mexican territory, mainly for Japanese companies with an investment of 20,000 million dollars. In 2015, foreign direct investment in Mexico was \$1,329 million, which made Japan the first Asian investment partner and third worldwide with 4.7% of the total. (Page 12)

Japanese companies promote the creation of employment sources in Mexico, in addition to the technological transfer that contributes to improve the quality of life of the communities where they are established. However, the result of the trade balance is deficit within the Mexican economy, due to the growth of imports that come from Japan,

for the establishment of industrial plants subsidiary of Japanese companies. Tokoro (2006) points out that however, for ten years the deficit of the bilateral trade balance is four times more favorable to Japan. Exports to Japan have not grown in recent years, which show that there has only been one import opening that only benefits Japanese trade (Page 54).

The strategic sectors in Mexico show a great disparity to Japan, since they show the great Japanese development and the weak Mexican economy. Mexico is in charge of providing raw materials for Japan, mainly food and agriculture; Japanese electrical / electronic products participate in an important way in the Mexican market.

### Delimitation of the problem

The present investigation delimits for its application of study the international context Mexico-Japan in the international relation that occurs through the Agreement of Economic Association with the objective of analyzing and identifying its effects in the Mexican trade balance. The country of Mexico, as a result of the elimination of trade barriers to the Japanese country, has resulted in an increase in Japanese FDI, causing an increase in imports in Mexico, maintaining rates with ups and downs and a decreasing trend in international trade.

According to Okabe & Carrillo (2009), in the period 2003-2013, both exports and imports show an intermediate growth, representing 1.21 percent of all non-oil exports from Mexico in 2003, which increased in the 1.59 percent in 2008. However, as of 2008 exports to Japan begin to decline, presenting a deficit trade balance at an average of 11,937 million dollars per year. (Page 116)

Mexico maintains a deficit trade balance against Japan at an average of close to 13,000 million dollars per year until 2016, due to import requirements in the assembly of manufacturing industries, as well as

imports of automobiles. It should be noted that domestic exporters are not taking full advantage of the agreement. Japan granted Mexico annual quotas of products that can be exported without paying a tariff and that are not being used 100%, as would be the case of leather, footwear and honey products among others (Okabe & Carrillo, 2009, 117). The lack of development in infrastructure, transportation costs, the inaccuracy of information to carry out exports, such as the lack of investment in maritime ports, leads to operational deficiencies that become an export obstacle for Mexican SMEs.

According to the previous approaches, the research tries to answer the following questions:

- What behavior has the Mexican trade balance had during the period 2005-2017 according to the agreement of the Mexico-Japan Economic Association?
- How is Mexico's international competitiveness compared to Japan in the period 2005-2017, depending on the business opportunities, institutional framework and macroeconomics of the country?
- What is the economic growth that Mexico has had during the bilateral relationship with Japan period 2005-2017, according to the business opportunities, institutional framework and macroeconomics of the country?

### Justification

Currently, international economic and trade relations between countries play a very important role. An influential factor to carry out free trade is globalization through international treaties or agreements. The AAEMJ opens the possibility of increasing the trade of products and services between both countries in order to complement the advantages and disadvantages of the parties. The bilateral relationship set forth in this agreement shows negative results in macroeconomic terms since 2008.

Therefore, this issue deserves to be addressed in order to seek a definitive solution to the silver problem. The study is focused on carrying out an analysis of the AAEMJ and determining the causes of the results that the Mexican trade balance throws in terms of the international commercial relationship with Japan. In order to generate proposals for improvement that benefit companies doing international business with the eastern country. So to raise ideas for the increase of Mexican exports.

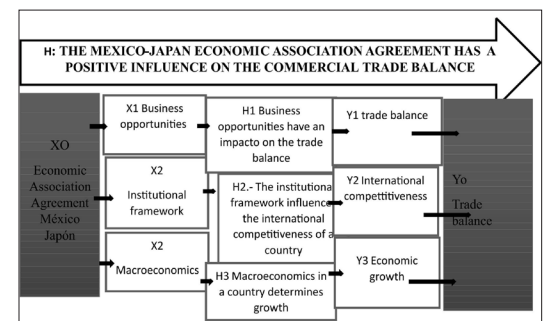
### Variables and Hypothesis of Work

**A. General hypothesis:** The Mexico-Japan Economic Association Agreement does not have a positive influence on the commercial balance.

**B. Specific hypotheses:** Business opportunities impact the balance and imbalance of the country.

The institutional framework influences the international competitiveness of a country. Macroeconomics in a country determines its economic growth.

The main aspects that are the object of search and analysis through the investigation are graphically represented below:



**Figure 1- Research Construct**

Source: Own elaboration.

### Research Objectives

In the current investigation corresponds to the following objectives:

**General Objective:**

To analyze the result of the Mexican trade balance during the 2005-2017 period according to the Mexico-Japan Economic Association Agreement.

**Specific Objectives:**

- To determine the result of the balance of payments in Mexico period 2005-2017, according to the business opportunities, institutional framework and macroeconomics of the country.
- To analyze competitiveness in Mexico in the 2005-2017 period, based on business opportunities, institutional framework and the country's macroeconomics.
- To identify economic growth in Mexico period 2005-2017, based on business opportunities, institutional framework and macroeconomics.

**Referential Framework**

To enter the research, it is necessary to expose the basic concepts and main theories of the research variables. In the first place, the concept of the Economic Partnership Agreement Mexico Japan is explained, ending with the commercial balance.

**A. Mexico Japan Economic Association Agreement**

The Mexico Japan Association Agreement aims to improve economic relations between Mexico Japan through Japanese investment and the increase of Mexican exports. Delgado (2009) details the Mexico Japan Economic Association Agreement: The Mexico Japan Economic Association Agreement was signed on September 17, 2004, by Prime Minister Junichiro Koizumi and President Vicente Fox, during the state visit made by the ruler Japanese to Mexico. The document was approved in the Mexican Senate on November 18 of the same year, and entered into force on April 1, 2005. (page 277)

The Mexico-Japan Economic Partnership Agreement has as a priority the unblocking of bilateral trade between Mexico and Japan, through the liberalization of economies. García (2010) defines the Mexico Japan Economic Association Agreement as the Mexico Japan Economic Association Agreement was signed on September 17, 2004 and entered into operation on April 1, 2005. The objective of the EPA is to promote trade liberalization and the investment between Mexico Japan. (Page 118)

The AAEMJ contemplates legal aspects that determine practices to promote socioeconomic relations between both countries and thus strengthen the diplomacy between both countries. The EPA contemplates the elements of a free trade agreement, as well as various provisions to intensify bilateral cooperation and promote social and economic rapprochement between both countries (Tapia, 2005, page 58). The Economic Association Agreement Mexico Japan entered into force on April 1, 2005. It has as its main objective, to originate the economic and social development between both countries and has elements to intensify bilateral cooperation and promote investment between Mexico and Japan.

**B. Trade Balance**

Next, some authors of the state of the art who parley different concepts and the functions of the commercial Scale are announced: Robinson (1979) delimits that for any country an increase of the trade balance is equivalent to an increase of the investment, which usually leads (given the level of national investment) to an increase in employment. The increase in the trade balance of a country at best does not affect the level of world

occupation. The decline in a country's imports means the decline of exports from other countries, and the balance of the trade balance for the world as a whole is always equal to zero. (P 227)

Clearly, Robinson explains that the trade balance can show positive and negative balances depending on bilateral trade. The main cause of the balance, are the investments that are established within a country, based on the growth of investments increase both exports and imports of a country. Paschoal (2000) defines the commercial balance as it generally includes the highest values of the balance of payments. That balance is defined as the difference between exports and merchandise imports. Regarding the value that exceeds that of imports, it is said that there is an active trade balance; in the opposite case, it is said that there is a passive trade balance. (P 688)

The trade balance is a determinant of the economy of a country, which measures the number of exports and imports that a country makes in the exchange of goods and services, helps to determine a result whether positive or negative according to the flow of goods from a country. The commercial balance regulates in a general way the movement of trade flows, thus establishing a negative or positive balance depending on the increase in exports and imports made by a country abroad. Robert & Taylor (2011) defines that the balance is the price of the country's trade in terms of the difference between the total value of its exports and the total value of its imports (in general, both goods and services are included). The countries that import more than export they have a trade deficit (3).

The trade deficit is a result of the lack of self-sufficiency on the part of a country and little development, lack of productivity, inflation and little support for companies are factors that lead to low export levels. Therefore a country that does not produce according to the needs of the society that forms a country before a globalized world. It implies that the country requires buying goods and services abroad, for the benefit of countries with a gross domestic product and a high GDP per capita.

Finally, Vázquez & Madrigal (2007) mention that in the commercial balance a trade deficit or surplus may occur depending on foreign trade: It measures the differences between exports and imports of a country. There is a deficit when the balance of the trade balance is negative, that is, it is imported more than what is exported and a surplus when the value of exports exceeds imports (page 20). The trade balance records the number of exports and imports made in a country during a fixed period. Subsequently,

it determines the balance of the trade balance by establishing a trade deficit or surplus of a country. The final result of the Trade Balance affects the economic activity of a country.

1. Review of Theories

Subsequently, the main theoretical complements of the variables are presented, which were considered by the classical and neoclassical theories.

First, the complementary theories of the variable independent are shown.

Table 1: Theories of the Economic Association Agreement Mexico Japan

Author	Theory	Principles
David Ricardo (XIX Century)	The classical theory Comparative advantage	Countries have different economies, with different knowledge, different technical capacities and unequal endowments of productive resources. This leads to specialization, to lower prices of goods exchanged and to diversify the availability of goods. In this way, the countries that trade are mutually beneficial (Okabe & Carrillo, 2014, page 49).
Bertil Ohlin Eli Heckscher (1919)	Heckscher-Ohlin theory	Trade responds to differences in the relative productivities of labor, as well as to the endowment of resources that countries eventually highlight in their own economy. The interaction between both aspects provides an explanation to the pattern of international trade, in terms that a country exports the goods that are produced with intensive technologies.
Paul Samuelson y Ronald Jones (1971)	Theory of specific factors	To detect with greater emphasis the impacts of trade on the distribution of income, which are socially differentiated and decisive in the establishment of trade protectionist policies. Trade can influence the structure of production and, therefore, affect the demand for the factors of production, which do not move from one production sector to another immediately and without cost (Okabe & Carrillo, 2014, p.50).

Paul Krugman (1979)	New theory of international trade	Imperfect competition: shows the nonexistence of perfect competition, monopolies exist and are becoming stronger every day, as a result: High technological advances, aggressive policies Intra-industrial trade: Generates additional gains in trade, even greater than those generated by comparative advantages (Gracia, 2009, pp. 20-21).
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Source: *Economic Association Agreement* (Okabe & Carrillo, 2014), *The New Theory of International Trade in the post modernization of the global economy* (Gracia, 2009).

The classic theory of the comparative advantages of David Ricardo mentions that each country has different economies, which leads to the specialization of products or services, depending on the technological, industrial, labor capabilities, etc. According to the theory of Heckscher and Ohlin, the intensive technologies of each country determine the level of productivity of each country relative to work, where the price of the factors is impacted in the price of

the goods; a country exports the goods that it produces according to the technological intensity of the country. The new theory of international trade by Paul Krugman mentions that it has two principles that are imperfect competition and intra-industry trade, involve greater technological progress, monopolies, aggressive policies of protectionism, foreign direct investment, etc. They are factors that impact on the competitiveness of countries, for international trade.

The theories that apply in this investigation are three, those of Krugman, David Ricardo and Heckscher & Ohlin; they determine and describe exactly the aspects established in the AAEMJ. These theories allow the analysis of the characteristics and results achieved in the AAEMJ.

**Table 2: Theories of the trade balance**

Author	Theory	Principles
North Douglas (1970)	Theory of the export base	The regions are open and, therefore, subject to changes of exogenous variables. The regions produce certain types of main goods or services that tend to become an exportable good on which their growth depends (Gutiérrez, 2006, page 199).
Krugman y Obstfeld (1953)	Standard model of trade	Differences in the frontiers of production possibilities, to which the production capacity of a country is limited, give rise to international trade. These productive possibilities give rise to a function of relative supply (between goods that can be produced) of a country. Global demand and relative supply determine the balance of world trade, that is, the terms of trade (terms of trade or relative prices) between goods exported and imported by countries that trade (Okabe & Carrillo, 2014, p. 50-51).

Source: Own elaboration with data from the book *Mexico Japan Relations in the context of the Economic Association Agreement* (Okabe & Carrillo, 2014).



The following theories were found for the variable (Y). The main theories on the commercial balance are analyzed, authors like North Douglas (1970), Krugman and Obstfeld (1953) are mentioned; they explain how the growth or development of a country's production impacts on the behavior of the commercial balance. North Douglas (1970) states that the regions of today are economies open to globalization, an era that implies trade opening and determines that each country produces goods and services,

and then trade with other countries. Krugman and Obstfeld (1953) explain in their standard model of trade, that each country has different capacities to produce, the level of productivity depends on the economic capacity, lack of technology, economic and social development of the country, which limits the capacity production of a country. Therefore, the demand and supply of goods and services determine the balance in trade with other countries. It is important to maintain balanced macroeconomic levels

in order to increase or maintain a good international competitiveness that has an impact on the country's socioeconomic stability.

In this research the two theories are applied since they clearly describe how the economic indicators of a country cause effects in the commercial balance, such as GDP, International Trade, open economies, demand, supply, etc.

2. Empirical Review

Table 3: Empirical review of the literature

Authors (Year)	Title of the research	Context	Method of research	Results
Rafael González Bravo (2013)	Advantages of the economic association agreement Mexico Japan for the manufacturing exports of Mexican companies located in Jalisco Agreement of Mexico Japan	Mexico Japan	Exploratory	The commercial balance of Mexico with Japan shows an imbalance. Mexico has not transcended as an exporter of raw materials and supplier of intermediate inputs. Few are the benefits for the Mexican economy. The main advantage for Mexican companies under the AAEMJ is the reduction of tariff rates. The disadvantages for Mexican exporters are the complication in customs procedures, as well as the lack of information on the Japanese market.
(2012)	Mexico Economic Association Japan: Trade creation and diversion analysis 1999-2009	Japan-Mexico	Econometric analysis	The variables of interest confirm that, since its entry into force, the EPA has created trade between Mexico and Japan. The AAEMJ has also encouraged bilateral trade flows between non-member countries. The size of the economy and the fact that countries share the border, encourage bilateral trade; while the distance of the countries affects trade between nations in a negative way. The AAEMJ has created trade, but it cannot be concluded if trade has been diverted for countries not members of the AAEMJ. They are considered complementary economies.

Source: Own elaboration

### 3. Contextual Framework: Mexico-Japan Association Agreement its Effects on the Mexican Commercial Balance Period 2005-2017

The Mexico Japan Economic Partnership Agreement is signed by President Vicente Fox Quesada and Prime Minister Junichiro Kouizumi on September 17, 2004 and enters into force on April 21, 2005. According to Solís & Katada (2007), cited by Okabe & Carrillo (2014), find two reasons: the most important was to grant free access to the Mexican market to Japanese automobile manufacturers, to electronic products and others (Page 41) as a fundamental part of

any treaty, important rules and aspects to consider when signing an agreement must be constructed to establish the interests of both countries. Below, the commercial provisions that constitute the AAEMJ are presented.

#### A. Commercial Provisions of the EPA

According to CONAPO (2004), it explains the dispositions to markets of goods that the AAEMJ implements within the agro-food and fishing sector, Mexico within this treaty plays a role of main exporter of agro-food products to Japan. (s.p). Japan is the third importer of agro-food products in the world, with annual imports of around 50 billion dollars of agro-food and fishery products. In

the agro-food sector, Japan imports around 35 billion dollars, which is almost double the total trade of agro food products among the member countries of NAFTA (Canada, the United States and Mexico) (CONAPO, 2004, p.4).

In the negotiations of the EPA, real export opportunities were achieved where Mexico has great potential, through tariff and non-tariff advantages that allows increasing the participation in the Japanese market, with long-term legal certainty that no other country has to Japan. Mexico gained access to the Japanese market in products with great potential in this sector.

**Table 4: Immediate Access to the Entry into Force of the Agreement, for the Following Products**

Green coffee	Asparagus	Tequila	Lemons	Mango	Pectin	Fresh broccoli
Tomato	Avocado	Cabbage	Potato	Pumpkins	Eggplant	Legumes
Guava	Papaya	Mezcal	Wines	Tobacco	Egg	Albumin

Source: Own elaboration with data from CONAPO (2004)

A preferential access was negotiated with quotas for very sensitive products for Japan and of great interest for the Mexican productive sector. Quotas were obtained for the Mexican productive sector in the following products:

**Table 5: Quota Access**

Access with quotas			
Pork meat	Beef	Chicken meat	Orange juice
Honey	Catsup	Pasta	Tomato puree
Sorbitol	Orange	Dextrins	Tomato sauce

Source: Own elaboration with data from CONAPO (2004).

Japan is one of the leading importers of fishery products in the world. Mexico negotiated that all products of interest are included in the Agreement, which represent almost 80% of Mexican exports of fishery products to Japan. Among the main products that have immediate tariff-free access are fresh and canned yellowfin tuna, shrimp, some crustaceans and mollusks and octopus. For sardines and squid, quotas were negotiated.

According to CONAPO (2004) for the automotive sector, of interest to Japan and sensitive to Mexico, the following scheme was negotiated: Japan was granted immediate access for only an amount equivalent to 5% of the domestic automobile market. Under the current regime for the promotion of the Mexican automotive industry, the equivalent of 3% of the national market is already free of duty. (p.10)

The promotion of activities in areas such as support industry; small and medium businesses; promotion to trade and investment; These are provisions that allow the strengthening of economic relations between both countries, in terms of bilateral cooperation. Pro Mexico (2009) mentions the percentage of tariff liberalization with respect to Japan, and shows great immediate access free of duty: Japan immediately released 91% and in the medium term 4% of the tariff currently applied to Mexico for 95% of the tariff fractions. The remaining 5% of the tariff fractions consists of sensitive products. Japan grants immediate tariff-free access to Mexico under quotas: leather footwear and clothing apparel.



Mexico immediately released 44% of the tariff fractions that currently apply to Japan. Within this 44% of the tariff fractions are included mainly items that are not produced in Mexico and inputs for domestic industry, such as high-tech products (s.p). Below is a list of Japanese products that have immediate access to Mexico:

**Table 6: List of Japanese products with immediate access to Mexico**

Capital goods	Electrical manufactures	Electronic equipment
Hydraulic turbines	Air generators	Computers
Certain compressors	Certain power generators	Printers
Mechanical cranes with or without boom	Sources / power amplifiers	Monitors
Forklifts	Illuminated indicators	Equipment to interconnect networks
Mechanical shovels	Audio and video switchboards	Telephone operator servers
Excavators	Audio conference generators	Mini telephones.

*Source: Own elaboration.*

**Table 7: Mexico-Japan complementarity**

#### JAPAN

a)	Third world economy
b)	Population with an average age of 46 years
c)	Highly trained workforce
d)	Among the developed economies, Japan is the second largest source of foreign direct investment (FDI) globally
e)	Producer and exporter of high technology products
f)	High savings rates
g)	Importer of goods with medium-high technology such as electronics, household appliances, and the automotive sector
h)	Importer of 60% of their food consumption (third place in the world)

*Source: Own elaboration with data from Pro Mexico (2009)*

#### Mexico

Fifteenth economy in the world
Population with an average age of 27 years
Abundant young and skilled workforce
Thirteenth place as a pole of attraction for FDI worldwide and the third in Latin American
Importer of high technology products.
Producer and exporter of goods with medium-high technology and agro-food
Need to complement national investment with foreign

*Source: Own elaboration with data from Pro Mexico (2009)*

Some of the characteristics that differentiate Japan from Mexico

- Japan is the second largest economy in the world (GDP per capita 34100 USD)
- The population has an average age of 43 years and a highly educated workforce.
- It is the eighth source of foreign direct investment (FDI) worldwide.
- It is one of the countries with the highest savings rates.
- Leading producer and exporter of high technology products.
- It imports 60% of its food consumption (3rd importer worldwide).
- It is the main market in Asia of Mexican exports.

The characteristics that differentiate Mexico from Japan:

- Abundant young and skilled workforce of average age of 27 years.
- Economy that needs increasing levels of FDI and domestic investment.
- Importer of high technology systems and products.
- Producer and exporter of value-added products and maquila resources.
- Producer and exporter of agricultural products.

As a result of the AAEMJ, it is obtained that some agro-food and industrial products in tariff-free preferential access are shown in a table below:

**Table 8: Agro-food and industrial products with preferential tariff-free access**

Agro-food and industrial sectors:	Industrial sector:
Products with tariff preference within quota	Tariff-free products
Beef, pork, chicken and processed	Meat and leather products
Juice of concentrated orange and deconcentrated	Leather footwear
Fresh orange	
Leather article	
Agave syrup	
Garments and clothing accessories	
Natural honey	Sorbitol
Banana	Dextrins
Tomato juice without added sugar	Citric acid
Catsup	
Pasta and tomato puree	
Other tomato sauces	

Source: Own elaboration with data from Pro Mexico (2009).

#### 4. Research methods

The type of research that is carried out in this study is of an empirical-analytical nature (quantitative) based on the investigation, analysis and verification of numerical data. This research is also documentary, since it focuses on research, interpretation of documents for the presentation of data and information. The data collection is carried out under a period of time, as far as a longitudinal investigation is concerned.

Design of the investigation: The collection of quantitative information is obtained by means of measuring instruments useful for obtaining numerical data, by means of a sequence of time.

Research instruments: The instrument used in this research is the analysis of documents, because the case study that is addressed requires a process of interpretation and analysis of information. An analytical-synthetic process is carried out, because the information is studied, interpreted and synthesized to give rise to a new document that is easier to access and disseminate. For the statistical analysis, the Excel program is used and queries are made in Banxico, the World Bank and Macro Data where numerical data on the behavior of each of the indicators is determined; to then, represent the results by means of graphs and take them to the observation and analysis of the figures.

#### 5. Analysis of results

Table 9 presents the results based on the documentary analysis on trade and investment, customs procedures and rules of origin and infrastructure: consecutively, the quantitative results of the statistical analysis are shown in graphs, on the number of exports and imports, inflation, infrastructure and Gross Domestic Product.

Analyzing the results, it is determined that the total trade of Mexico has increased 6,974,282 million dollars from 2005-2016 showing a growth of exports from Mexico

to the Japanese country. However, the trade deficit that Mexico has with this country has been increasing with a value of 2,372,358 million dollars for the period 2005-2016. The Economic Association Agreement between Mexico and Japan has caused changes in foreign trade between both countries. As a result, a growing pattern of deficit bilateral trade for Mexico has been consolidated, derived from the importation of high-value industrial inputs and the export of agricultural products (García, 2010, s.p.).

**Table 9: Indicator 1: Total trade and Mexican trade balance**

Year	Total trade	Mexican trade balance
2005	14,547,792	-11,607,768
2006	16,889,195	-13,701,119
2007	18,255,616	-14,430,342
2008	18,328,485	-14,236,415
2009	12,997,696	-9,796,514
2010	16,940,239	-13,089,131
2011	18,745,780	-14,241,206
2012	20,265,942	-15,044,458
2013	19,320,159	-14,832,059
2014	20,153,048	-14,936,096
2015	20,385,669	-14,350,667
2016	21,522,074	-13,980,126

#### Mexico-Japan

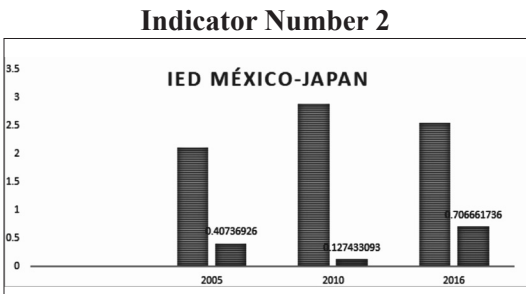
Source: Prepared by the authors with data from the World Bank (2016).

Analyzing the results, it is determined that the total trade of Mexico has increased 6,974,282 million dollars from 2005-2016 showing a growth of exports from Mexico to the Japanese country; however, the trade deficit that Mexico has with this country has been increasing with a value of 2,372,358 million dollars for the period 2005-2016. Japan is the main beneficiary of the AAEMJ. The great geographic distance and the so different cultures between both countries become an obstacle for Mexican exports.

Figure 2 determines that the investment of manufacturing companies in Mexico has been increasing, putting into practice the interests agreed under the AAEMJ, the meaning of the great comparative difference of investment between both countries, is that Japan is a country with a stable, development and constant economic growth, while Mexico maintains problems in the Mexican economy. Okabe (2004) mentions that FDI in Japan has experienced a positive increase since the 1970's. But it seems that there are difficulties for mutual understanding because of the difference in culture and customs. (P 118)

The increase in direct foreign investment in Mexico results in the increase of imports of electronics, technological products to project and execute the activities of Japanese manufacturing companies in Mexico. Emphasis has been placed on the establishment of clear and reliable rules for the certainty of the origin of goods, as well as clear guidelines to verify compliance with the provisions on origin.

In terms of bilateral cooperation, provisions have been defined that allows promoting the strengthening of economic relations between Mexico and Japan. In this way, it is intended to promote activities in specific areas of mutual interest such as: Support industry; small and medium businesses; promotion of trade and investment; science and technology, education and job training; tourism; farming; environment; intellectual property; and improvement of the business environment.



**Figure 2: Direct Foreign Investment Mexico Japan**

*Source: Prepared by the authors with data from the World Bank (2016)*

**Table 10: Indicator Number 3. Customs procedures and rules of origin in the AAEMJ**

<b>1. Sanitary and phytosanitary regulations</b>
It preserves the right of each State to adopt sanitary measures to protect human, animal or plant life or health against risks of diseases, pests, additives or contaminants.
<b>2. Temporary entry of business people</b>
Entry and temporary migration of persons for business purposes. Migration authorities should not take more than 30 calendar days to issue the document.
<b>3. Safeguards</b>
They have a strictly tariff character and their maximum duration is four years and does not apply to the limited quotas the degree of openness in force in the national legislations.
<b>4. Services:</b>
The following services stand out: transport, professionals, tele-communications, distribution and tourism, etc. The principles stand out: National treatment, most favored nation and is consolidated.
<b>5. Investment</b>
They emphasize the principles of national treatment most favored nation, prohibition of the establishment of minimum quantities of production, freedom of transfer prices and mechanisms for solving investor-state disputes.
<b>6. Government purchases</b>
Guarantees that the access of goods and services to Mexican and Japanese suppliers in the matter of government purchases are made in national treatment. Mexico offers national treatment to the U.S.

**7. Economic competition**

Arrangements were made regarding non-discrimination; transparency in the application of laws; treatment of confidential information.

**8. Standards, technical rules and evaluation procedures.**

Provisions that induce technical cooperation between the governments of both countries are contemplated; determination of points of agreement and the creation of a subcommittee that reviews the implementation and resolution of disputes in the agreement.

**9. Bilateral cooperation**

In the area of small and medium-sized enterprises, the intention is to intensify the cooperation links in science and technology, education and job training, the main objective is to take advantage of Japan's experience to help increase the competitiveness of Mexican companies.

**10. Tourism**

The tourist flows between both countries are tightened, take advantage of natural resources and cultural diversity and promote training; through cooperation in the tourism sector.

**11. Intellectual property**

Agreed to the geographical indication for tequila and mezcal. Likewise, cooperation actions were defined: exchange of information on activities to create public awareness, function of protection systems, political measures to apply intellectual property rights.

**12. Environment**

Sustainable development is promoted through activities such as the exchange of technology related to the improvement and preservation of the environment and the construction of human and institutional capacities among others.

*Source: Prepared by the authors with data from the AAEMJ: International commercial relations for the 21st century (Tapia, 2005, pp. 58-61).*

The development of cooperation links in science and technology, education, and job training, increases the quality of our workforce and, therefore, increases productivity and competitiveness for the benefit of Mexican companies, promoting at the same time investment opportunities and the increase of bilateral trade.

The close cooperation in the tourism sector under the AAEMJ, achieves the increase of tourist flows between Mexico and the Japanese country; making use of natural resources and cultural diversity. This helps strengthen the Mexican tourism sector as a source of income and job creation for the country of Mexico.

Figure 3 clearly shows the level of

infrastructure that corresponds to each country; it is observed that Mexico is below Japan, which means that Japan has greater ease and quality when carrying out merchandise trade. It can be considered that Mexico remains at a medium level until 2016, the increases in investment in infrastructure by the Mexican government as of 2007 have not been large changes, we see a growth of 3 in 2014 and however, for 2016 it reduced to 2.7.

Concluding that the lack of infrastructure is an obstacle for Mexican exports to grow which leads to the country's trade deficit. On the contrary, industries in Japan are located with the development of applied technology and production of goods with excellent quality indexes.

**Indicator Number 4**

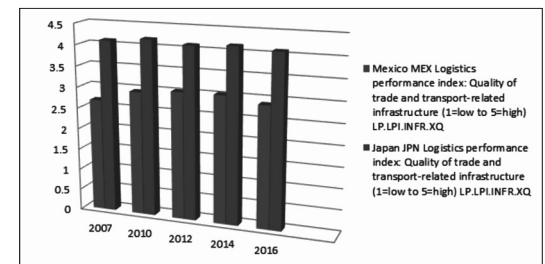


Figure 3: Logistics performance index: quality of infrastructure related to trade and transport (1 = low to 5 = high)

Source: Prepared by the authors with data from the World Bank (2017).

The following is a statistical analysis of the 2005-2016 period in the context of Mexico Japan based on bilateral trade.

**Table 11: Indicator number 5, number of exports and imports.**

Trade balance of Mexico with Japan. Values in thousands of dollars.				
Year	Exports	Imports	Total trade	Mexican trade balance
2005	1,470,012	13,077,780	14,547,792	-11,607,768
2006	1,594,038	15,295,157	16,889,195	-13,701,119
2007	1,912,637	16,342,979	18,255,616	-14,430,342
2008	2,046,035	16,282,450	18,328,485	-14,236,415
2009	1,600,591	11,397,105	12,997,696	-9,796,514
2010	1,925,554	15,014,685	16,940,239	-13,089,131
2011	2,252,287	16,493,493	18,745,780	-14,241,206
2012	2,610,742	17,655,200	20,265,942	-15,044,458
2013	2,244,050	17,076,109	19,320,159	-14,832,059
2014	2,608,476	17,544,572	20,153,048	-14,936,096
2015	3,017,501	17,368,168	20,385,669	-14,350,667
2016	3,770,974	17,751,100	21,522,074	-13,980,126

Source: Own elaboration with data from Datosmacro (2017)

Table 11 shows that exports have been increasing since the entry into force of the AAEMJ, at the same time as imports made by the Mexican country, where imports (purchases abroad) are greater than exports (sales to external), consequently causing a deficit in the Mexican trade balance that has been increasing.

The Mexican economy is not capable of self-satisfaction and the balance with respect to what it produces is lower and this affects the economic activity of the country. The solution to this problem is to encourage Mexican exports through economic support, orientation programs to the customs procedure, investment in the infrastructure of trade and transport; also get the growth of trade in Mexico. Figure 4, indicates the transition of inflation during the period

2005-2015 of the countries Mexico and Japan. On the part of the Mexican country, it maintains inflation above 6%, considering a high level, it is increasing until 2015; otherwise, and Japan establishes inflation below Mexico, around 2%. The inflation maintained by Japan is considerable for the development, balance and economic growth of the Japanese.

Mexico's high inflation is detrimental to the country's economy, causing the devaluation of the currency, decreasing the wages of workers, decreasing investments in the productive sector, rising interest rates and growing unemployment, affecting the level of life of Mexicans.



## Indicator Number 6

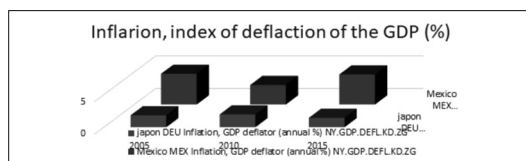


Figure 4. Inflation México-Japan (2005-2016)

Source: Own elaboration with data from Banco Mundial (2017).

## Indicator Number 7

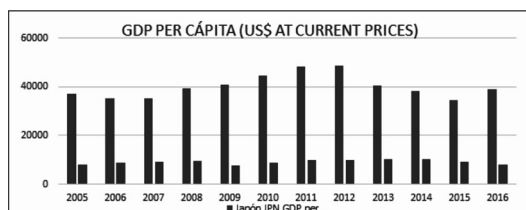


Figure 5: GDP per capita Mexico Japan, 2005- 2016

Source: Own elaboration with data from the World Bank

Figure 5 shows the high growth of GDP per capita in Japan compared to Mexico. It shows that Japan's productivity and economic development is far superior to the economic and social conditions that exist in Mexico. Cause of this is the lack of employment and low growth in the Mexican economy, harming social welfare. In balance with Japan, this determines a high standard of living for the Japanese.

## Indicator Number 8

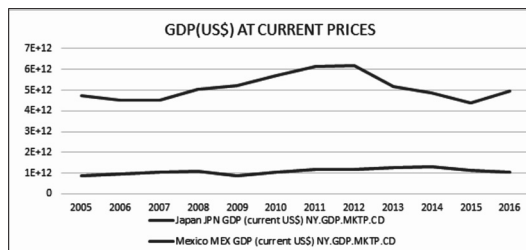


Figure 6: Mexico-Japan Gross Domestic Product, period 2005-2017

Source: Own elaboration with data from the World Bank (2017).

Figure 6 shows the Gross Domestic Product of Japan and Mexico during the period 2005-2016. Revealing the great difference in the level of productivity of each country. Japan maintains a high GDP, which means an increase in economic activity, unemployment tends to decrease and per capita income increases. In the opposite case, Mexico in comparison has a very low GDP, the production of goods and services have not been sufficient, impacting the country's economic weakness.

Limitations of Research Method: For the object of study of this investigation it was occupied that the aspects that make up the whole context were investigated, so that the documentary method was restrictive when investigating and collecting data to answer the study. The proposed variables did not result in positive or proportional effects in the Mexican trade balance.

Regarding the criterion of statistical analysis, it was easy to detect statistical data on the effects of the variables, and present them graphically to carry out the direct analysis and determine the result, which consequently makes it difficult to use the longitudinal criterion through periods the study sample, which makes the study deeper and requires more time

### 13. Discussion

The hypothesis raised in this research assumes that the Mexico-Japan Economic Association agreement does not have a positive influence on the commercial balance. Given that currently under the AAEMJ the Mexican economy has a deficit of 12 million dollars. It is verified with the hypothesis of the investigation that there are some advantages of the Economic Association Agreement Mexico Japan for the manufacturing exports of Mexican companies located in Jalisco confirming the same results of Gonzalez Galvez (2013). A relation between the objective of the hypotheses stated above of

the empirical investigations is determined, and it is agreed that the AAEMJ as a result has not had positive effects in the commercial Balance, causing the trade deficit due to the imports made by the FDI Japan established in the country of Mexico or a possible trade diversion raised in the research Economic Association Mexico Japan: creation analysis and trade diversion 1999-2009.

The agreement with Japan has represented a link in the negotiation with Asia. It has also managed to consolidate an agreement with the second world economy, the twelve-year results that the AAEMJ entered into force do not show reciprocal benefits.

It is concluded that the Mexican Government's strategy is to attract Japanese investments that promote the economic and technological development of the country. The following recommendations are based and are impulsive factors to increase Mexican exports to Japan. In the field of trade, there is potential to increase the participation and presence of Mexican products in the Japanese market. It is necessary that the Government and the Mexican private sector diversify Mexican exports to Japan; to achieve an export use of agricultural products, it is required to increase incentives to exporting companies; in addition to improving inspections at customs and improving the infrastructure of roads, airports, etc.

The research on Mexico-Japan relations is really scarce due to the fact that the most attention of studies has been for Mexico-US relations. Therefore, this research focuses on these relationships. Since the entry into force of the EPA to date, foreign trade between Mexico and Japan has been growing favorably. However, it requires reconsideration on the advantages that the AAEMJ can offer as one of the alternatives for the economic development of both countries.

The investigation to the Mexico-Japan

Economic Integration: its effects on the Mexican commercial balance, period 2005-2017, takes a focus of economic study and on the commercial relations that occur between countries. The future lines of research for this study are as follows: JEL: F01 - Global perspective, JEL: F14 - Studies on trade by country and industry, JEL: F15 Economic integration.

During the period of time used to carry out this investigation, certain limitations were presented; consequently, it was not possible to carry out an in-depth analysis of the object of study of the investigation. These limitations are classified into time, money, access to information and reliability. The time is an important indicator for the application of a deep study in some investigation, therefore, the time destined to this investigation was very short, for the same reason they were conducted problems that made the search difficult.

### Conclusion and Recommendations

The expected impact of the Mexico-Japan EPA to increase trade between both nations does not seem clear 12 years after its entry into force. The participation of the commercial exchange maintains rates with ups and downs and a decreasing tendency. Mexico maintains a deficit trade balance against Japan at an average close to 13,000 million dollars. It should be noted that domestic exporters are not taking full advantage of the agreement; the actions achieved within the framework of the agreement on SMEs do not respond to the needs of this sector in Mexico.

The level of productivity of each country (GDP) impacts the growth and economic and social development of the country. Therefore, it is very important to be a self-sufficient country in the production of goods and services to establish stable economic indicators that do not affect the country's trade balance. Mexico for the benefit of the AAEMJ has increased its exports of food of

agricultural and fishing origin. However, the total exported to Japan represents a deficit in the Mexican trade balance. On the other hand, Japan exports to Mexican territory have been products of information technology and transport equipment, including automobiles.

Mexico has attracted Japanese foreign investment, which is the cause of the trade deficit because the manufacturing companies installed in Mexico import intermediate inputs. The lack of development in infrastructure leads to operational deficiencies that become an export obstacle for Mexican SMEs. To increase the participation and presence of Mexican products in the Japanese market, it is necessary that the government and the Mexican private sector work in the development of exportable offer from Mexico to Japan oriented to: diversify Mexican exports to Japan; maximize the tariff preferences provided by the AAEMJ and achieve greater export exploitation.

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## PREDICTORS OF RETENTION ATTITUDE OF NURSING STAFF AT REFERRAL HOSPITAL, WOLAITASODO, ETHIOPIA

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### Abstract

Every individual employee wants to retain in his profession and develop, but organization takes little care on promoting retention attitude. Researches on how to promote retention attitude of nursing not been well explored in Ethiopian hospital industry. The main objective of this study was to identify the significant predictors of nursing staff retention's attitude of Referral Hospital (Government Hospital) at Wolaita Sodo, Ethiopia. The research was conducted between Oct – Dec 2017. For this study purposes, causal research design was used. Census was used because of the finite number of population. The primary sources of data were collected with the help of structured questionnaire for this study. In this study, a total of 137 questionnaires were prepared and distributed to the nursing staff of referral hospital, Wolaita Sodo. Both descriptive statistical analysis method (frequency, percentile, mean and standard deviation) and inferential statistics (linear regression and ANOVA) were used through Statistical Package for Social Science (SPSS) version 20.0. The findings of this study indicated that work-life balance, working environment, participation in decision making, management/leadership and development opportunity have positive relationship with the retention attitude. Work-life balance, working environment, participation in decision making, management/leadership and development opportunity has significant impact on the retention attitude. But compensation and job satisfaction were removed by using stepwise linear regression model, due to redundancy and multi-collinearity problem. All demographic variables of this study have no significant effect on retention attitude. The study will help those who are interested to conduct the same study or related topic as secondary source and the managing body of the hospital to identify the areas which needs improvements to retain qualified employees. The researcher recommends that it is better to improve the employees' work-life balance schedule of the hospital, in order to attract the qualified nurses. The development opportunity has to offer to the nursing staffs to develop the positive retention attitude. Its better management/leadership practices follow participative leadership style. It is also better the referral hospital to invite the nursing staffs to participate in decision making process.

**Keywords:** Hospital Industry, Inferential Statistics, Work-life Balance

### Introduction

The employees are the life-blood of an organization and most important resource. The serious challenge that organizations face nowadays is not only how to manage the people, but also how to retain them for longer time and how to maintain them hard to achieve the organizational goals. This study will focuses on predictor's employee retention attitude. The employee retention is concerned with keeping or encouraging employees to remain in an organization for a maximum period of time.

The quality healthcare services rely on a hospital's capacity to retain qualified doctors and nurses. Predicted severe shortages in this regard and an increasing demand for healthcare services have made the retention of experienced, qualified staff a priority for

healthcare organizations. High turnover rates for hospital employees require the government of Ethiopia to allocate scarce resources for training, retention and recruitment of doctors and nurses, leaving considerably fewer resources for more direct aspects of health care delivery. The demand for services of top health care personnel has been increased due to increasing of aged population of the country, aggregated rates of chronic diseases such as cancer and diabetes. The more free and competitive job opportunity; employees will periodically assess alternatives through highly visible advertising, movement of acquaintances or informal communications. The image of the Ethiopian job market is generally characterized by high unemployment rate, low job vacancy rates, low gross national product, and high inflation and

trade imbalances in favoured imports. But specifically in the health sector, the government of Ethiopia is the major employer and even though the demand for healthcare professionals far exceeds supply country wide, the job market and alternatives outside the government's establishments are less competitive and unattractive. Most doctors and nurses in government hospitals prefer to stay in their jobs while they practice on part-time basis in the privately owned hospitals than to be fully employed by private institutions. The need for services of nursing staffs has been increased due to increasing of aged population of the country, aggregated rates of chronic diseases such as cancer and diabetes. Retaining of the nursing staff in the different hospitals is becoming another critical issue which that capacity of the nurses in hospitals will not

meet the needs of patients if this happening continuously.

Employee retention or talent retention refer to the duration of employee to be employed in an organization (Donoghue, 2010). Employee retention could reflect the tendency of an employee to work in a single organization for a long period of time other than only reflects the stability of organizational employment (Donoghue, 2010). The difference could be shown obviously when it comes to the duration of time which a loyalty employee services in a single organization (Donoghue, 2010). The employee retention is reflecting the tendency of an employee to work in a single organization for a long period of time other than only reflecting the stability of organizational employment (Ministry of Health, 2014).

Health in Ethiopia has improved markedly in the last decade, with government leadership playing a key role in mobilizing resources and ensuring that they are used effectively. A central feature of the sector is the priority given to the Health Extension Program, which delivers cost-effective basic services that enhance equity and provide care to millions of women, men and children. Ethiopia has demonstrated that low-income countries can achieve improvements in health and access to services if policies, programmes and strategies are underpinned by ingenuity, innovativeness, political will and sustained commitment at all levels. An example is the development and rapid implementation of the Ethiopian Health Extension Programme (Balabanova et al., 2010).

### Statement of the Problem

The Long term health and success of a organisation is determined by retention of qualified and skilled employees. Therefore, Employee retention remains a critical issue for organizations. The challenge of retaining key employees requires the great effort of managers so many organizations

are focusing about their capability to sustain those key employees as they are in great demand and difficult to be replaced.

Cutler (2001) was of the view that one of the most important demands on management today in any organization is keeping the most vital and dynamic human resources motivated and dedicated. Denton (2000) stated that employees who are happy and satisfied with their jobs are more dedicated towards their work and always put their effort to improve their organizational customer's satisfaction. According to Panoch, (2001) organizations today take great care in retaining its valuable employees and good employees as they are increasingly becoming more difficult to find. Walker (2001) stated that managing and retaining promising employees' is an important fundamental mean of achieving competitive advantage among the organizations.

Researchers such as Amadasu (2003); Taplin et al. (2003); Gberefie (2008) have found that if appropriate employee retention strategies are adopted and implemented by organizations employees will surely remain and work for the successful achievement of organizational goals. In the view of Acton et al., (2003), the Human Resource Department plays an active role in retaining its employees. It make policies for employee betterment such that employee would be satisfied with the organization and stay with the firm for longer time. This shows that it is not just retention of employees but also retention of valued skills. This shows that it is not just retention of employees but also retention of valued skills. Researchers such as Cascio (2003); Heneman and Judge (2003); Gberefie (2008) have agreed that an organization's inability to formulate and implement strategies capable of recruiting competent employees and retaining them to achieve organizational goals is one of the main challenge facing organizations in the area of performance.

According to Olowu and Adamolekun (2005), it is becoming more essential to secure and manage competent human resource as the most valuable resource of any organization, because of the need for effective and efficient delivery of goods and services by organizations, whether in public or private sector. Therefore, for an organization to realize its goals, appropriate strategies for employee recruitment and retention are sine-qua-non for enhanced performance. Kaliprasad (2006) pointed out that an organizations ability to retain its employees completely depends upon its ability to manage them. He found out four interlinked processes that can be utilized for an effective human resource management system: the motivational process; the interaction process; the visioning process; and the learning process. In the developing countries like Ethiopia the challenge to retain is worse, because a lot of trained nurses want to leave their own countries and plan to work in developed countries for higher salaries and compensations.

The most researches in Ethiopia were limited on the problem of retaining health workers is primarily related to job satisfaction, conditions of service, and motivational incentives. But this study aims at using different variables and analysing the predictors of retention attitude towards nursing staffs of the hospital.

### Objectives of the Study

To explore the predictors of employee retention in general and to find the significant predictors of retention attitude of nursing staff at Referral Hospital, Wolaita Sodo, Ethiopia.

### Significance of Study

The findings will provide recommendations on how to retain nursing staffs based on climate factors, motivational factors, job satisfaction, turnover intention & human resource practices and the right issues and problems. This study will be beneficial to

the healthcare departments in the city as this study enhance the knowledge of the healthcare personnel about the possible predictors on nurses retention issues. The knowledge they gained will provide the necessary information on the various threats and issues arises in retaining nurses. This will indirectly heighten the awareness of the healthcare institutions to equip a contingency plan to handle that possible crisis.

### **Review of Literature**

Retention attitude can be defined as the ability of holding the talented and valuable employees in the organization from leaving from their job for a longer period of time than the competitors (Johnson, 2000). It also can be stated as commitment to work with particular company or organization in a continuous system (Zineldin, 2000). Other than that employee retention also can be referred to the policies or practices of a particular organization or company applies for the prevention of leaving of sacred employees. It would consider promotion of the sustaining of employees in a single company or organization for a maximum duration (Hong, Hao, Kumar, Ramendran, and Kadiresan, 2012). Organizations have to put numerous efforts to encourage employees to be dedicated, devoted and rooted in the organization or company (Kyi, 2011). The hiring of new talented employees might be one of the most important issues for the sustainability of an organization; however, retaining the valuable employees could be a much better cost saving and more effective method for the organization. It could be an issue in current which plenty of the employers had neglect the costs involved with the leaving or turnover of the main key employees (Ahlrichs, 2000).

The high intrinsic cost of hiring new staff including cost of training had driven the increasing value of talented employees as the scarce resources of an organization or company. They should be those employees who are extremely exposed for the

organization while the organization will suffer a great lost without them, and they are hard to be replaced and more precisely they are the most precious catalyst for the business strategy of the organization (Leign, 2002). For instance, retaining talented and skillful employees plays a great role in the process of sustaining a company due to the extraordinary importance of those employees in order to prosper the company's competitiveness in global market (Frank, Finnegan, and Taylor, 2004). If the organization or company failed in retaining of those skillful ones, under staff issues will stay; and the less talented workforce left will directly decrease the competitive advantage of the company in its industry (Rappaport, Bancroft, and Okum, 2003).

Walker (2001) identified seven factors that can enhance employee retention: (i) compensation and appreciation of the performed work, (ii) provision of challenging work, (iii) chances to be promoted and to learn, (iv) invitational atmosphere within the organization, (v) positive relations with colleagues, (vi) a healthy balance between the professional and personal life, and (viii) good communications. Together, these suggest a set of workplace norms and practices that might be taken as inviting employee engagement. Kehr (2004) divided the retention factors into three variables: power, achievement and affiliation.

Retention attitude is a critical element of an organization's approach to talent management (Lockwood, 2006). Empirical studies such as Stovelet (2002) have shown that employees, on an average switch employers every six years. Replacing existing employees is detrimental to organizations and may have adverse effects on service delivery. It is therefore imperative for management to reduce, to the minimum, the frequency at which employees, particularly those that are crucial to its operations quit (Samuel and Chipunza, 2009).

### **Compensation and Retention Attitude**

Trevor et al. (1997) in his research has concluded that rise in pay has a negative impact on turnover. Gardner et al., (2004) were of the view that pay is considered as a motivator as well as employee retention technique. Milkovich and Newman (2004) have clearly stated that among all types of reward, monetary pay is considered one of the most important and significant factor in retention. In a research by Moncraz, Zhao and Kay (2009) concluded that although compensation was not one of the top factors influencing non-management turnover but compensation can act as a critical factor in reducing managerial turnover and increasing commitment.

### **Career Development Opportunity and Retention Attitude**

Pergamit and Veum (1989) in their study found a close and positive correlation between promotions and job satisfaction and which in turn helps in retaining employees. Rolfe (2005) discovered a direct correlation between job resignation and issues related to career development. Arnold (2005), Herman (2005) also observed direct relationship between development opportunities and retention. Kroon B. Kossivi et al. and Freese (2013) on the other hand discovered that developmental opportunities can positively increase an employee's commitment to stay in an organization.

### **Job Satisfaction and Retention Attitude**

Rain, Lane and Steiner (1991) states that job satisfaction is correlated to life satisfaction which means that people who are satisfied with life will tend to be satisfied with the job and people who satisfied with job will tend to satisfied with their life. Murray (1999) has clearly stated that job satisfaction has direct effect on level of absenteeism, commitment, performance and productivity. Furthermore, job satisfaction not only improves the retention of employees but also reduces the cost of hiring new employees. Sokoya (2000) in

his investigation on job satisfaction level among the public sector managers found that income or compensation is the most valuable determinant of job satisfaction. In a study by Al-Aameri, (2000) it was found that satisfied employees tend to be more productive, creative, and committed to their employers, and recent studies have shown a direct correlation between staff satisfaction and patient satisfaction in health care organizations.

### Work-Life Balance and Retention Attitude

Work-life balance is increasingly important for engagement and affects retention. Hyman et al., (2003) in their empirical research in the UK found that interventions of work demands into personal life (e.g. working during the week-end) resulted into heightened stress and emotional exhaustion among the employees. In a report by Deloitte (2004), suggested a 'develop, deploy and connect' approach for retaining the employees. This means developing the skills, not just through formal training but by learning how to learn, where to find the information or action learning supported by coaching and mentoring. Deploying means working with key individuals to (a) identify their deep-rooted skills, interests, and knowledge, (b) find their best fit in the organization, and (c) craft the job design and conditions that help them to perform, meaning, finding a fit between the skills and the job. Connecting means providing critical employees with the tools and guidance they need to (a) build networks that enhance individual and organizational performance, and (b) improve the quality of their interactions with others, thereby helping to develop rich networks, both internally and externally.

### Management & Leadership and Retention Attitude

Eisenberger et al. (1990) stated that the way employees view an organization is particularly dependent on their relationship with their supervisor. Mc Neese-Smith (1995) found that the attitude of a hospital manager

increase employee commitment to the organization. Kaye and Jordan-Evans (2002) research concluded that a manager should be "a good boss" to impact retention positively. Duffield and O'Brien-Pallas (2003) were more specific in the way leadership and retention correlate and viewed participative leadership style as a contributing factor of employee retention. Kroon and Freese (2013) said that participative leadership style plays a significant role in employee retention.

### Participation in Decision-Making and Retention Attitude

Hewitt (2002) stated that modern businesses must always keep its employees well informed about all the important affairs of its business and involve them in decision-making at all levels which can exploit the talents of its employees. Noah (2008) found that employee involvement in decision-making helps in creating a sense of belongingness among the employees, which helps in creating a good congenial working environment and contributes towards building a good employer-employee relationship.

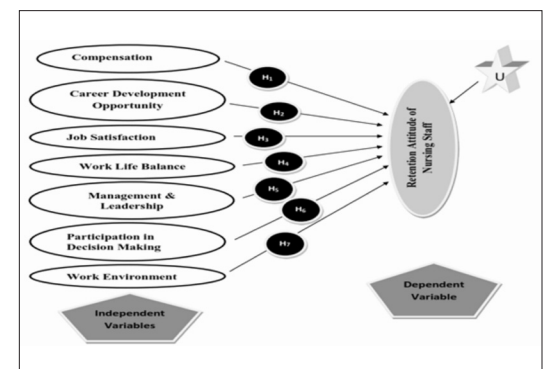
### Work Environment and Retention Attitude

Wells and Thelen (2002) have stated in their study that organizations which have generous human resource policies, have a very good chance to satisfy and retain employees by providing them an appropriate level of privacy and sound control on work environment which enhances the motivation levels to commit with the organization for the long term. According to Miller et al. (2001), employees get benefited by work environment that provide sense of belonging. Ramlall (2003) stressed the need for recognizing the individual needs of an employee in an organization as it will encourage commitment and provide a suitable work environment. Wood et al. (2013) concluded that availability of resource can be a determinant factor in retention. Loan-Clarke et al. (2010)

concluded that flexibility plays an important role, particularly in the retention of health workers. For workplace to be a favorable factor of retention it should be enjoyable.

### Framework of the Study

The objective of the study is to identify the the significant predictors of retention attitude of nursing staff at Referral Hospital, WolaitaSodo, Ethiopia. The dependent variable is retention of nursing staff at Referral Hospital, WolaitaSodo, Ethiopia and independent variables are Compensation, Career development opportunity, Job satisfaction, Work life balance, Management & leadership, Participation in decision making and work environment. The conceptual framework is depicted by Fig 1.



**Fig 1: Conceptual Framework of Research**  
Mathematical framework of the study can be derived as

$$RANS = \beta_0 + \beta_1 CO + \beta_2 CDO + \beta_3 JS + \beta_4 WLB + \beta_5 ML + \beta_6 PDM + \beta_7 WE + U$$

Where,

RANS= Retention Attitude of Nursing Staff

$\beta$  = Intercept & Constant

$\beta_1 - \beta_7$  = Variable Coefficients

CO = Compensation

CDO = Career Development Opportunity

JS = Job Satisfaction

WLB = Work Life Balance

ML = Management & Leadership

PDM = Participation in Decision Making

WE = Work Environment

U = Random error



### Hypothesis of the Study

After review of related literature and with the intention to identify the the significant predictors of retention attitude of nursing staff at Referral Hospital, WolaitaSodo, Ethiopia, the following research hypothesis are formulated to be tested by research.

H1: Compensation given has a significant impact on Retention attitude of nursing staffat Referral Hospitalin WolaitaSodo, Ethiopia.

H2: Career Development Opportunity has a significant impact on Retention attitude of nursing staff at Referral Hospital in WolaitaSodo, Ethiopia.

H3: Job Satisfaction has a significant impact on Retention attitude of nursing staff at Referral Hospital in WolaitaSodo, Ethiopia.

H4: Work Life Balance has a significant impact on Retention attitude of nursing staff at Referral Hospital in WolaitaSodo, Ethiopia.

H5: Management & Leadership has a significant impact on Retention attitude of nursing staff at Referral Hospital in WolaitaSodo, Ethiopia.

H6: Participation in Decision Making has a significant impact on Retention attitude of nursing staff at Referral Hospital in WolaitaSodo, Ethiopia.

H7: Work Environment has a significant impact on Retention attitude of nursing staff at Referral Hospital in WolaitaSodo, Ethiopia.

### Research Methodology

With the objective of identifying the significant predictors of retention attitude of nursing staff at Referral Hospital, WolaitaSodo, Ethiopia, Causal cross sectional research design was employed. The target population and sample frame

of this study is all 266 the nursing staffs at Referral Hospital, WolaitaSodo. The research was conducted between Oct – Dec 2017. Data was collected from the employees through primary sources using questionnaire as instrument. A survey questionnaire with seven point scale was prepared using seven point Likert scale (1 = extremely disagree, 7= extremely agree) to measure the response on continuous scale. Descriptive and inferential statistics was used as data analysis tool. Pilot study was conducted on 16 employees to check the reliability and validity of the questionnaire. Reliability was used using Cronbach alpha to understand how closely the set of items are related as a group or factor. The Cronbach alpha of various factors ranges from 0.81 to 0.94 which shows that the questionnaire is highly reliable. The content validity of the questionnaire was

ensured by discussing with fellow professors and corporate managers of the hospitals. On the basis of their comments, the researcher revised the contents of the questionnaire, before it was used in the study.

### Data Analysis and Interpretation

Normality test of data is applied to determine whether a data is well-modeled by a normal distribution or not, and to compute how likely an underlying random variable is to be normally distributed Skewness and Kurtosis is used to measure the normality of data. George and Mallery (2005) stated that accept able range for skewness and kurtosis  $\pm 2$ . Therefore, according to this study, the standardized Skewness and Kurtosis of each variables fall within the gap of  $\pm 2$ . Hence, the data collected is considered normally distributed (table1).

**Table 1: Skewness and Kurtosis of Data to Check Normality**

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
Retention attitude of nursing staff	0.064	0.157	-0.099	0.313
Compensation	0.128	0.157	-0.702	0.313
Career Development Opportunity	0.101	0.157	-0.113	0.313
Job Satisfaction	-0.666	0.157	-0.083	0.313
Management & Leadership	0.163	0.157	-0.892	0.313
Participation in Decision Making	0.176	0.157	-0.226	0.313
Management & Leadership	0.070	0.157	-0.803	0.313
Work Environment	0.200	0.157	-0.053	0.313

*Source: Researcher survey, 2017*

For further analysis Inferential analysis was used to provide the conclusion regarding significant predictors of retention attitude of nursing staff at Referral Hospital, WolaitaSodo, Ethiopia. The purpose of this analysis is aim to look at the individual variable and its relationship with other variables. In this research, all hypotheses will be tested using Pearson's Correlation Coefficient and Linear Regression Analysis. Pearson's Correlation Coefficient shows the results of correlation while Linear Regression Analysis shows the results of model summary and coefficient.

Table 2 shows the model summary of regression analysis using stepwise regression.

**Table 2: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.984a	0.969	0.968	0.29922
2	0.986b	0.973	0.973	0.27942
3	0.987c	0.975	0.974	0.27076
4	0.988d	0.976	0.975	0.26562
5	0.988e	0.976	0.975	0.26377

- a. Predictors: (Constant), Work life balance
- b. Predictors: (Constant), Work life balance, Participation in decision making
- c. Predictors: (Constant), Work life balance, Participation in decision making, Career development opportunity
- d. Predictors: (Constant), Work life balance, Participation in decision making, Career development opportunity, Work environment
- e. Predictors: (Constant), Work life balance, Participation in decision making, Career development opportunity, Work environment, Management & leadership
- f. Dependent Variable: Retention attitude of nursing staff
- Source: Researcher Survey Analysis, 2017*
- R-square value is the percentage or value that indicates how the independent variables can explain the dependent variable. The more significant the independent variables can explain the dependent variable; the higher the R-square value would be model 5 because it has the highest R square value. The R-square value of the current study is 0.976 which propounds that the model is 97.6% explain the dependent variable variation with the least std. Error of 0.26377 of estimate. It means there are 2.63% of the variation cannot be explained through this model which means that there are other factors can be used to explain employee retention. Another important characteristic of this analysis is that the model 1 which includes work life balance as independent variable explains 96.9% variability in retention attitude of nursing staff at Referral Hospital, WolaitaSodo, Ethiopia. Other factors like Participation in decision making, Career development opportunity, Work environment, Management & leadership explains less than 1% variability (0.976 - 0.969). In stepwise regression, factors like compensation and job satisfaction were excluded from the model as they may not be significant.

**Table 3: Analysis of Variance in Retention Attitude by Independent Variables**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	657.335	1	657.335	7341.969	0.000a
	Residual	21.308	264	0.090		
	Total	678.643	265			
2	Regression	660.140	2	330.070	4227.722	0.000b
	Residual	18.503	263	0.078		
	Total	678.643	265			
3	Regression	661.342	3	220.447	3006.931	0.000c
	Residual	17.302	262	0.073		
	Total	678.643	265			
4	Regression	662.064	4	165.516	2345.981	0.000d
	Residual	16.580	261	0.071		
	Total	678.643	265			
5	Regression	662.362	5	132.472	1903.972	0.000e
	Residual	16.281	260	0.070		
	Total	678.643	265			

- a. Predictors: (Constant), Work life balance, Career development opportunity, Work environment, Management & leadership
- b. Predictors: (Constant), Work life balance, Participation in decision making
- c. Predictors: (Constant), Work life balance, Participation in decision making, Career development opportunity
- d. Predictors: (Constant), Work life balance, Participation in decision making, Career development opportunity, Work environment
- e. Predictors: (Constant), Work life balance, Participation in decision making, Career development opportunity, Work environment, Management & leadership
- f. Dependent Variable: Retention attitude of nursing staff
- Source: Researcher Survey Analysis, 2017*
- From ANOVA table 3, we can infer that F with large value is the test is good fit of model. Furthermore, the result also indicates the level of influence of the entered variables on the dependent variable.
- The table 4 represents the significance of explanation of each of the independent variable towards dependent variable.

The p-value for the all the accepted independent variable (Work life balance, Participation in decision making, Career development opportunity, Work environment, Management & leadership) are  $<0.05$ , thus all the accepted variables significantly explain dependent variables (Retention attitude of nursing staff), whereas two independent variable (compensation and job satisfaction) were removed in stepwise regression because of collinearity and redundancy problem. Therefore, the b value in the fifth modal for the accepted variable is different from 0 and the researcher found that the predictor variables make a significant contribution in predicting retention attitude of nursing staff, Work-Life Balance ( $\beta_1 = 0.784$ ), Participation in decision-making ( $\beta_2 = 0.079$ ), Development Opportunities ( $\beta_3 = 0.126$ ), Work environment ( $\beta_4 = 0.042$ ), Management/leadership ( $\beta_5 = -0.34$ ) are statistically significant variables which can predict the retention attitude nursing staff Referral hospital WoliataSodo.

To know the impact and relationship of independent variables on the dependent variable, the regression function is in the form of

$$\text{RANS} = \beta_0 + \beta_2 \text{CDO} + \beta_4 \text{WLB} + \beta_5 \text{ML} + \beta_6 \text{PDM} + \beta_7 \text{WE} + U$$

$$\text{RANS} = 0.042 + 0.126 \text{CDO} + 0.784 \text{WLB} + 0.034 \text{ML} + 0.079 \text{PDM} + 0.042 \text{WE} + U$$

The  $\beta$ - values tells to what degree each predictor affects the outcome if the effects of all other predictors are held constant.

The linear equation above indicates that there is a positive relationship between the above predictors and retention attitude. This can be explained that for every increase in work-life balance, participation in decision making, development opportunity, working environment and management/leadership, retention attitude will increase by 78.4%, 7.9%, 12.6%, 4.2% and 3.4% respectively if

**Table 4: Analysis of Variance in Retention Attitude by Independent Variables**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.266	0.045		5.893	0.000
	Work life balance	1.024	0.012	0.984	85.685	0.000
2	(Constant)	0.228	0.043		5.357	0.000
	Work life balance	0.891	0.025	0.856	35.842	0.000
	Participation in decision making	0.139	0.023	0.143	5.994	0.000
3	(Constant)	0.138	0.047		2.935	0.004
	Work life balance	0.800	0.033	0.769	24.340	0.000
	Participation in decision making	0.112	0.023	0.116	4.785	0.000
4	Career development opportunity	0.130	0.032	0.120	4.048	0.000
	(Constant)	0.055	0.053		1.048	0.296
	Work life balance	0.777	0.033	0.747	23.515	0.000
	Participation in decision making	0.098	0.023	0.101	4.213	0.000
	Career development opportunity	0.129	0.031	0.119	4.084	0.000
	Work environment	0.056	0.018	0.049	3.199	0.002
5	(Constant)	0.042	0.053		0.790	0.430
	Work life balance	0.784	0.033	0.754	23.766	0.000
	Participation in decision making	0.079	0.025	0.082	3.163	0.002
	Career development opportunity	0.126	0.031	0.117	4.032	0.000
	Work environment	0.042	0.019	0.036	2.193	0.029
	Management & leadership	0.034	0.017	0.034	2.073	0.039

*Source: Researcher Survey Analysis, 2017*



other factors are kept constant. We see that work-life balance contribution for retainment of nursing staff is maximum 78.4%.

### Testing of Hypothesis

Based on table 4 hypothesis can be tested as: H1: Compensation given has a significant impact on Retention attitude of nursing staff at Referral Hospital in WolaitaSodo, Ethiopia is rejected as the variable was excluded in step wise regression at 95% level of confidence.

H2: Career Development Opportunity has a significant impact on Retention attitude of nursing staff at Referral Hospital in WolaitaSodo, Ethiopia is accepted as  $p = 0.000 (< .05)$  at 95% level of confidence.

H3: Job Satisfaction has a significant impact on Retention attitude of nursing staff at Referral Hospital in WolaitaSodo, Ethiopia is rejected as the variable was excluded in step wise regression at 95% level of confidence.

H4: Work Life Balance has a significant impact on Retention attitude of nursing staff at Referral Hospital in WolaitaSodo, Ethiopia is accepted as  $p = 0.000 (< .05)$  at 95% level of confidence.

H5: Management & Leadership has a significant impact on Retention attitude of nursing staff at Referral Hospital in WolaitaSodo, Ethiopia is accepted as  $p = 0.039 (< .05)$  at 95% level of confidence.

H6: Participation in Decision Making has a significant impact on Retention attitude of nursing staff at Referral Hospital in WolaitaSodo, Ethiopia is accepted as  $p = 0.002 (< .05)$  at 95% level of confidence.

H7: Work Environment has a significant impact on Retention attitude of nursing staff at Referral Hospital in WolaitaSodo, Ethiopia is accepted as  $p = 0.029 (< .05)$  at 95% level of confidence.

### Conclusion, Discussion and Recommendations

As per the findings of the study, 5 independent variables (Work life balance, Participation in decision making, Career development opportunity, Work environment, Management & leadership) are positively related with the retention attitude of nursing staff at Referral Hospital in WolaitaSodo, Ethiopia, but compensation and job satisfaction were found insignificant and were removed as part of stepwise regression. Work life balance predictor was found to be the most important ( $t = 23.766$ ) leading to 96.9% variability in retention attitude.

The effective application of work life balance will intensify the nurses' retention. Work-life balance and development opportunity, Management/Leadership, participation in decision making and working environment are major contributors in nurses' retention attitude in present study. To promote retention in nurses, focus should be placed on modifying the HR practices rather than on modifying nurses and their behaviors (Tourangeau et al., 2010). Practical executions are applied to enhance human resources practices in the companies. A well analysis of work-life balance policy should be executed to ensure equity and fairness to the nurses. Development opportunity programmers are conducted to equip nurses with the mandatory skills to perform well in their jobs (Appiah et al., 2013). Management also needs to ensure the working environment is hazard-free to reduce the vulnerability of danger and risk (Mabuza et al., 2014). Management should regard their employees as the most precious assets to achieve organization goals (Narang, 2013).

Management should emphasize on the retention attitude to prevent loss of talented and potential nurses. The loss of capable nurses will jeopardize the efficiency of the hospitals or healthcare centers (Appiah et al., 2013). Moreover, this research also provided

researcher and medical practitioner valuable understanding for future studies. Future and present studies need put attention on other factors affecting employee retention. The result from this research will be useful for nursing industry to improve their employee retention.

The researcher recommended that it is better to improve the employees' work-life balance schedule of the hospital, in order to attract the qualified nurses. The Career development opportunity has to offer to the nursing staffs to develop the positive retention attitude. Its better Management/leadership practices follow participative leadership style. It is also better the referral hospital to invite the nursing staffs to participate in decision making process.

### Scope for Future Research

This study only focused on the seven predictors of employee retention attitude on the nursing staff of referral hospital, WolaitaSodo. This research only focused on seven independent variables (compensation, career development opportunity, job satisfaction, management and leadership, participation on decision making, working environment and work-life balance) to assess their impact on the retention attitude of only the nursing staff referral hospital, WolaitaSodo. More predictors as well as different predictors can be explored to extend the research. Further replication studies can be done in other hospitals of the country or in other countries. Future researchers can also explore taking into consideration the employees of other more private and public hospitals.

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## DEMONETIZATION AND ITS EFFECT ON FINANCIAL INCLUSION

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### Abstract

Financial inclusion is the delivery of financial services at affordable costs to vast sections of disadvantaged and low-income groups. Financial inclusion is indeed assuring financial security to all the section of populations. This instils the economic growth by increasing standard of living. Financial inclusion is a key measure for inclusive growth and gained rapid momentum with the government decision of banning the Old High Denominations (OHDs) leading to overall development of the economy and benefitting the society as a whole. The effect of demonetization has been studied on various participants of financial inclusion drive such as ordinary individuals, informal sector, rural population, MSMEs, NBFC MFIs and E-wallet companies. The new type of deposits called “benami” deposits have also come up with demonetization. With the aim of achieving financial inclusion along with making India a cashless and digital economy, efforts are required to make technology reach the bottom of the pyramid.

After the implementation of demonetization country’s agenda is to improve financial inclusion. This paper makes an attempt to study the effect of demonetization on financial inclusion. Paper also highlights the various challenges, benefits and effects of Financial Inclusion. The data is taken from the different secondary sources i.e. published reports of SBI and RBI, websites, journals and newspapers and also from various committee reports submitted to Government of India on Financial.

**Keywords:** Digital products, Mobile Money, Financial Inclusion, Technology, Payments

### Introduction

Demonetization is defined as the act of stripping a currency unit of its status as legal tender. Demonetization is required whenever there is a change of national currency. In the process of demonetization the old unit of currency must be retired and replaced with a new currency unit. Government of India announced demonetization of the high value currencies of Rs. 500 and 1000 with an objective to unearth the black money and to curb the corruption, counterfeit currency as well as terror funding. This decision is considered as biggest cleanliness drive against the black money in the history of Indian economy whose benefits will be reaped in the long run. However, the impact of this sudden move has caused major cash crunch in the economy affecting day to day requirements of the common man and businesses. Various analysts, experts and scholars have expressed their views regarding impact of demonetization on the economy and have estimated 0.5% - 3%

impact on the Gross Domestic Product (GDP) of the country in the current financial year 2016-17.

This study aims at identifying the reasons for the withdrawal of the existing notes of Rs. 500 and Rs.1000 and also tries to identify the impact of demonetization on the financial inclusion drive taking place in India. The study also highlights the immediate effects on the economy.

### Objective of the Study

- To identify the reasons for the withdrawal of high denomination currency notes
- To find out its impact on the digital transaction and Financial Inclusion as a whole
- To study the sector wise impact of demonetization
- To identify Measures taken by the government to rectify the imbalances if any

### Research Methodology

The data was collected from secondary source of information like various newspapers, journals and online data base further the collected data was analyzed and was interpreted to draw conclusions keeping in mind the set objectives of the study.

### History of Indian Currency

In India paper money as a legal tender was first introduced in the late eighteenth century in few denominations of 10, 20, 50, 100 with a portrait of Victoria. Then the Victoria portrait was replaced by the following under print series in 1867. Rs.1000 and Rs.10000 currency notes were circulated between 1938 and 1946. Notes in Ashoka Pillar watermark series in Rs 10 denomination were first issued between the year 1967 and 1992, Rs 20 in 1972 and in 1975, Rs 50 in 1975 and 1981 and Rs 100 was launched between 1967-1979. The bank notes issued during this period carried the symbols which represent the science and technology, patron



and orientation to Indian arts. In 1980, the legendary Satyameva Jayate — ‘truth alone shall prevail’ was incorporated under the national emblem for the first time ever. The highest of all denominations ever printed and circulated by the Reserve Bank of India (RBI) was the Rs 10,000 note in 1938 and was issued again in 1954.

Mahatma Gandhi (MG) series banknotes were issued in 1996 in the denominations of Rs 5, (introduced in November 2001), Rs 10 (June 1996), Rs 20 (in August 2001), Rs 50 (March 1997), Rs 100 (in June 1996), Rs 500 (in October 1997) and Rs 1,000 (in November 2000). The Mahatma Gandhi Series – 2005 bank notes were issued in the denomination of Rs 10, Rs 20, Rs 50, Rs 100, Rs 500 and Rs 1,000 and carried some additional/extra security features as compared be retired and replaced with a new unit of currency. It include either introducing new notes or coins of the same denomination or completely replacing the old denomination with the new denomination which is often carried out as an ambush on the black money and market. The opposite of demonetization is called as remonetization in which a form of payment is restored as legal tender. Currency is a commonly accepted form of money, including coins and paper notes, which is issued by a government and circulated within the economy. As used a medium of exchange for goods and services, currency forms the basis for any trade.

### **Need and Importance of Demonetization in India**

The Indian government claims that the demonetization effort is to stop the counterfeiting of the current currency notes allegedly used for funding terrorism across the border by the neighbouring countries, and as an attack on the black money in the country. The move was claimed as an initiative to curb corruption, trafficking of drugs, and smuggling across borders. The supply of currency notes of all denominations has seen an increase by about 40% during

the period between 2011 and 2016, the Rs. 500 and Rs. 1,000 denomination notes has increased by 76% and 109% respectively during this period due to forgery. This forged cash is usually used to fund various terrorist activities against India. The outcome of the decision is to eliminate the currency notes of selected denominations has been taken (Governor of the Reserve Bank of India, Urjit Patel, and Economic Affairs Secretary, Shaktikanta Das). Nations demonetize their local units of currency for various reasons. Some include combating inflation or corruption, and to discourage a dominative cash system.

### **Black Money**

Prime Minister Narendra Modi has promised to bring every penny of black money stashed abroad back to India. But bringing this unaccounted for money back, or indeed even its discovery, is a difficult task, leave alone legal intricacies of tax treaties. While previous governmental efforts have resulted in disparate estimations, some scholars even argue that this money has been laundered back into India through foreign investments. Here are four charts that provide a quick recap of the black money problem.

Estimates of black money in India fluctuate wildly. A World Bank report puts India's shadow economy at close to one-fifth of economic output. Another study on illicit financial flows by Global Financial Integrity (GFI), a non-profit organization, puts these at 3% of economic output for India between 2002-11. This difficulty in measurement is because black money is generated through a raft of complex, sophisticated activities for the purposes of tax evasion, crime and corruption. This makes it inherently difficult to measure black money accurately. Some studies exclude certain sources of black money. For example, the GFI excludes criminal activities and a part of corporate tax evasion, both massive sources of black money. Hence, its estimates are naturally more conservative. This study also mentions

that in the developing world, including India, corporate tax evasion is responsible for 60% of overall black income; criminal activities are responsible for 35%, while corruption, which has caused much furore in India, accounts for only 5%. While the reduction in personal income tax rate from nearly 100% in the 1970s to fewer than 30% now has reduced tax evasion, it has been offset by higher rates of corporate taxation.

### **Terror Funding**

Fake Indian Currency Notes (FICN) network will be dismantled by the demonetization measures. Taking out 500 and 1000 rupee notes out of circulation will have a lasting impact on the syndicates producing FICN's, thus affecting the funding of terror networks in Jammu and Kashmir, North-eastern states and Naxalite hit states. As many as 250 out of every 10 lakh notes in circulation are fake, according to a study conducted by the Indian Statistical Institute. Typically, at any point in time, banknotes with a face value of Rs 400 crore are in circulation in the country. The study revealed that fake currency notes with a face value of Rs 70 crore are infused into the system every year, and law enforcement agencies are able to intercept only a third of them a fact that is acknowledged by the agencies themselves. The detection rates of fake 100 and 500 - rupee notes were found to be about the same or 10% higher than the detection rate of 1,000-rupee notes. The study added that fake 1,000-rupee notes constitute about 50% of the total value of fake notes.

### **Present Demonetization in India (2016)**

#### **Impact of demonetization on Economy**

According to RBI, banks have received almost Rs. 13 lakh crores in old 500 and 1,000-rupee notes until December 10, 2016. Meanwhile, the banks have issued new currency notes valued at Rs. 5, 92,613 crore to the public over their counters and through their ATMs (between 10th November – 19th December 2016). In this period, the RBI has issued to the public through the banks

and their branches a total of 22.6 billion pieces of notes of various denominations of which 20.1 billion pieces belonged to small denominations of Rs. 10, 20, 50 and 100s and 1.7 billion belonged to higher denominations of Rs. 2000 and Rs. 500.

It has been observed that money deposited and money withdrawn has a deficit of Rs. 7, 07,387 crores in the system which in the present situation is causing immense cash crunch in the economy ultimately affecting the day to day requirements of people and businesses across the country “This move was needed to address the issue of corruption in the country, other issues in terms of counterfeit money is important but secondary. A possible 2.5 lakh crore windfall for the government, a lower rate of interest regime for a prolonged period, better tax compliance, recapitalization of battered state-run banks are among the benefits to be delivered by demonetization of currency in India this time,”

#### **Process of Demonetization**

2,010 crore pieces of smaller denomination, 170 crore pieces of Rs. 500 and Rs. 2,000 denominations notes were printed during one month 10 November to 10 December this year in the process of demonetization. Reserve Bank of India released Rs. 4.6 lakh crore and Rs. 12.4 lakh crore were returned to banks by December 10, 2016.

#### **Cost Benefits Analysis**

Cost benefit analysis is must, right from cost of paper, printing of new currency notes, making it available to banks and ATMs through chest, recalibration required due to little variation in size of notes, payment to all the technicians, cost of logistics to make the availability in remote areas in quick span of time, interest factor concerned, loss of working hours, loss of productivity and to tragic deaths all are must to be considered while doing Cost benefit analysis.

#### **Demonetization and its Impact in Indian Economy**

This time demon in demonetization seem to have larger impact as compared to earlier moves of the Government of India in 1946 and 1978 as Rs. 500 denomination notes were held by common man not having a single penny of unaccounted money or black money in other words.

#### **Impact on Parallel Economy**

Wiping of Black money, corruption and counterfeit money are the main objectives of demonetization. Temporarily these objectives may be said to be achieved to a little extent as it affected the circulation of large volume of counterfeit currency, funding of smuggling, terrorism etc.

#### **Effect on Demand**

There is a gradual decline in the demand of consumer goods, real estate, property and automobiles. Many marriages happen in India on Akshay Tritiya and in winters which open the doors for earnings of florist, caterers, tentwala and many more alike purchases which were affected due to lack of cash.

#### **Effect on Prices**

Decline in demand also resulted in fall in prices of consumer goods, perishable items where use of cards and acceptability of cheques are not possible. In cash based economy even the real estate sector may witness fall in prices in the short term.

#### **Effect on Economic Activities:**

There are certain economic activities where the number and frequency of cash transactions are comparatively high as retail outlets, ticket counters, small traders, agriculture, small and medium enterprises, households, etc. Their routine functioning and profit will be adversely affected.

#### **Effect on Banks**

Although liquidity of banks will increase as deposits will increase in the short term which

may result in more lending and reduction in rates.

#### **Impact on Payments**

Alternative modes of payment as online payment using E-wallets, apps, e-banking, usage of plastic money will increase for which development of infrastructure and systems is needed.

#### **Impact on Agriculture**

Agriculture is the backbone of Indian economy. Economic activity in rural markets has slowed down, many tragic deaths; mandi arrivals of agri-commodities also crashed, rural artisans, MGNREGA workers, agricultural labourers suffered a lot as banks run out of cash, it become harder for them to survive.

#### **The Digital Road to Financial Inclusion**

India has realized the potential of mobile as well as digital technology to be a game changers in the financial inclusion drive. The only way to bring down cost and to improve reach is to effectively leverage technology through products such as e-KYC, IMPS (Interbank Mobile Payment System), AEPS (Aadhar enabled Payment System), and mobile banking.

Universal availability of payments, savings, and credit has far-reaching socio-economic benefits. For example, it reduces vulnerability of the low-income sections from credit shocks, leads to higher capital formation (due to free flow of money into productive uses), and avoids leakages in public subsidies and welfare programmes. Financial inclusion has a significant domino effect on the economy. Inclusive access to financial services must be ‘EAST-bound’—it should be easy, affordable, secure, and timely. The traditional bank branch-led model of financial inclusion in India has had little success in providing last-mile reach under this EAST framework. Using this framework, one can not only diagnose the state of financial inclusion in the country

but also agree on the targets, which give them clarity for future growth, identify the barriers which are coming in the way of their performance, craft appropriate policies and thereby monitor and measure the policy impact.

### **Landmark Policy Measure in India's Path to Achieve Financial Inclusion**

- The concept of "no-frills" was introduced for low income people to have saving accounts.
- Banking services were extended by using the services of business correspondent.
- NACH and NFS were launched by NPCI to make retail payment seamless.
- Guidelines for prepaid payment instrument including mobile wallet were introduced by RBI.
- IMPS was introduced by NPCI to enable 24\*7 electronic fund transfer
- Aadhar enabled payment system was launched.
- Rupay Card was introduced by NPCI as a domestic payment network.
- Pradhan-mantri Jan Dhan Yojna was introduced to include more Indians in banking mode.
- Licences of payment bank and small finance bank were rolled out to enable last mile reach of financial services.

### **Financial Inclusion in the Long Run Advantages of Financial Inclusion**

**Reduction in Cash Operations Cost:** Cash operations costs to the RBI and other commercial banks can be limited to a greater extent with the cashless economy which is possible through digital transactions. The increased use of credit/debit cards will reduce the amount of cash that people will carry and as a consequence, reduce the risk and the cost associated with that.

**Universal Availability of Banking Services Online:** Digital transactions will provide universal availability of banking services to all across the nation as there would not

be any physical infrastructure needed other than digital portals of the respective financial institutions.

**Convenient and User Friendly Services:** Digital transactions can be performed at anytime across world through internet with no delays and queues. Also, speed and satisfaction of operations for customers, make it an efficient way of making payments.

**Transparency in Businesses:** An increased use of credit cards instead of cash would primarily enable a more detailed record of all the transactions which take place in the society, allowing more transparency in business operations and money transfers. Thus, improvement in credit access and financial inclusion will benefit the growth of SMEs in the medium/long run.

**Efficiency in Welfare Programs:** There will be greater efficiency in welfare programs as money is wired directly into the accounts of recipients. Thus once money is transferred directly into a beneficiary's bank account, the entire process becomes transparent. Payments can be easily traced and collected and corruption will automatically drop.

**Reduced Instances of Tax Avoidances and Curb Black Money Generation:** Since digital transactions are based on financial institutions, it lowers the instances of tax avoidance and money launderings due to the higher traceability of all transactions. At the same time, curbs generation of black money and problem of counterfeit currency.

### **Disadvantages of Financial Inclusion**

**The Necessity of Internet:** Since, internet is a prerequisite for digital transactions, inaccessibility of internet services at emergency situations can limit the use of digital platforms for transactions.

**Higher Risk of Getting Hacked:** The biggest fear is the risk of identity theft. With the rising incidence of online fraud, the risk

of hacking will grow as more people use digital platforms for transactions in the long run. The worse situation is when the system of processing company has been broken, because it leads to the leak of personal data on cards and its owners. Even if the electronic payment system does not launch plastic cards, it can be involved in scandals related to the Identity theft.

**High Restrictions:** Each payment system has its limits regarding the maximum amount in the account, the number of transactions per day and the amount of output which limits its use.

**The Lack of Anonymity:** The information about all the transactions, including the amount, time and recipient are stored in the database of the payment system which implies that the intelligence agency has an access to this information.

**Difficult for no Technicians:** Besides the practical difficulty of going digital, a bigger block is the psychological shift. The digital medium may prove a challenge for the tech-unfriendly people, who will need more time to adapt or the availability of other options to conduct transactions. It's a problem for the older people and those lacking digital literacy, who may suddenly find themselves locked out of their accounts if they can't download an app or don't have cash.

### **Conclusion**

Demonetization was a great initiative taken by government. This will help the economy in long run if the process of financial inclusion will become much easier transparent and safer for the population. The government work promptly on some suggestive manner like Setting up of digital literacy booths outside banks majorly in rural regions, More printing of smaller currency notes, Subsidy scheme for smart phones, Cash management in banks & ATMs, increasing penetration of banks in rural areas, Incentives for RTGS and NEFT: Increase the limit for service tax



exemption to Rs. 10,000 and several other. The process is tough but if done properly in a planned manner will be of a great help in raising Economy.

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## ETHICAL CHALLENGES IN GLOBAL GOVERNANCE: MOUNTING ROLE OF CORPORATE CODE OF CONDUCT

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### Abstract

The term 'Global Governance' is inevitable for the survival of the human race in the present and future generations. India is emerging as a global hub and the role of India in Global Governance is increasing day by day. Governance ensures both short run and long run survival of the business. Role of corporate code of conduct goes a long way in showing the culture of the individual, firm, industry, nation and the world at the macro level. Global Governance is commenced for the advancement in the 21st century. Governance is used to authorize all convention intended for organisation and centralization of human society on a global scale. Quality of governance and sustainable development are inter-related. The future of global governance depends on various factors like empowerment of individual, more awareness of human security, international paradigm shift, etc. Good governance must emphasize privatization, public-private partnerships, decentralization, deregulation and transparency. The main objective of the study is to understand the relation between global governance and sustainable development. The study also focused on the India's approach to global governance and the ethical challenges in global governance.

**Keywords:** Global Governance, Sustainable Development, Corporate Code of Conduct, Global Ethics

### Introduction

The concept of global governance is not only popular but also become extensive worldwide. Moreover, it has created lot of comprehension about its meaning, relevance and application. It is originated from, and is subsequently located within, the study of international organization. Governance is used to authorize all convention intended for organization and centralization of human societies on a global scale. Global governance is commenced for the advancement in the twenty-first century. For this purpose, cooperation between states, corporate and general society associations are invited on international grounds. The G-7 Summit in Houston in 1990 observed with an increase acknowledgment of "the principles of open and competitive economy" and that "freedom and economic prosperity were closely linked and mutually reinforcing". According to Mark Huddleston's (2000), impact of globalization on American Public Service in the twenty-first century appeared suitably contemplation of global ethics and global governance. His analysis was focused on the United States, but for a global change

it can be extended to public administration of any nation. Administrators and researchers responsible for the advancement in global governance are required to forfeit closer attention to the values of democracy and the market. The outcome of such advancement influences the governance of human affairs on a global scale. All the government administration of developed and developing nations are also confronting the problem of equity, sovereignty the economic security of its citizens, environmental protection, and revolutionize demographic change. (Doig A, 2007)

### Literature Review

According to Klaus Dingwerth and Philipp Pattberg (2006), "Global Governance" has become more popular as it appears to be virtually anything. It is a phenomenon that is desirable globally and practically unavoidable. They have mentioned that global governance derive from disparity about the meaning of both global and governance.

According to John (2003), at different level of social organization, governance refers to the systems of authoritative norms, rules, institutions, and practices. It is collective phenomenon, from local to the global and manages common affairs. Global governance is generally defined as an instance of governance in the absence of government. There is no government at the global level. But there is governance of artificial effectiveness. At a global level, business and human rights certainly should be exercised. Different corporate code of conduct can be formed by different governance system. These are: first is system of public law and governance, second is civil governance system that has impact on stakeholders, and third is corporate governance. The existing world economic crisis has put forth insightful challenge to conventional approaches of human rights like primarily economic and social rights. As per customary perceptive of human rights as citizen became increasingly unsustainable as the model of accountability and justice in a world in which the source of violation and the treatment for them seems rising beyond the traditional regulations.

Governance refers to structure of reliable norms, practices at local to global level to manage all universal affairs. Global governance is generally popular as occurrence of governance in the absence of government as it is almost not possible to conduct administration of government at global level (John Gerard Ruggie, 2001). Literature proved to have a secular inclination for a fragile system of global governance. Although to have a strong governance, architectures, legal and institutional, need to be segmented (Martti Koskeniemi, 2002), (Frank Biermann, 2009)

(Jan Klabbers, 2013). Global governance concerns with international law and subjects of international law. There are many movements of global governance which have an effect on people but it does not counted within the kingdom of international law. Global governance is an unformulated conception. It is not only difficult to identify but difficult to control as well. Sometime it appears relatively apparent but it subsists in a way that goes ahead of international law. International law and global governance have different regulations. International law is required to legalize relations between states, as far as global governance is concerned, it exercises of public power. In other words, global governance makes international law look more like domestic law (with its hierarchy and wider variety of relevant actors), but without the centralization makes accountability impossible.

### **Objectives of the Study**

The aims of the paper are:

- To study the concept of Global Governance.
- To understand the relation between Global Governance and Sustainable development.
- To study different ethical challenges in Global Governance.
- To understand role of corporate code of conduct in Global Governance.

### **Research Methodology**

The research design is descriptive in nature as present study describes concept, ethical challenges and role of corporate code of conduct in global governance. Secondary sources of data is used to collect information from various government and non-government publications, similar studies conducted in the field, internet sites and various other publications.

### **Shift from Government to Governance**

Government is obligatory in every nation to ensure the proper use of force. According to Oxford Dictionary, "Government is the group of people with the authority to govern a country or state." The purpose of government is to protect the individual rights of its citizens. Hufty, Marc (2011), Governance is the process of communication and decision-making among the players involved in a joint problem that lead to the formation, underpinning, or reproduction of rules, actions, social norms and institutions. The extent of regulation depends on the internal rules of a given organization and, externally, with its business partners. Governance can outline in many ways. For instance, a government may operate as democracy where citizens vote on who should govern and the public good is the goal, while a non-profit organization may be governed by a small board of directors and pursue more specific aims. Basically, governance establishes policies and monitors their proper implementation.

A shift from government to governance is probably one the major shift post cold war consolidation of neo-liberal democracy on a global scale (James N. Rosenau, 1992). This shift takes place due to emergence of new governance theory that provides relevance to fall of regulation and the rise of good governance (Bob Jessop, 2004) where social and economic systems is no longer sufficient due to emergence of capable non-state actors and networks among them. The agenda of 'Good Governance' is to confront

the development potential of healthy State action with deployment of human rights and democracy. (James Gathii, 1999). According to Indian Prime minister Mr. Narendra Modi, Good Governance is the key to a Nation's progress. Our government is committed to providing a transparent and accountable administration which works for the betterment and welfare of the common citizen. Good governance must emphasize privatization, public-private partnerships, decentralization, deregulation and transparency.

### **Global Governance and Sustainable Development**

The vagueness surrounding the concept of Global Governance is one of the major barriers in achieving Global Sustainability Governance. The support of Global governance towards sustainable development is one of the major challenges facing political decision makers, in Europe and beyond. At the heart of global policies, Sustainable development which emerged from the UN Earth Summit in 1992 and in the year 2015, 17 Sustainable Development Goals preserve in a UN resolution. For sustainable development, quality of Good Governance is necessary (Pattberg Philipp, 2016). Inorder to achieve sustainable Development and Good Governance, various justifiable outcomes in major global socio-economic and ecological issues affecting business has to be addressed. Such issues water and air emissions, sustainable development of direct materials, poverty, climate change, food security and biodiversity loss, etc. Due to mount of sustainable development as a major issue of the international policy agenda, it is necessary that, governmental as well as global intergovernmental agencies have admit professions with logical thinking and analytical skills to deal with the challenging global governance issues.

**Table No: 1 Key Trends in Global Governance for Sustainable Development**

<b>How is Global Governance used in the Sustainable Development Context</b>		
	<b>Characteristics</b>	<b>Example</b>
Analytical	Global governance as an observable phenomenon includes multiple actors, multiple levels and multiple mechanisms.	Private non-state forest certification schemes (FSCPEFC) are examples of Global Governance for Sustainable Development.
Programmatic	Global governance as programme includes the call for cooperative problem solving, including all major groups at all levels from the local to the global.	Programmable sustainable development documents such as the Johannesburg declaration on sustainable development.
Critical	Global governance as a hegemonic project conceals the negative consequences of non-liberal globalisation.	The idea of a triple bottom line and corporate social responsibility represent attempts to conceal the negative consequences of globalisation by symbolic action.

*Source: Pattberg Philipp 2016, Global Governance and Sustainable Development: more than a Buzzword?*

**Table No: 2 Governance Arrangements**

<b>Governance Function</b>	<b>Authority</b>	<b>Public</b>	<b>Hybrid/Shared</b>	<b>Private</b>
Information sharing		The Nairobi convention clearing house and information sharing system	Global compact	Carbon disclosure project
Implementation		National development agencies (e.g. USAID)	WSSD Partnerships (e.g. Renewable Energy and Energy Efficiency Partnership)	World Business Council for sustainable development
Rule Making		Decision making through conference of parties (e.g. climate COP)	World Commission on Dams	Forest Stewardship Council

*Source: Pattberg Philipp 2016, Global Governance and Sustainable Development: more than a Buzzword?*

### **Ethical Challenges in Global Governance**

Ethics and global governance have great applicability for decision makers. The advantage of Good Governance in the field of economic, social and political environment, and the requirement for codes of ethics for business, have been high on the plan scheme of international organisations like the World Bank Group, the World Health Organisation and the UN as well as many multinational corporations (Garofalo Charles, 2008). Awareness on various types of ethical issues raised by the structures of global rule, and the globalisation effects as well as answerability and responsibility in international affairs is necessary. In order to have an in-depth

understanding of the significance of global governance in the public ethics and international policy-making, the application of theoretical aspects with empirical evidence is required. There are some skills which are essential for the detailed study of politics and for the ethical challenges which are facing by global institutions and policy making at the international level. The Factors to be considered for ethical challenges in global governance are efficiency and effectiveness, transparency, fairness, answerability etc. Implementing true global governance need raise in the existing international institutions. Another challenge involves harnessing regional efforts into common action on the global level.

### **India's Changing Approach to Global Governance**

If we look for the objectives of Agenda 21 i.e. action plans set to meet certain objectives for 21st century to achieve sustainability, it seems to have bottleneck problem in international organization. The negotiations on the Doha Accord (2013-2020) under the umbrella of the World Trade Organization are a prominent case in point. The negotiations were scheduled after Marrakesh accord (2008-2012); we are now into 2018 and completion even of a 'Dohalite' period is nowhere in picture. Many complex problems like nuclear non-proliferation regime and wars like Syria are spreading



many immigration and refugee crisis. Along with these problems due to dimensions of high and low politics like, global governance seems to be failing.

The role of India in global governance is changing considerably. India joined the international system postwar international order. India active participation in international organizations gradually increased after independence like General Agreement on Tariffs and Trade (GATT) and UN Bodies. India became one of the founding members of the United Nations in 1945. India supported weapons and proliferation in 1963 and signed up to the Partial Test Ban Treaty and draft Nuclear Non-Proliferation Treaty (NPT) on Disarmament. India also participated in radical New International Economic Order, and appealed to principles of distributive justice in 1970.

India's changing approach towards challenges, constraint and opportunities in shaping its regional order and also towards structural, institutional, and normative challenges global order are facing complexities.

Now India is progressively changing its approach towards global governance and multilateralism due to power transition (Miles Kahler, 2013). There is latent change under prime minister Narendra Modi leadership. Nation is increasing numeral international negotiations under US supremacy. He replicated the Gujarat growth model at the national level. It involves dealing with corruption, vicious labour laws and land acquisition laws, undertaking agricultural reform, and so forth. For climate change mitigation, India's commitment to environmental ethics and sustainability was submitted in October 2015 regarding COP-21 held in Paris. It embarks on commencement of Yajur Veda principle stated harmonious co-existence between man and nature. To protect idea of 'development without destruction', for economic development

of country plan has come at the cost of environment, and announce commitment to source 40 per cent of India's electricity from non-fossil fuel sources by 2030 in COP negotiations, which took place in the first two weeks of December 2015. During Paris agreement, India also launched International Solar Alliance for better use of solar energy through sharing of financial resources with French (Arthur Neslen, 2015). To become committed to economic growth, nation should heavily invest in the existing rules and structures of global economic governance than most previous administrations since 1991. Thus, combination of mix of modernity and tradition may help in achieving India's growth model and reform process. To administer global governance, it's important for India to emerge by its own as a potential leader in the international system.

#### **Role of Corporate Code of Conduct in Global Governance**

Every company should look after the interest of its stakeholders which mainly includes the business environment in which it operates. Governance implies voluntary and legal enforcement for a company to manage and control its affairs. Governance ensures ethics in corporate management. The code of conduct identifies corporate responsibilities towards stakeholders which oblige top managers to comply with certain guiding principle when exercising their power both within and outside the company. The code of conduct lays out the expectations of ethical behavior for all the people. It is a challenge for many governance and compliance officers to create a global ethical corporate culture. Make an effort to work out meaningful rules for global corporation's matters to a great extent Florini Ann (2003). Global prosperity of corporate depends on whether corporate practices support an extensive sharing of the benefits of economic integration. The future ecological stability depends on whether corporate activities are carried out in an environmentally sustainable manner. The private companies could make their mind

up of its own preference to behave with the necessary degree of social responsibility. There is a need for possible guideline using transparency to find out whether corporates are able to follow the Code of Conduct. More and more, corporations are being held to new standards of Corporate Social Responsibility that go far beyond legal requirements to enhance shareholders and abide the government rules.

#### **Conclusion**

To meet integrated global governance targets post 2015 world need more rational, transparent and representative global governance administration to achieve sustainable development in all its aspects i.e. Economic, social, and environmental. Global administration practices need to be flexible at overstretched at the cost of precision and clarity. To achieve such clarity, global governance path should be adopted worldwide. It is an analytical concept that provides a specific perspective on world politics different from that of "international" relations. Sustainable development and global governance must go hand in hand to justify outcomes in major global socio-economic and ecological issues like water and air emissions, sustainable development of direct materials, poverty, climate change, food security and biodiversity loss, etc. The role of India in Global Governance is changing considerably. India have taken many international initiatives like GATT, UN Bodies, Partial Test Ban Treaty, Nuclear Non-Proliferation Treaty (NPT) on Disarmament and also participated in radical New International Economic Order. Governance implies voluntary and legal enforcement for a company to manage and control its affairs. Governance ensures ethics in corporate management. The code of conduct identifies corporate responsibilities towards stakeholders which oblige top managers to comply with certain guiding principle when exercising their power both within and outside the company. Therefore we can say that ethics and competitiveness are inseparable.

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## IMPACT OF ATTITUDE ON JOB PERFORMANCE OF TEACHING STAFF: A THEORETICAL PERSPECTIVE

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### Abstract

In competitive globalized era organization needs to concentrate on employee performance to ensure holistic development, the simplest logic which can be given for this could be related to competitive advantage and value creation for Organization. Employees as a factor of production are important but at the same time they are the source to create competitive advantage for the organization, hence their involvement and development is one of the prime duties of organization. The employee performance could be treated as a dependent variable hovering around, structure, strategy and policy followed, physiological and psychological environment, motivational methods, etc. followed by organization as a synchronized tool. The objective of the article is to analyze the attitude of teachers working in higher educational institutions in National Capital Region, India.

**Keywords:** Employee, Attitude, Job Performance, Motivation

### Objective of the Study

- To study the attitude of teachers working in higher educational institutions in NCR.
- To find out whether there is significant difference in attitude of male and female teaching staff or not.

### Hypothesis of the Study

There is no significant difference between attitude of male and female teachers working in higher educational institutions in NCR.

### Research Methodology

- Research Design - Exploratory
- Sampling technique – Random
- Sample size – 336 ( 166 male teachers and 170 female teachers)
- Sampling Unit – Teachers working in higher educational Institutions in NCR
- Data Sources – Primary and Secondary (teachers' attitude Inventory by S. K Ahluwalia has been used for primary data collection)

### Introduction

Education is considered to play a very important role in any country both developed and developing alike. No country can dream of increasing the socio-economic status of

its population with not a strong educational system. Hence, there is need for improving the quality of primary education. But, unfortunately in India, to day, the socio-economic status and the professional status of teachers is low. A teacher having a positive attitude facilitates teaching and creates an impact whereas a negative attitude results in a negative results and effects. The teachers by virtue of his position and role are one of the most important agents of the transmission and enrichment of culture in today's society. Having to deal with human material during the most impressionable period of life, the teacher is bound to make a massive impact on the personality, character, intellectual growth, attitude and value of the future citizen. In view of their critical role, it is important to the society to provide adequate equipment to enable them to meet the challenges of their task and Indian society is no expectation of it. The quality of education depends upon the ability and efficiency of teachers. If the teachers are well trained, motivated and committed to their profession learning will be enhanced. One's behavior, to a great extent depends upon one's attitude toward the things idea, person or object, in this environment. An attitude is a hypothetical construct to represent an individual's like

or dislike for an item. Attitude a powerful resource of human motivation - is capable out the pattern of life as well as success and happiness. Attitude is a great driving force in achieving goals. The importance of attitude in the life of an individual is universally acknowledged. It determines the actions of a person and supplies the code by which behavior of an individual is judged.

### Literature Review

Abhiram S., (2014), has highlighted the affect of attitude of employee of organizational decision making. It further enumerates the effect of different internal organizational factors in formation of attitude. Ahmad I. et al. (2013), have explain the perception of teachers regarding the relationship between teaching attitude and their performance. Awadh A.M. and Ismail W.K.W., (2012), have highlighted and explained several definitions of personality and have further explain the impact of personality traits (the big five model) and work related attitudes on employee work performance. Dave N. and Raval D., (2015), has summarized the work related to the concept of Job satisfaction of teachers and the factors on which they depends. Hettiararchchi H.A.H and Jayarathna S.M.D.Y., (2014), have

explained the effect of job related attitude on job performance of employees in tertiary and vocational education institutes in Sri Lanka and it also explain the factors which are relevant from the point of view of Attitude formation. Harthy S.S.H.A., Jamaluddin S., Abedalaziz N.A. (2013), have highlights the effect of teacher's attitude towards teaching on their performance. Inayatullah A. and Jehangir P. (2012), have highlights the effect of motivation on job performance in public and private schools of Peshawar city in the Province of Khyber Pakhtunkhwa. Jan F. et al., (2015), have explained and highlight the factors on which the esteem of a teacher depends. He further explained the factors which regulates the relationship of employer and employee. Khan I., Dongping H. and Ghauri T.A (2014) have highlights the different organizational factors (Textile Industry) on which the job performance depends and also the effect of different factors like attitude etc. on job performance. Khan M.S. et al., (2014), have highlighted the satisfaction level of teachers regarding their job at college level. The paper also attempts to explain different factors which can affect the job satisfaction of teachers. Kessuwan K. and Muenjohn N., (2013), have explained the inter relationship between the job satisfaction of employees and their personal factors and also explains how managers can explain the job satisfaction of employees.

Lee C.C. and Chen C.J., (2013), have highlights the effect of job attitude and commitment of employees on service quality in tourism Industry in their research paper. Lal R. and Shergil S. S., (2012), have highlights the impact of job satisfaction and attitude of teachers on education and also makes an attempt to explain the attitude of male and female teachers of degree college towards education. Luddy N., (2005), has explained about the factors on which the job satisfaction of employees of public sector enterprise in South Africa depends. He also explained the effect of demographic factors on job satisfaction of employees. Mishra

S., Sharma M., Sharma R.C., Singh A., and Thaur A., (2016), have described the entire methodology for the development of a scale to measure Attitude towards Open Educational Resource. Mathur S.M. and Gupta S.K.,(2014), have highlighted the factors Influencing Behavior of Employees in Organizations. They also attempted to know the effect of sustainable positive attitude on organizational success and excellence. Mehmood T., Akhter M. Hussain A. and Azam R (2013), have explored the attitude of prospective teachers towards their respective profession in Institute of Education and Research, University of the Punjab Lahore and University of Education Lahore. Naefi W.A, (2014), has investigated the evaluative attitudes of the employees towards organizational commitment and change and has also highlighted the preliminary method of assessment of employee attitude in Medicare industry. Punia P., (2012) has examined the correlation between the attitude and performance of employees in a scientific research organization. He also tried to explore the impact of organization culture on performance of employees in his work. Qureshi M.I. et al., (2013), have explains various internal and external factors

on which the job performance (A component of Job satisfaction) of an employee depends. They further highlighted the special case of (Educational Sector) private university employees. Ruiz B. and Adams S., (2003), have explained about the impact of new methodologies adoption on attitude and hence on teamwork and team effectiveness in Higher Education. Sandhu R., (2015), has explained the impact of type of college, gender, age, teaching experience, emotional intelligence and attitude towards teaching on the job-satisfaction of teacher educators. Saeed R. et al. (2013), have highlights the effect of manager's attitude, organizational culture, personal problems, job content and financial rewards in the banking sector of Pakistan. Singh J.K. and Jain M., (2013), have explained the meaning of job performance for employees and the factors on which it depends. Their work also highlights the impact of job performance on satisfaction level of employees. Susanty A. and Miradipta R., (2013), have highlighted the relationship between attitude and work/ Performance and the relationship between organizational commitment and work performance separately.

Group	Mean	Standard Deviation	SED	Calculated 't' value	Degree of freedom	Table value of 't' at 0.05 and 0.01 levels	Significance Level
Male	186.94	31.93	3.56	1.86	333	1.97(.05),	Not significant
Female	180.32	33.41				2.34(.01)	

### Discussions and Result (Application of Statistical Tools)

The value score obtained after getting the questionnaire filled that is score on TAI obtained from sample of teachers working in higher educational institutes in NCR were tabulated and after that percentile was

calculated to categorize the attitude of male and female teachers as High, moderate and low attitude, further standard deviation and t ratios were calculated to know about the significant difference between attitude of male and female teachers.



**Figure – 1**

Attitude Categories	Male Teachers [ P25 =171 & P75 =188]	
	No.	%
High Attitude	48	28.91
Moderate Attitude	73	43.98
Low Attitude	45	27.11
N	166	

Figure 1 -The statistical calculations indicates that out of the total sample contacted for response (166), 28.91% respondents have high attitude followed by 43.98% respondent teachers having moderate and rest 27.11% respondents have low teaching attitude.

**Figure - 2**

Attitude Categories	Female Teachers [ P25 =166 & P75 =185]	
	No.	%
High Attitude	41	24.11
Moderate Attitude	89	52.35
Low Attitude	40	23.53
N	170	

Figure – 2- The statistical calculations in figure no – 2 clearly states that 170 female teachers were contacted for response out of which 23.53% respondents have low teaching attitude, followed by 52.35% respondent female teachers who have moderate teaching attitude rest 24.11% respondents have high teaching attitude.

**Figure – 3 (Statistical calculation of mean and Standard deviations)**

Figure – 3 states that there is no significant difference between teaching attitude Male and Female Teachers in higher educational institutions as the calculated value of t is 1.86, and this value is insignificant at 0.5 level of confidence, Hence the hypothesis has been accepted.

### Conclusion

After the study/ based on study it was concluded that both male and female teachers have a positive attitude towards teaching profession and there is no significant observed difference between teaching attitude of male and female teachers working in higher educational institutes in NCR. It is teaching through which good and progressive social environment can be created and improved. It may be concluded that all teachers have positive and healthy attitude for their profession. There are indications that teacher's attitudes have a positive relation with success in teaching.

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## BITCOIN TRADING IN INDIA: A CRITICAL ANALYSIS OF THE INDIAN EXPERIENCE SO FAR

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### Abstract

In today's world slowly moving towards digital currency and digitization, certain new virtual financial instruments are doing the rounds of the market. These currencies neither possess any intrinsic value nor have any material or physical form and are traded on a decentralized platform without any centralized control. Bitcoin is one of the most popular digital currency tools acting as a key player since 2009 in the crypto currency marketplace. Bitcoin instruments work on the principle of lower transaction costs as compared to other traditional online payment mechanisms and are operated by a decentralized authority. Unlike government-operated currencies, Bitcoin can be exchanged for traditional currencies; in fact, its exchange rate against the dollar attracts potential investors and traders fascinated by currency plays. Currently the market cap for all Bitcoin (abbreviated BTC or, less frequently, XBT) in circulation exceeds \$7 billion. Speedy transaction and easy remittances have stabilized the Bitcoin trading network across many top –notch countries across the globe including Russia, China, Japan, United States, Sweden, South Korea, Netherlands, United Kingdom, Australia and India. The Indian Bitcoin community, which at the outset had only a handful of players, saw a sudden incursion of new members following the demonetization drive by the Government of India. The present paper seeks to present an overview of Bitcoin as a digital currency tool as well as critically evaluates its impact on Indian Financial sector.

**Keywords:** Commodity, Cryptocurrency, Digital, Encryption, Transaction

### Introduction

Bitcoin is one of the types of cryptocurrency created in the year 2009 designed for the recent globalized market scenario. The reason behind the name of Bitcoin is that a paper is termed as bit and the currency as the coin. Bitcoins usually appear as balances in the account of the user of any Bitcoin profile and there is as such no physical evidence of the virtual currency but only balances kept on a public ledger in the cloud. At the time of a transaction, a verification is done as to undertake that the monetary transaction has been done without any kind of mishandling. Bitcoins are neither issued nor supported by any financial organization, Central Bank or government across the globe and are even not valuable as a commodity. The traditional online payment charges some amount of transaction amount that is to be paid to the financial intermediary related to the transaction. But Bitcoins offer easy transfer of the money without paying a large amount of transaction fees. They can

be exchanged for traditional currencies and its exchange rate against the dollar and few currencies entices promising investors and traders involved in currency plays. The coin is available in various denominations like millibitcoin and microbitcoin.

### Objectives of Study

- To understand the Bitcoin dynamics and mechanism across the globe.
- To ascertain the impact of Bitcoin on Indian financial sector.

### Literature Review

Yermack (2015) concluded that Bitcoin has realized only limited consumer transaction volume, with an average thriving below one daily transaction for the few merchants who accept it. Its volatility is significantly higher than the volatilities of widely used currencies, imposing large short-term risk upon users. Bitcoin's daily exchange rates exhibit virtually zero correlation with extensively used currencies and with gold, making

bitcoin inoperable for risk management and exceedingly difficult for its owners to hedge.

Eyal and Sirer (2015) pointed out that the Bitcoin mining protocol is not incentive-compatible. They have discussed how colluding miners obtain a return larger than their reasonable share. This attack can have noteworthy concerns for Bitcoin: Rational miners will choose to join the selfish miners, and the colluding group will surge in size until it converts to a majority.

Gervais, Karame, Capkun (2014) remarked that existing systems are governed by means of transparent and thoroughly scrutinized legislations, vigorous decisions in Bitcoin are taken over the interchange of opinions among designers and mining pool owners on mailing lists. On the one hand, the Bitcoin ecosystem is distant from being decentralized; on the other hand, the growing centralism of the system does not stand by any transparent protocols. This could, in turn, lead to severe

consequences on the fortune and standing of the mechanism.

Eyal, Gencer, Sirer and Renesse (2013) concluded that Bitcoin-NG is a radical scalability plan that employs “micro blocks” and “key blocks” to circumvent the switch between transactional throughput and dormancy in bitcoin’s current peer-to-peer communication system. The authors also introduced few innovative metrics such as consensus delay and mining power utilization for computing the security and proficiency of block chain protocols.

### **Research Methodology**

This paper is both an exploratory study as well as based on descriptive studies. Survey and Direct Interview method was used to obtain first hand data from 50 corporate professionals and executives working in top MNCs of Delhi-NCR about basic awareness about Bitcoin and other questions designed to highlight identified variables. The secondary data was procured from papers and studies done already.

### **Analysis and Discussion**

#### **Section I: Bitcoin Trading Mechanism and Performance Evaluation**

The key benefit of Bitcoin system, equated to the digital currency methodologies established before Bitcoin, is that it permits transaction between any two parties without the mediation of an authority like central bank. A public ledger of transactions is maintained in the peer-to-peer network of Bitcoin users. The dealings such as the number of Bitcoins received and sent by a specific user (Bitcoin address) are maintained in that ledger. Miners in the Bitcoin mechanism are the bodies that unravel the computational proof-of cryptographic problems and hence create the blocks which form the Bitcoin transactions. Miners also get remunerated in terms of Bitcoins for resolving the proof-of-work cryptographic issues. The Bitcoin cryptocurrency archives its transactions in a public log called the blockchain. Its security

rests analytically on the distributed protocol that sustains the blockchain run by miners. The Bitcoin functions in the mode as the ATM that comprises of a string of numbers or letters attached in a certain fashion. A pin is often presented to the user of the Bitcoin account for undertaking any type of monetary transaction with any individual across the globe. The prices of bitcoins have gone through various schedules of appreciation and depreciation termed as bubbles and busts. In 2011, the value of one bitcoin swiftly rose from about US\$0.30 to US\$32 before coming back to US\$2. During the 2012–13 Cypriot financial crisis, the bitcoin price activated and recorded a high of US\$266 on 10 April 2013, before hitting to around US\$50. Bitcoin has volatility 7 times greater than gold, 8 times more than the S&P 500, and 18 times greater than the US dollar (Exhibit 1)

After a prickle in its value in 2013 and consequent instability of its price, the value of Bitcoin has started steadying of late. However, recurrent disagreements and emergence of whims like ‘Gold for Bitcoin’ have raised significant legal and policy issues with respect to handling cybernetic currencies. The Reserve Bank of India and the European Banking Authority have also alerted the users against the dangers of virtual currency but have not recommended any regulations. However, the New York State Department of Financial Services has originated a set of regulations which are also not extensively acknowledged by the Bitcoin community. Between December 2016 and December 2017, the price of Bitcoin has risen almost 1600 percent as depicted in Exhibit 2

#### **Section II: Bitcoin- Impact on Indian Financial Sector**

Cybernetic currencies are becoming quite popular in India due to its wide publicity. Although such virtual currencies have no legal grounds or support mechanism few bitcoin exchanges are operating in full

swing for example Zebpay, Coinsecure, and Unocoin etc. Significantly Bitcoin has become more popular after demonetization. However, people are hopping into trading of Bitcoins without clearly knowing its operative mechanisms and attached security risks. Bitcoin is not legally acknowledged in India. Income tax authorities are reportedly scrutinising transactions at bitcoin exchanges in Mumbai, Bengaluru, Delhi and Gurgaon. There is no clarity on the charge of taxes associated to bitcoin transactions in the country. There are supposedly at least 11 Indian bitcoin trading platforms that reportedly claim to have about 30,000 members transacting at a given point of time. Ministry of Finance Government of India has instituted an inter-disciplinary committee to investigate and report the status of virtual currencies both in India and globally. Till date, trading in virtual currencies including bitcoins are not officially legalized in India and it is the outstanding proceeds in bitcoin in last few years which is fascinating the prospective investors. Also, there is no link as such witnessed between the event of demonetization and Bitcoin prices in India. On 2nd Aug, 2016, bitcoin price was at \$550. There was a gradual upward movement since then. Bitcoin prices in India were rising steadily even before 8th November’s 2016 demonetizations announcement by the government. There is no immediate upsurge in bitcoin prices post 8th December. In fact, there was categorically no price movement after demonetizations since India has an insignificant share in the global bitcoin industry. For the international bitcoin community, demonetization in India was not a relevant event. (Exhibit 3 and Exhibit 4). During mid-June, bitcoin prices had reconvened from \$450 to \$770 in less than 1 month time period. In general, the bitcoin cognizance in India has gone up since demonetizations. Bitcoin trade network in India is very small and it has no impact on global bitcoin prices. As on Dec 2017, Rs14.1 lakh is the amount one has to render to buy one unit of bitcoin from



Bengaluru-based bitcoin firm Unocoin, including a fee and tax. Considering that scale of virtual economy is already about 8 billion dollars, Indian legislators should first entirely comprehend the legal and policy issues connected with virtual currencies like Bitcoin before articulating any protocols for handling them.

Direct personal interview was conducted of 50 corporate professionals and other investors to evaluate the extent of their awareness about the cryptocurrency in practice particularly Bitcoin. Few of the respondents were actually the Bitcoin investors. Based on the survey and interview the following fears or challenges about the popularity and acceptance of Bitcoin in Indian economic context is discussed through multifold of challenges faced by Bitcoin in India:

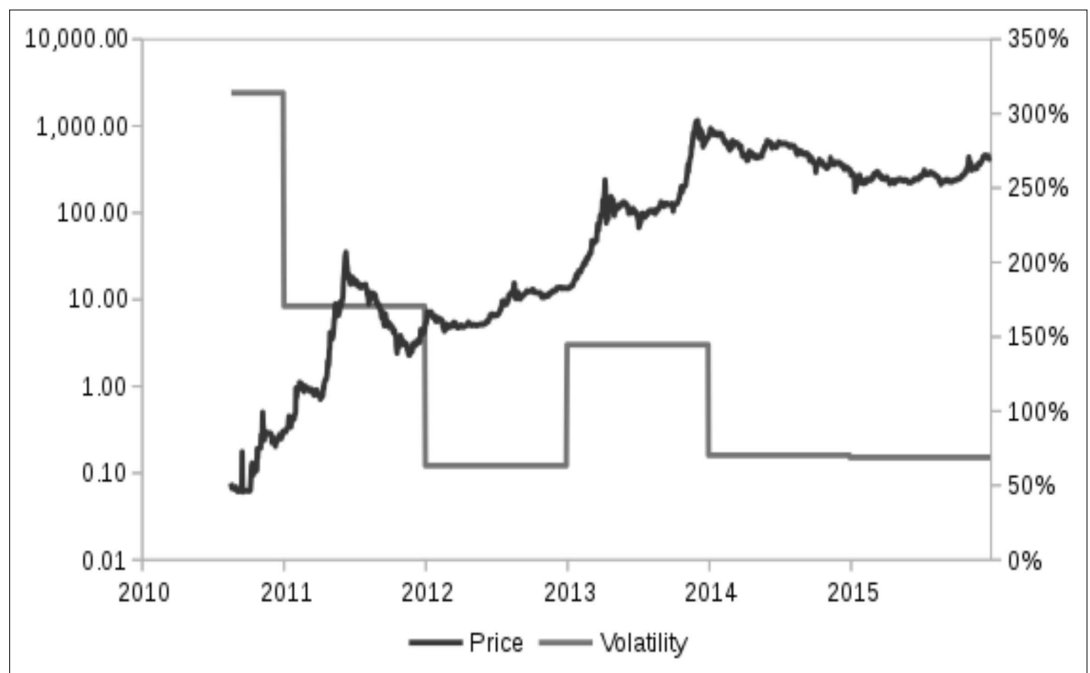
Since the value of money is driven by public faith and government support, it is not reasonable to entirely rely on Bitcoin as a medium of currency.

- Lack of suitable legal grievance redressal machineries for shielding and protecting the interests of investors have still not developed in India hence users cannot mitigate unwanted financial risks.
- Multifaceted complex issues relating to territorial jurisdiction might ascend in case of transnational Bitcoin dealings between users of different countries.
- Bitcoins in India still being in exploratory stage also pose few risks wherein the money generated can be used for disreputable activities like backing crime and terrorism, currency laundering, illegitimate money transfers, tax evasion, etc.
- Circulation of Bitcoins being fixed around 24 million currently, makes it immune to inflation but has a fabricated in deflation possibility which might boost hoarding of Bitcoins. The case is quite similar to that of gold except for the fact that it has no physical form or

fundamental asset which further adds to speculation and unpredictability of its value.

- Intricacy of complex mining algorithms and poor technical know-how might make it difficult for financial intermediaries to comprehend and work with virtual currencies centered on mathematical algorithms.
- Inspite of the limitations discussed above, in India Bitcoin has been generating stable returns every year except year 2015 when it generated

negative return. On an average basis it has generated a yearly return of 412% during (March 2013-Feb 2018) whereas it is only around 19% in case of Nifty Sensex (Table 1). As far as risk is concerned; the standard deviation of Bitcoin has been 394%, which is on a very higher side as compared to 13.67% in case of Nifty. Based on return per percent of risk, Nifty stands comes before Bitcoin as an investment opportunity (Table 2).



**Exhibit1: Price - Volatility relationship of Bitcoin**

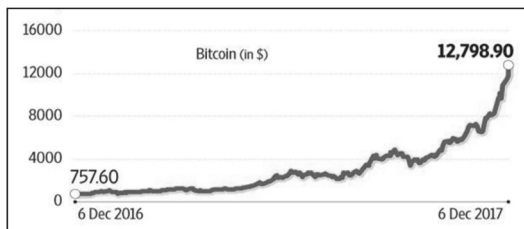
Source: [www.wikipedia.org](http://www.wikipedia.org)

**Table 1: Trading Volume of Bitcoins in INR traded at Localbitcoins exchange during (March 2013-February 2018)**

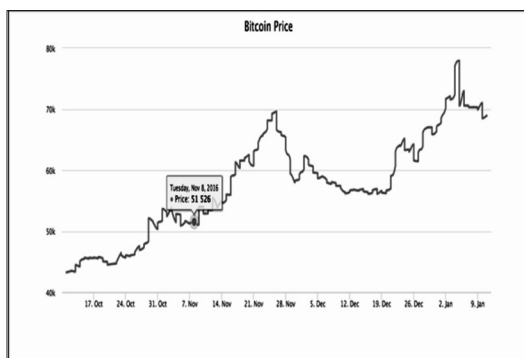
Date	Trading Volume (BTC) expressed in INR (crores)	NIFTY Sensex (Market turnover)
01-03-2013	11.4009	3648.803
01-03-2014	114.3466423	4785.759
01-03-2015	639.5094	6770.306
01-03-2016	1103.0027	6449.571
01-03-2017	1227.491169	10816.723
01-02-2018	463.0998062	16748,057

**Table 2- Average Return and Average Risk (March 2013-Feb 2018)**

Parameter	Average Return	Average Risk (standard deviation)	Return per percent of Risk
Bitcoin	412.117	394.213	1.045
Nifty	19.30	13.675	1.41

**Exhibit 2: Surge in price of Bitcoin during Dec 2016 - Dec 2017**

Source: Bloomberg

**Exhibit 3: Bitcoin price movement post Demonetization in India**

Source: www.coindesk.com

### Findings and Conclusion

In India, till date, the significance of bitcoin as a medium of currency exchange seem limited, predominantly if one ignores the illegal activities. It has been used as an avenue to relocation of funds outside the traditional and planned channels and, apparently, as a speculative venture opportunity. Individuals bet on bitcoin with an intention to develop it into a full-fledged currency. Few of bitcoin's features brand it less appropriate than prevailing currencies and payment

structures. But if bitcoin becomes extensively accepted, it will definitely not remain free of government intrusion, because the governance of the bitcoin code and network is impervious and susceptible and demands a stable watchdog authority. As legislators look for a way forward to standardize Bitcoins and other virtual currencies, they have comprehended that it is too early to design a suitable legal or policy reaction for running virtual currencies like Bitcoin. Like every other know-how, it must be given some time to progress before an absolute legal and policy machineries are articulated. In this respect, a multi-stakeholder approach to deliberate upon these diverse instruments can prove to be a convenient starting point to deliver some form of strategy in context of managing simulated currencies like Bitcoins in India. Additionally, it is essential to initiate an inter-disciplinary sensitivity within experts like solicitors, financial intermediaries, banks and software engineers etc. to commendably contribute to such multi-stakeholder mediums and support in creating a win-win status quo for all backers. There is need to plan appropriate courses or training curricula for the same. Hence, it is exceptionally vital that Indian legislators should organize multi-stakeholder mediums to for initiating better inter-disciplinary policy frameworks ties for formulating appropriate public policy regulations to implement the virtual currencies like Bitcoin and constantly evolving action plans to make sure that they reach their rational conclusion. It can be concluded that Bitcoin has become prominent inspite of its volatile nature as there are solid strikes in its assessment in a short time of period across the globe and even in India. Therefore, purchasing Bitcoin with the equivalent amount of risk taken as capitalizing in securities market prove to be a substitute in terms of earning revenues.

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## ROLE OF LEADERSHIP STYLE IN EFFECTIVE FUNCTIONING OF EDUCATIONAL INSTITUTES

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### Abstract

Educational Administrator or Head of an Institution plays an important role in effective functioning of that particular educational institution. He acts as a pivot around which faculty, management and students move for the smooth functioning of the Institution. Educational Administrators are expected to shoulder the responsibility of managing an institution effectively along with motivating the faculty and staff to keep its competitiveness. In current scenario, we are witnessing a real alarming trend in our professional institutes where the faculty members keep on shifting their jobs from one institute to others. Also taking into consideration the students, we find that most of them are “non attending” resulting in lowering the effectiveness of education. This “non attending” attitude of students may be because of the head of the institution being concerned mainly about “fees” as compared to the faculty working and focussing on these students. Over a period of time, this attitude of administrative head leads to dissatisfaction among the faculty members. The way an Educational Administrator function decides the future success or failure for an educational institution. The main purpose of this paper is to provide an insight about the leadership style as practised by the Educational Administrators in Institutes of higher education.

**Keywords:** Education, Professional Colleges, Institutes, Leadership, Administrators

### Introduction

Educational Administrators are expected to shoulder the responsibility of managing an institution effectively along with motivating the faculty and staff to keep its competitiveness. All the stakeholders especially faculty members and students are strongly connected with the practices adopted by an educational administrator in the educational setting. Appropriate practices of educational administrator not only keep the day to day functioning of an organization smooth but also boost the morale of faculty members which in turn gets converted into committed performance. Their major responsibility is to develop academic programs, monitor students, educational progress, motivate faculty and other staff, manage guidance and other student services, administer record keeping, prepare budgets, handle relations with parents of prospective and current students, community and also perform many other duties.

### Review of Literature

The purpose of this section is to provide a

bird’s eye view of few important studies in the field of leadership both in corporate and educational setting.

Smith (2000) stated that the principal of an institution is an instructional leader, who supports, inspires and develops students and faculty as well as communicates effectively with the public within the educational environment. Bass (1981) mentioned that leadership is a universal phenomenon and is observed from ancient to modern times. Burns (1978) found leadership hard to comprehend, but is considerable in human activities and can be perceived without notice. There are many definitions of leadership and most of them are pointing towards leading followers to reach a specific achievement. Definitions of leadership vary widely, as do the approaches taken to its study.

A comprehensive definition of leadership was offered by Burns (1978): Leadership is leaders inducing followers to act for certain goals that represent the values and the motivations- the wants and needs, the

aspirations and expectations- of both leaders and followers. And the genius of leadership lies in the manner in which leaders see and act as their own and their followers’ values and motivations.

Ramsden (1998) had come up the concept of Academic Leadership. Leadership in higher education have features such as leadership in teaching, leadership in research and leadership in strategy, vision and networking. With all these responsibilities and the chief concern of the administrators is to enhance job satisfaction of the faculty. Smith (2000) conducted a research on perceived principal behaviours by teachers of elementary schools and defined that leadership is a process, by which influence is put on individual or group to achieve a goal. Owens (1991) viewed that leader finds and gratifies needs of the followers so that goals can be achieved by influencing followers. Keeping in view the above gaps, this study has been carried out to achieve the objective of identifying the leadership style of educational administrators being perceived by their subordinates in

colleges / institutes offering Professional and Non Professional education in Haryana.

For the purpose of the present study, both primary as well as secondary data has been collected. The secondary data has been collected from related journals, magazines, relevant expert blogs and websites of concerned bodies. Help of internet has been taken wherever necessary like for obtaining list of professional and non professional colleges, official websites of Directorate

of Technical Education, Haryana and Department of Higher Education, Haryana. The primary data on leadership behaviour has been collected with the help of structured questionnaires and the responses have been collected by personally distributing the questionnaires to potential respondents and wherever necessary sending it through e-mail. General demographic characteristics like age, gender, designation, qualification etc. about respondents have also been collected.

The respondents comprise of members of teaching staff pertaining to colleges offering professional and non professional programs in Haryana. The study was carried out through Descriptive Survey Method on a sample of 425 teachers. Within the professional and non professional colleges, the teachers comprise both from government and private colleges.

**Table 1: Respondent Profile for N = 425**

Sr No	Particulars	Sub-Group	Type of College			
			Professional	%	Non Professional	%
1	Number of Respondents	216	50.82	209	49.18	
2	Age	Below 30	87	40.28	62	29.67
		31-40	79	36.57	92	44.02
		41-50	35	16.20	30	14.35
		50-60	13	6.02	21	10.05
		Above 60	02	0.93	04	1.91
3	Gender	Female	122	56.48	98	46.89
		Male	94	43.52	111	53.11
4	Highest Qualification	Ph D/ M. Phil	39	18.06	85	40.67
		M. Tech / MBA	114	52.78	12	5.74
		MA / M.Sc / M.Com	-	-	112	53.59
		B. Tech	63	29.17	-	-
5	Designation	Professor	22	10.19	14	6.70
		Associate Professor	41	18.98	27	12.92
		Assistant Professor	153	70.83	168	80.38
6	Teaching Experience (in Years)	Below 1	17	7.87	13	6.22
		1-5	60	27.78	78	37.32
		6-10	81	37.50	65	31.10
		11-20	41	18.98	28	13.40
		Above 20	17	7.87	25	11.96

Source: Primary Survey

From the above table it can be observed that the respondents' profile is a balanced mix of teachers from different types of colleges, age groups, gender, possession of highest qualification, designation and teaching experience make them eligible to reply the study related questions and become the representative part of the study.



### Leadership Style of Educational Administrators: Analysis of Data

The data collected has been checked and edited on the grounds of its accuracy, consistency and completeness. Analysis has been carried out with the help of statistical tools relevant to the study. For the purpose of data analysis, simple numerical descriptive measures like Arithmetic Mean and Standard Deviation are used to describe the variation in the data. For making inferences out of available data, inferential statistical tools like t-test and one way Analysis of Variance (ANOVA) supported by binary comparison values has been worked out. In order to have a better understanding, data related to college sub types have also been considered for analysis.

### Initiating Structure Leadership Style: Descriptive Statistics and t- ratio

The analysis of Initiating Structure leadership style as perceived by the respondents highlights the Educational Administrator's behaviour in delineating the relationship between himself and the members of his group. It also focuses on establishment of well defined patterns of organization and ways of getting the job done. The respondents were asked to rate the behaviour of their educational administrators as perceived by them on fifteen items and a five point scale pertaining to examine Initiating Structure Style of leadership. The descriptive analysis of Initiating Structure leadership style of Educational Administrators on the basis of college type has been presented in Table 2 below:

**Table 2: Means, SDs and t-ratio of Initiating Structure Leadership Style of Educational Administrators on the basis of College Type**

College Type	N	Mean	Std. Deviation	t- ratio	Mean		
Difference	df	Std. Error Difference					
Professional	216	1.99	0.40	4.65*	0.19	423	0.04
Non Professional	209	2.19	0.47				

\* Significant at 5% ( $p = 0.05$ )

From the table above, it can be inferred that there is a difference in perception about the Initiating Structure Style of leadership being practiced by the Educational Administrators in the institutions offering professional and non professional education. To further examine, a t- test has been applied to find out the significance difference between the means of Initiating Structure leadership style in the said institutes. Above table shows that the mean score regarding Initiating Structure leadership style in institutes offering non professional programs ( $M = 2.19$ ) is higher than the same behaviour as perceived in institutes imparting professional education ( $M = 1.99$ ). A relatively lower value of standard deviation states the unanimity of respondents about their perception.

The obtained t value ( $t = 4.65$ ) confirms its significance at 5% level of confidence. It can be interpreted that Educational Administrators of non professional institutes are more practising the initiating structure style of leadership. They establish well defined patterns of rules, policies and ways of getting the work done from their subordinates. It indicates more of autocratic style of leadership to run the institution.

### Discussion

The results indicate that there is a significant difference between the leadership styles of Educational Administrators representing institutes offering professional and non professional education. This difference is more evident when these colleges are further

considered for government and private entity. While taking into account the style of leadership, overall it has been observed that educational administrators of institutes offering professional education have shown dominance in adopting this style as compared to their counterparts. Similarly, a high level of initiating structure style has been observed with administrative heads of non professional education imparting institutes. Apart from Professional Government and Non Professional Government Institutes, administrative heads of all other institute categories have shown a significant difference in their leadership styles.

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## CORPORATE GOVERNANCE IN LIGHT OF THE COMPANIES ACT, 2013

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### Abstract

Corporate governance is a relatively newer term underpinned by Company Law and has gained significant attention worldwide. India too has made creditable regulatory efforts for ensuring corporate governance in the industries. It refers to the way by which a corporation is governed. It is a technique by which companies are managed and controlled and involves balancing the interests of all the stakeholders of a company by ensuring corporate transparency, accountability and responsibility. The newly enacted Companies Act, 2013 lays greater emphasis on corporate governance practices and brings new provisions and regulations in corporate sector. The present paper is an attempt to highlight the provisions of the Companies Act, 2013 regarding the corporate governance practices in Indian industries. The paper reveals that the new act brings about noticeable changes in the way corporate are governed and enhances the roles and responsibilities of Board of Directors by making them more accountable for their actions which would ultimately minimize the incidents of corporate frauds.

**Keywords:** Corporate Governance, Companies Act, 2013 and Board of Directors.

### Introduction

The term “Corporate Governance” is of vital importance in the present corporate world. Few decades ago ‘Governance’ as a word was rarely used by businessmen. Presently, to run their organizations almost all businessmen follow governance with specific importance on its accountability, integrity and risk management. Primarily, it is well established that corporate governance includes usual relationships among a company’s board of management, its security holders and other stakeholders (Claessens & Yurtoglu, 2012). Corporate governance is about promoting corporate fairness, transparency and accountability (Koti, 2014). It is a set of policies, practices and standards which ensure that relationship with various stakeholders is maintained in transparent and honest manner (Kumar, 2014).

Essentially, two factors are responsible for underlying corporate governance in the world. In the first place, the wave of financial crisis in 1998 in Russia and Brazil and most of the countries of Asia affected and destabilized seriously the economies of the global financial system. Secondly,

the growing corporate scandals surfaced in United States and European countries due to lack of corporate governance practices. In India, corporate governance has picked up a great deal of significance after Satyam Fraud. This scam prompted the businessmen to focus on efficient, transparent and flawless corporate governance in their companies for better stability, profitability and desired growth (Usmani, 2017).

Further, the rapid pace of globalization and liberalization induced companies to have effective corporate governance strategy and to embrace improved standards of corporate governance to run their business. To limit the cases of frauds, malpractices and financial instability in companies, both policy makers and business managers focused on the significance of enhanced corporate governance practices. At global level, Organization for Economic Co-operation and Development (OECD) and World Bank constantly worked upon for better corporate governance and adopted a set of principles to fortify the structure of companies. Similarly, in India several steps have been taken by Securities Exchange Board of India (SEBI),

Ministry of Corporate Affairs (MCA) and Government of India (GOI) to improve the corporate governance in Indian companies (Afsharipour, 2009).

Good corporate governance practices are presently turning into a need for every nation and are no longer confined to the public listed companies in advanced industrial economies (“CACG Guidelines”, n.d.). India’s corporate governance framework contains a range of measures that promote accountability, responsibility and transparency. In this matter, the Companies Act, 2013 needs a special mention. The new act supplanted the old act of 1956 and is a major milestone in the corporate governance sphere in India and is probably going to have a noteworthy impact on the governance of companies in the country (Kumar, 2014).

The present paper focuses on the provisions of the Companies Act, 2013 with regard to corporate governance. The paper is divided into four sections. Section I provides the development scenario of corporate governance in India. Section II presents the brief overview of Companies Act, 2013.

Provisions of the Act are given in Section III. Conclusion is given in Section IV.

### **Development Scenario of Corporate Governance in India**

During the British colonial period, Indian companies were controlled by British guidelines and directions. First time the Companies Act was introduced in India in 1866 which was the imitation of the English Companies Act. Thereafter, it was altered and revised several times (Usmani, 2017). After the independence, especially in 1950s and 1960s, the Tariff Commission and the Bureau of Industrial Costs and Prices were set up by the Government of India. Soon after the independence, the Securities Contracts Regulation Act, 1956 and the Companies Act, 1956 came into existence (Sharma, 2014).

During 1970s and 1980s, the banking institutions developed quickly and there were several laws and regulations framed to regulate these institutions. Particularly in 1990s, during the period of Liberalization, Privatization and Globalization (LPG) one of the imperative developments took place in the field of corporate governance and investors' protection i.e. the establishment of Securities Exchange Board of India (SEBI) in 1992 (Afsharipour, 2009).

The first phase of India's corporate governance reforms were aimed at making boards and audit committees more autonomous, effective and focused monitors of management (Joshi, 2004). In April 1998, the Confederation of Indian Industry (CII) proposed a voluntary code of corporate governance called 'Desirable Corporate Governance Code'. The code called for independent non-executive directors to constitute at least 30 percent of the board, if the chairman is a non-executive director and at least 50 percent when the chairman and managing director was the same person ("Indian Corporate Governance", n.d.).

However, a couple of organizations adopted the code voluntarily. The Birla Committee in its report said that "under Indian conditions a statutory rather than a voluntary code would be far more purposive and meaningful, at least in respect of essential features of corporate governance". The committee made several recommendations which were acknowledged and approved by SEBI who codified a mandatory Clause 49 of the listing agreement of stock exchanges. The Clause 49 made adherence to corporate governance norms mandatory. In August 2002, another committee was appointed by the Department of Company Affairs under the Ministry of Finance and Company Affairs, who presented its report in December 2002. The committee made recommendations with respect to financial and non-financial disclosures, independent auditing, grounds for disqualifying auditors and types of non-audit services that the auditors are precluded from performing, etc. Further, the Murthy Committee set up by SEBI reviewed Clause 49 and recommended to improve corporate governance standards by concentrating on the role and structure of corporate boards and director independence ("Indian Corporate Governance", n.d.).

### **Companies Act, 2013: An Overview**

The Companies Act, 2013 is an act of the Parliament of India which regulates incorporation of a company, obligations of company directors, dissolution of companies and so forth. The act is divided into 29 chapters containing 470 sections and 7 schedules (Prasad, n.d.). On 23 October 2008, Companies Bill, 2008 was presented in the Lok Sabha to replace the Companies Act, 1956. But it was not succeeded. Again Companies Bill, 2009 was reintroduced on 3 August, 2009 in the Lok Sabha which was referred to the Standing Committee on Finance of the Parliament for examination (Roy & Celestina, 2009). Report of the Committee was presented in the Lok Sabha on 31 August, 2010. Thereafter, the Companies Bill, 2012 was introduced and

passed in the Lok Sabha on 18 December, 2012. The bill was then put before Rajya Sabha and passed by it on 8 August 2013 paving way for a new company law. At last, the bill sent to President for his consent and after having received the consent of the President of India on 29 August 2013, it has now become the much awaited Companies Act, 2013 (Kumar, 2014). The act came into force on 12 September 2013.

### **Corporate Governance in light of the Companies Act, 2013**

The introduction of Companies Act, 2013 bring new provisions and controls in corporate sectors ("Synopsis of Companies Act 2013", n.d.). The principle objective of the newly enacted act is to ensure responsibility, accountability and transparency in the corporate practices. The new act seeks to usher in more transparency and governance in the corporate bodies other than creating the growth in the present global structure. The act focuses on good corporate governance practices by expanding the roles and responsibilities of the board, ensuring shareholders' interest and brings in a disclosure based regime. It brings noteworthy changes in the way companies are administered (Kumar, 2014). The act provides for the following provisions:

- A. Appointment of Board: The Companies Act, 2013 provides that a public as well as a private company can have a maximum of fifteen directors on the board and appointing more than fifteen directors would require approval of shareholders through a special resolution in the general meeting. It also provides for at least one woman director on the board for such class or classes of companies as may be prescribed. The act makes it obligatory for a company to have minimum one director who has remained in the country for a period of 182 days in the previous calendar year.

- B. Number of Directorships: A person cannot become a director in more than twenty companies instead of fifteen as provided in the Companies Act, 1956. But the condition is that out of twenty companies he cannot be the director of more than ten public companies (Kumar, 2014).
- C. Appointment of Independent Directors: As per Section 149(4) of the act, every listed public company is required to have at least one-third of the total number of directors as independent directors, whereas in case of any class or classes of public companies the Central Government may prescribe the minimum number of such directors. Being independent of the operations of a company, an independent director can effectively evaluate the performance of board, scrutinize the performance of the management of company and safeguard the interests of the stakeholders in a better way.
- D. Duties of the Directors: Section 166 of the act stipulates certain duties of the directors of a company. These include:
- To act as per the articles of the company.
  - To act in good faith in order to promote the objects of company for the benefit of its member as a whole and in the best interests of its employees, shareholders, community and for the protection of environment.
  - Exercise his duties with due care, skill and determination and exercise independent judgment.
  - Not to indulge in a situation in which he may have a direct or indirect interest that conflicts or may conflict with the interest of company.

- Not to achieve or to endeavor to achieve any undue advantage either to himself or to his relatives, partners or associates.
- Not to allot his office and any assignment so made shall be void.

- E. Liabilities of the Directors: As per Section 166 of the act, if a director is discovered guilty of making any undue gain either to himself or to his relatives, partners or associates, he shall be liable to pay an amount equivalent to that gain to the company. Furthermore, if a director contravenes the provisions of this section, he shall be punishable with fine which shall not be less than Rs. 1 lakh however may extend to Rs. 5 lakh.
- F. Establishment of Committees: Section 177 of the act requires the BOD of every listed company and certain other companies to constitute an audit committee consisting of a minimum of three directors with the independent directors forming a majority. The majority of the members of the committee should have the capacity to understand financial statement so that they can monitor and find out fraudulent financial practices.

Section 178 of the act requires the BOD to constitute a nomination and remuneration committee comprising of minimum of three non-executive directors with one half independent directors. The committee decides the qualifications of both directors and senior management. The committee also makes recommendations with respect to the remuneration.

Section 178 (5) of the act requires every paper company having more than one thousand security holders to constitute

a stakeholder relationship committee to resolve the grievances of security holders of the company.

Section 135 of the act requires every company having net worth of Rs. 500 crore or more, or turnover of Rs. 1000 crore or more or a net profit of Rs. 5 crore or more, to constitute a corporate social responsibility committee so as to maintain a harmony between economic and social objectives of the company ("Indian Corporate Governance", n.d.).

### Conclusion

Corporate governance practices are currently turning into a need for every country and it is clearly evident that inefficient management practices led to several financial crisis and business collapses around the world. These business failures forced the business world to think and worry upon the need of good corporate governance practices. A corporation is considered as a social institution and public attention towards corporate scandals and collapses have put pressure on Governments and corporations to focus on the issue of corporate governance. The public protests over corporate scandals have made it clear that the status quo is no more acceptable and the public is demanding transparency, accountability and responsibility in corporate practices.

The Companies Act, 2013 is significantly changing the way companies are governed. The act focuses on good corporate governance practices by increasing the role and responsibilities of board and protecting shareholders' interests. Numerous provisions of the act relating to good governance will have wide range implications and bring in greater transparency, responsibility and accountability and in the mean time minimize the frequency of corporate frauds.



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## THE IMPACT OF FINANCIAL GLOBALIZATION ON INDIAN FINANCIAL MARKET: A CASE STUDY OF REGIONAL RURAL BANK

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### Abstract

The RRBs were set up in India under the RRB Act, 1976 with a view to build up the provincial economy by giving, with the end goal of improvement of agribusiness, exchange, trade, industry and other beneficial exercises in the country zones, credit and different offices especially to little and peripheral ranchers, farming workers, craftsman's and little business people and for issues associated there with and coincidental thereto. In the underlying stages amid the 1980s, RRBs were viewed as basically taking into account the BPL populace by loaning to them towards meeting their venture needs. Yet, after the obligation waivers of the mid 1990s, the reimbursement issues of the country saving money framework started to be amplified with a consequent withdrawal in the stream of credit to little borrower accounts through the saving money framework. The recapitalization of RRBs amid 1994-2000, alongside a reorientation towards productive working re-established the fortunes of RRBs. From there on the procedure of amalgamation which was begun in 2005 has brought about the quantity of RRBs being brought down from a pinnacle of 196 to 57 toward the finish of 31 March 2014. The researcher had made a modest attempt in this article to understand the impact of Financial Globalization on Indian financial market with the reference of Regional Rural Banks (RRBs) in the two main district of Uttar Pradesh.

**Keywords:** RRB, Regional Rural Bank, Globalization, Financial, Economy, India, Uttar Pradesh, etc.

### Introduction

The beginning of the RRBs can be followed to the requirement for a more grounded institutional plan for giving country credit. The dispatch of local rustic banks (RRBs) can be viewed as an interesting investigation and involvement in enhancing the adequacy of provincial credit conveyance system in India. RRBs have been in presence for around four decades with the target of extending the effort of the keeping money framework to serve particular populace fragments. A RBI Working gathering under M. Narasimham conceptualized the making of RRBs in 1975 as another arrangement of privately situated banks serving provincial zones, which would consolidate the vibe and recognition of rustic issues normal for cooperatives with the polished skill and expansive asset base of business banks. An exertion was made to incorporate business saving money inside the expansive strategy push towards social managing an account keeping in see the neighborhood conditions with joint offer holding by Central Government,

the concerned State Government and the supporting banks. In this manner, the RRBs were set up through the declaration of RRB Act of 1976 with their value held by the Central Government, concerned State Government and the Sponsor Bank in the extent of 50:15:35. In this manner, RRBs should advance as particular provincial budgetary organizations for building up the rustic economy by giving credit to little and minor ranchers, agrarian workers, craftsman's and little business people.

Throughout the years, the RRBs, which are seen and have turned into a kind of indistinguishable piece of the country credit structure? They have assumed a key part in rustic institutional fund as far as topographical scope, customer base effort and business volume as additionally commitment to advancement of the provincial economy. An exceptional component of their execution particularly finished the previous three decades or so has been the monstrous development of their retail arrange in country

zones. Be that as it may, up and down this procedure the feasibility of RRBs remained a test, and their asset reports stayed feeble, requiring measurements of capitalization.

Rustic improvement possesses a huge place in the general financial advancement of the nation. Gandhi stated, "India lives in towns". He focused on the rustic character of the economy and the requirement for recovery of country life. Since freedom, it has been the consistent undertaking of our approach producers to give satisfactory push to rustic improvement, as the part is straightforwardly identified with horticulture – still the pillar for most of the number of inhabitants in India. The concentration has never moved from building up the nation's immense tracts of rustic grounds. It should grasp every one of the goals of enhancement and improvement of the general nature of provincial life through proper advancement of labor assets, framework offices and vocation. In any case, country improvement arranging is an exceedingly intricate and complex subject

which needs a multidimensional approach, in which different parts, for example, horticulture, industry, training; social life, culture and social equity must be dealt with. Thus, numerous rustic improvement programs have been created like Integrated Rural Development Program (IRDP), Training of Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA) and so forth.

Notwithstanding, it was discovered that these projects did not deliver the normal constructive changes in the life of country individuals (Shete, 1999). So the Government of India outlined and executed another program Swarnajayanthi Gram Swarozgar Yojana (SGSY) in 1999 supplanting IRDP and its united plans like Training of Rural Youth for independent work (TRYSEM), Development of ladies and kids in Rural Areas (DWCRA), Supply Improved Toolkits to Rural Artisans (SITRA), Ganga Kalyan Yojana (GKY) and Millions well plan (MWS) for destitution destruction and provincial business age. The plans of Jawahar Grama Samridhi Yojana (JGSY) and Employment Assurance Scheme (EAS) were additionally converged with the SGSY. Alongside this, the Government likewise propelled different plans like Pradhan Manthri's Grama Sadak Yojana (PMGSY), Prime Minister's Rozgar Yojana (PMRY) and so forth; for the improvement of country individuals. Each of these plans are presented with the monetary help of Commercial Banks (CBs). In any case, the offer of Non Performing Assets (NPAs) in advances to the aggregate NPAs of CBs under the administration supported projects is demonstrating a rising pattern in the nation (Pagaria and Yadav 2001). So it is very suspicious, regardless of whether these plans have enhanced the monetary guidelines of agriculturists, particularly little and minor ranchers, who constitute a lion's share of provincial masses.

From a humble start of 6 RRBs with 17 branches covering 12 locales in December 1975, their number developed into 196 RRBs with 14,446 branches working in 518 areas the nation over. By March 2004 RRBs had a substantial branch organize in the provincial regions conforming to 43 for every penny of the aggregate country branches of business banks. The rustic introduction of RRBs was impressive with provincial and semi-urban branches constituting more than 97 for every penny of their branch organize. The development in the branch arranges empowered the RRBs to extend keeping money exercises in the unbanked regions and activate provincial investment funds.

To address worries about the feasibility of RRBs, in 2001 RBI constituted the Dr V S Vyas Committee on "Stream of Credit to Agriculture and Related Ac the significance of RRBs in the rustic credit framework and the choices for making them suitable. A few different boards of trustees additionally proposed the production of reasonable RRBs through a procedure of amalgamation. The solidification procedure hence was started in the year 2005 as an off-shoot of the Vyas Committee proposals. The main period of amalgamation was started Sponsor Bank-wise inside a State in 2005 and the second stage was over the Sponsor banks inside a State in 2012. The procedure was started with a view to give better client benefit through enhanced foundation, computerization, experienced work constrain, basic exposure and showcasing endeavors, and so forth. The amalgamated RRBs additionally advantage from bigger territory of operation, upgraded credit presentation limits for high esteem and assorted managing an account exercises. Because of amalgamation, the quantity of the RRBs has decreased from a pinnacle of 196 to just 64 as on 31 March 2013. The quantity of branches of RRBs, not withstanding, expanded to 17,856 as on 31 March 2013 covering 635 areas all through the nation. The procedure of amalgamation has proceeded and there were 57 RRBs

amalgamated bank-wise at the state level starting at July 2014.

The RRB Act which was being considered by the parliamentary standing advisory group on fund has been passed in April 2015. The revisions in that are gone for expanding the pool of financial specialists to tap capital for RRBs. Hence government is investigating another class of financial specialists out in the open area banks. Government has additionally been trying different endeavors to make RRBs a beneficial foundation by imbuing new capita, enabling RRBs to loan for business ventures, consortium fund, remote money, and protection business on referral premise. RRBs are additionally moving towards CBS for adequacy and to expand the client base. All RRBs are as of now on the CBS stage. As a methodology to progress money related incorporation in the nation the RRBs by and by have attempted a forceful branch development program, RRBs opened 913 and 947 new branches amid 2011-12 and 2012-13 individually. Amid 2013-14, the RRBs have opened 438 branches taking the combined number of branches to 19,082 as on March 31, 2014. The temporary monetary consequences of RRBs for the year 2013-14, demonstrate that all of 57 RRBs have earned benefits conglomerating INR 2,833 crores, indicating great budgetary recuperation. Nevertheless it has additionally been contended that there has been mission float in their working since their initiation.

The quick development of RRB has without a doubt helped in lessening significantly the local variations in regard of keeping money offices in India. The endeavors made by RRB in branch extension, store activation, rustic advancement and credit sending for weaker segments of provincial regions are generous and far reaching. RRBs have to a great extent been fruitful in taking managing an account to country families, especially in keeping money denied provincial territories, and to make accessible simple and less expensive

credit to weaker rustic segments who have been generally subject to private banks; to support provincial investment funds for profitable exercises; and encouraging venture and business, while in the meantime cutting down the cost of credit in country regions. Consequently RRBs have assumed a huge part in fortifying the saving money arranges in India. In any case, regardless of every one of these endeavors and the current presentation of new specialty banks, it could be tested whether RRBs are assuming the part for which they had been framed.

### Review of Literature

Various examinations have been embraced on need segment progress and rustic or agrarian credit by academicians; look into organizations, banks and governments. Basu (1970) analyzed the part of Commercial Banks (CBs) in the arranged economy of India after nationalization. The investigation depicted how the CBs entered another period of 'mass' managing an account in lieu of 'class' keeping money in the post nationalization time. The examination obviously uncovered that CBs gained astounding ground in the field of agrarian back.

Jain (1972) in his Ph.D. work endeavored to test into the part and working of CBs in India. The examination likewise inspected the topic of how social control on banks initiated CBs in financing ignored parts of the economy. The examination uncovered that since 1968, there had been an adjustment in the state of mind of banks towards rural credit and that the offer of agribusiness credit in the aggregate progress had begun rising.

Jain (1973) in his investigation of nationalized banks and country credit in Bhilwara District in Rajasthan found that there was gigantic deferral in preparing of advance applications and defilement in these establishments.

Jussawala (1976), in his examination, called attention to that with the presentation of

20 point financial program, banks were given characterized part/obligation in the upliftment of weaker segments of the general public and in the coordinated development of economy.

Padhy (1980) basically inspected the rustic advancement explore in connection to Indian CBs and furthermore examined the issues emerging out of their essence in country zones and conceivable arrangements from various plots for the truly necessary improvement and modernization of the provincial part in India.

Sarkar (1983) influenced an endeavor to think about the association of managing an account part in need division to progress amid the period 1969 – 1982. He inferred that banks ought to react decidedly to the changing national strategies and needs to accomplish development and circulating social equity.

An investigation directed by the Kerala State Planning Board (1983), with respect to IRDP uncovered that exclusive 14 percent of recipients could cross the destitution line of Rs.3500/- per annum. It was additionally uncovered that by the undue significance given to horticulture and unified projects, uneconomic possessions, misutilization of assets, delay in conceding advances and absence of portrayal of nearby bodies and financing offices in arranging and execution of the program were the variables in charge of the inability to achieve the coveted and foreordained objectives of the program.

Kuttikrishnan (1984) in his investigation of IRDP in a town in Kannur area in Kerala found that lone 20 percent was qualified for help under the plan. The examination additionally uncovered that borrowers abused the reserve got. The examination presumed that the program bombed in raising the wage levels of recipients who were beneath the neediness line.

The examination directed by Nair and Nair (1984) drew out the way that the objective of IRDP was settled for the entire nation without considering the shifting financial conditions and the extent of neediness in various areas or state. The examination demonstrated that the vast majority of the recipients were not qualified for the plan since they were over the stipulated wage level at the season of choice for help.

Administration of India, Department of Rural Development (1986) led an examination on IRDP covering 36 areas all finished India and found that lone 5 percent of the recipients had crossed the neediness line. The examination watched that next to no accentuation was given to the approach for the execution of the program and that successful preparing was not given to the staff at the locale level and the square level for its usage. Subsequently, the program and its rules were wrongly translated by numerous and were not successfully executed.

James (1986) in his examination found that lone 18 percent of the borrowers abused the credit allowed by the North Malabar Gramin Bank (NMGB) to different financial exercises. The installment execution of the loanees demonstrated that most of the defaulters had a place with the 'dairy plot' trailed independent from anyone else work and business plans.

National Institute of Banking Management (1986) made an endeavor to break down the patterns and examples of investment funds stores in India, in an overview led on 90,000 family units. The investigation detailed that the present bank store preparation plans had not yet achieved the uneducated and those whose instruction was underneath the essential level. This demonstrates saving money is to a great extent the propensity for instructed individuals. The investigation proposed that it was fundamental to decide and actualize potential procedures to achieve these gatherings.



Ramachandran (1987) in his doctoral exposition, made an endeavor to contemplate the part of business banks in country advancement. He found that the extent of bank help was not satisfactory and the deferral in endorsing credit brought about high cost of obtaining. He additionally found that usage of credit is high in essential part. He presumed that bank help has helped greater part of provincial individuals to expand their pay and work and proposed to build the size of back, improve the documentation conventions and lessen delay in giving and dispensing of credits.

Thingalaya (1987) has, in his work, gained an endeavor to survey the ground made by the Indian saving money framework amid the period 1947 – 87.

Pavithran (1988) has, in his doctoral thesis, gained an endeavor to contemplate the ground of working of monetary foundations in Kerala and their part in helping borrowers in producing salary and business and in changing their societal position. He found that borrowers of high-pay assemble profited of better money related help from monetary organizations in light of their high ground in instruction, arrive property, occupation and so on. His investigation uncovered that larger part of borrowers produced wage and enhanced social conditions subsequent to obtaining. His report likewise uncovered the deficiency of wage of the lower pay bunches for their advance reimbursement. He recommended to disentangle the advance method, lessen the cost of getting, and to change the reimbursement calendar to coordinate with expected come back from the plans.

Rasiah (1993) contemplated the part and elements of PACS and other institutional offices in country zones and furthermore analyzed how far these foundations prevailing with regard to wiping out moneylenders from provincial situation. The examination announced that despite the fact

that the part of institutional organizations expanded constantly, the moneylenders had an unmistakable part in provincial zones. The examination inferred that the credit conceded by PACS was deficient for meeting the necessities of individuals.

Veerasekharappa (1995) completed an examination relating to the examples and use of ranch back by institutional organizations. The examination featured that land holding specifically and training to some surviving, were the administering components of openness to credit and resulting overdues. Postponements and defilements were a typical wonder in the conveyance of institutional fund. As the rate of recuperation was under 60 percent, over dues as an extent of exceptional sums were around 25 percent.

### **Statement of the Problem**

Advancement and globalization introduced by the Government in the mid 1990s have tossed open numerous difficulties to the Indian budgetary segment (Ranjanakumar, 2003). The saving money and budgetary segment changes, which were presented in the nation as a component of the general monetary changes, are affirmed to have exacerbated the country credit condition. To cite “the simple aggregate disregard of rustic credit by strategy producers amid the period 1991-96 is to a great extent owing to the unfriendly condition made by the money related segment changes” (Majumdar, 1999). One of the suggestions of the Narasimham Committee selected by RBI in 1991 on money related framework is that the objective of bank credit to need divisions ought to be downsized from 40 percent to 10 percent of net bank credit. Despite the fact that the RBI did not acknowledge this proposal, the mentality of open division banks changed in a general sense and they began defaulting happily on need area progress (Majumdar, 1999, 2000). The offer of need segment progresses declined from almost 41 percent in 1990-91 to 37 percent in 1995-96 (Majumdar, 1999). The preparatory examination additionally

demonstrates that despite the fact that Priority Sector Advance (PSA) of SCBs expanded from Rs. 42,915 centers in 1990 – 91 to Rs.263834 crores in 2003-04, a six time increment in sum, its offer to net bank credit has really declined from 39.3 percent to 34.5 percent amid an indistinguishable period from against the objective of 40 percent. Further, the concessional help given by RBI through National Agricultural Bank for Rural Development (NABARD) was pulled back and the sum so spared was redirected to connect the spending hole of the administration, rather than using in the need segment. RRBs and Co-agent Banks likewise changed over to put resources into non target roads like offers and debentures of organizations, units of common assets, obligations of open part endeavors and so forth, which brought about a switch stream of assets from rustic to urban area.

### **Objective**

The reason for this approach paper is to comprehend RRB’s command and their part in contributing in money related consideration in India. Essentially, aside from the typical take a gander at execution and scope particularly as to Financial Inclusion (FI) and the advance and interest the Prime Minister’s Janna (PMJDY), Dhan it is intended Yojna to find out basically from the RRB authority how they see their part in the present and rising money related design, what are the exceptional issues, what is the sort of help they are getting and they might want to get from support banks and other government organizations in seeking after their part, and what particular strategy recommendations they might want to offer to RBI/GOI towards their successful working.

Featured beneath are a portion of the expansive destinations and issues canvassed in the paper. Example of loaning for RRBs, i.e. dispersion of portfolio including NPAs Assessment of advance made by the RRB under PMJDY with most recent information Evaluate the status/eagerness of the current

RRBs keeping money structure for monetary incorporation under Jan Dhan Yojana.

The general goal of the examination is to assess the effect of managing an account and money related area changes on the provincial credit conveyance framework. Under this wide goal, the investigation has the accompanying particular targets:-

- To assess the effect of managing an account division changes on stores and credits, need segment progress and farming credit of planned business banks in India.
- To examine the effect of saving money area changes on stores and credits, need segment progress and horticultural credit of booked business banks in Kerala.
- To recognize the issues looked by banks in need segment progress and government plans loaning.
- To discover the state of mind of bank chiefs towards need area progress and government plans loaning.
- To analyze the demeanor of bank directors towards Banking Sector Reforms.
- To evaluate the level of help of the bank directors towards managing an account division changes.
- To plan proposals.

### Hypotheses

- There is no huge distinction in the rate of development sought after, time and aggregate store of planned business banks in pre and post change periods.
- The rate of development in credit of planned business banks isn't altogether unique in pre and post change periods.
- There is no huge change in the rate of development in need area progress, agrarian loaning and SSI progress of planned business banks in pre and post change periods.
- There is no huge contrast in the rate of development in advances to peripheral, little and extensive agriculturists in pre and post change periods.

- There is no huge contrast in the rate of development of stores and credits of booked business banks in Kerala in pre and post change periods.
- There is no huge contrast in the rate of development of stores and credits of planned business banks in Kerala when contrasted with national level.

### Significance of the Study

Rustic credit conveyance framework has an essential part in provincial improvement of the nation. Starting with the Co-agent credit structure, trailed by country branches of business banks and after that the RRBs, the institutional structure has developed and extended amid the most recent a long time since freedom. Despite these development programs, a substantial portion of the rustic economy is still past the compass of the sorted out business banks (Joshi, 1998 (b)). The offer of business banks in the aggregate renegotiate on concessional terms is just around 18 percent, which demonstrates the requirement for expanded investment of these banks in the regressive zones.

As specified before, keeping money division changes have made grave issues in the country credit. No genuine endeavors have been made by provincial credit organizations in activating rustic stores and they neglected to oblige the genuine needs of the country individuals, particularly the center and poor class. So even now, the standard individuals are outside the circle of the composed establishments and they are in the grasp of moneylenders (Joshi, 1998(b)). The unsupportive mentality of business banks, high exchange cost, over levy disorder, non-reasonability and NPA angles have made a matter of genuine discourse among the general population, identifying with the part of the composed monetary foundations in provincial improvement (Joshi, 1998(b)). No arrangement of arranging is productive unless sufficient significance is given to country area and rustic credit framework. An incorporated provincial improvement is the

need of the day. The managing an account division changes are required to give sufficient help to maintainable advancement in the rustic segment. As Majumdar says, "saving money changes don't just mean ATMs, computerization of treasury operations, Visas, NRI branches, and maybe managing in securities. They additionally include loaning to the gainful areas, need parts, and little borrowers. Creating reasonable credit organizations and giving credit to the provincial poor inside the parameters of the wide destinations of destitution mitigation is a settled improvement strategy" (Majumdar, 1999). How far these changes add to provincial improvement involves genuine talk at display. So it is basic to assess the effect of these changes on the provincial credit conveyance framework. Here an endeavor is being had to assess the effect of Banking Sector Reforms on the working of planned business banks. The discoveries of the examination may enable strategy producers to like the Government, RBI, NABARD and so on., and provincial credit establishments particularly SCBs in taking different measures for reviving rustic credit which is so fundamental for the improvement of the nation.

### Scope of the Study

Local Rural Banks have been assuming a key part as an imperative vehicle of credit conveyance in rustic regions with the target of credit dispersal to little, peripheral ranchers and socio monetarily weaker segment of populace for the improvement of horticulture, exchange and industry. Be that as it may, their business feasibility has been addressed because of their constrained business adaptability, littler size of advance and high hazard in advances and advances.

In spite of the fact that RRBs had a quick extension of branch system and increment in volume of business, these foundations experienced a troublesome developmental process. A portion of the issues with the working of RRBs have been distinguished as:

- Constrained zone of operations
- High hazard because of presentation just to the objective gathering
- Mounting misfortunes due to non-suitable level of operations in branches situated at asset poor territories
- Substantial dependence on support banks for venture roads
- Weight of government endowment plans and lacking learning of clients prompting low quality resources
- Unionized staff with low responsibility regarding benefit introduction and practical productivity
- Deficient abilities in treasury administration revenue driven introduction
- Deficient introduction and abilities to improve items constraining the loaning portfolios
- Deficient push to accomplish wanted levels of greatness in staff fitness for dealing with the undertakings and business as a free substance

It is likewise felt that rustic banks are portrayed by an absence of straightforwardness in their operations which prompts unequal connection amongst financier and client with numerous provincial clients additionally unfit to benefit keeping money offices at the current branch areas. In this aggressive time, RRBs would need to focus on rapid, subjective and secure saving money administrations to hold existing clients and pull in potential clients. While a few answers are being found in the new budgetary consideration methodology different issues stay alongside crisp difficulties postured by the developing money related design.

### Research Methodology

The paper is based on primary and secondary data on Regional Rural Banks in India. It includes: Visits and structured interviews with RRB leadership and line managers in PSIG states of U.P. and Bihar and other well-performing RRBs in Andhra Pradesh

and Karnataka focusing on their role and challenges for financial inclusion and policy issues, interviews/consultations with NABARD, Sponsor Banks, and sector experts. Secondary literature, including studies and policy documents from various official sources such as RBI, DFS, NABARD, etc. apart from research studies of independent scholars and agencies.

Policy discourse is around the emerging financial architecture in its significance for the RRBs latest data on RRBs outreach and performance from RBI and DFS and a few case studies of successful innovations of RRBs operating in India.

### Data and Methodology

The study is both empirical and analytical. Both primary and secondary data have been collected for the purpose of study and analysis.

### Secondary data

Secondary data have been collected from published and unpublished records of Government Departments, RBI, Lead Bank Offices, branches and regional offices of commercial banks and NABARD office. Data were also obtained from various publications of RBI like RBI Bulletin, Annual Reports of RBI, Handbook of Statistics on the Indian Economy, Banking Statistics - Basic Statistical Returns, Report on Trend and Progress of Banking in India and Report on Currency and Finance. Data were also obtained from the publications of Central and State Governments like Economic Survey, Census Reports, Economic Review and Survey Reports on Indian Agriculture and various committee reports relating to agriculture and rural credit. Annual credit plans of Lead Banks and State Level Banker's Committee (SLBC) Reports were also used for data collection. Data were also obtained from various periodicals like Yojana, Kurushetra, Prajatan, Economic and Political Weekly, Southern Economist, and Economic Challenger and from NABARD

office.

### Primary Data

Primary data have been collected from managers of selected bank branches of SCBs in Agra and Mainpuri districts regarding their branch participation in priority sector Advance, perception towards PSA, problems in PSA and government schemes lending, attitude towards BSRs and the level of support extended to BSR measures. The field survey was conducted with a structured questionnaire. It was personally administered by the researcher.

### Sample Design

A multi-stage sampling technique was designed for the study. In the first stage, two districts in UP were selected - one forward district and one backward district for a comparative study. The two neighboring districts Agra and Mainpuri were conveniently selected for the study. The list of scheduled commercial bank branches functioning in the two districts was collected from lead bank offices.

In the second stage SCB branches were selected from the different administrative blocks excluding metropolitan banks. The block classification consists of rural, semi urban and urban areas, where the SCB branches are functioning. The bank branches functioning in the Cochin city were not included in the source list as the study is mainly focused on rural credit. There are 455 SCB branches in Mainpuri district. Among these 265 bank branches are functioning in 15 blocks of the district consisting of 163 PSBs and 102 private sector bank branches, which were taken into account for preparing source list, as these banks are included in Service Area Approach (SAA) of the RBI and are functioning in rural and semi urban areas. In Agra district, there are 96 branch offices of SCBs, of which 66 are PSB branch offices and 30 are private sector bank offices, functioning in 8 blocks. Out of 265 bank branches in Mainpuri district, 65 branches were selected—40 PSB branches and 25



private sector bank branches. Twenty-five bank branches were selected from Agra district consisting of 16 PSBs and 9 private

sector branches. Thus, the total sample of 90 branch offices amounted to 25 percent of the total units (361) in the source list (Table 1.1).

**Table 1.1: Sample Units**

Districts	Total Units			Sample Units		
	Public Sector banks	Private Sector banks	Total	Public Sector banks	Private Sector banks	Total
Mainpuri	163	102	265	40	25	65
Agra	66	30	96	16	9	25
Total	229	132	361	56	34	90

### Reliability Test

The concept of reliability refers to how accurate, on the average; the estimate of the true score is in a population of objects to be measured (Singh, 1986).

Guthman Split Half test was applied to know the reliability of the statements and questions incorporated in the questionnaire.

In this research Protocol Analysis is used to ensure reliability of responses. It is a rigorous methodology for eliciting verbal reports of thought sequences as a valid source of data on thinking. In this, subjects are asked to “think aloud”, leading to a new type of verbal reports of thinking. It is an important technique to ensure reliability of responses given in the questionnaire (Ericsson and Simon 1993, Hair et al., 2003).

Ten statements were used to evaluate the attitude of bank managers towards priority sector advance and their reliability was tested and the values obtained were 0.5632 and 0.4887. Ten problems related to priority sector advance were identified and their reliability was also tested. The values obtained were 0.7569 and 0.4192. In evaluating government schemes lending (GSL), eleven problems were identified and their reliability was tested. The values obtained were 0.7155 and 0.6588. To know the attitudes of the bank managers towards banking sector

reforms introduced, eight statements were incorporated and their reliability also was tested and the scores obtained were 0.3298 and 0.4877. To evaluate the level of support towards banking sector reforms thirteen statements were used and their reliability was tested. The reliability scores obtained were 0.5689 and 0.6533.

### Tools of Analysis

The data collected were analyzed with the help of mathematical and statistical tools like Average, Percentage, Ratios, Weighted scores and ranking, Exponential growth rates, Likert analysis, Gutman Split – half technique, t test, F test, ANOVA, Chow test and Multi dimensional scaling (MDS). Annual growth rates were computed to know the growth of deposits and credits of SCBs. Ratios were used to evaluate credit deposit position and bank group wise classification of deposits and credits. Percentages of sector wise distribution of branch offices were calculated. Exponential growth rates were calculated during pre and post reform periods in respect of the different variables like deposit, credit, priority sector advance, agricultural advance, etc. Chow test was applied to know the significance of change in the exponential growth rates of deposits, credit, priority sector advance and agriculture advance, etc. in pre and post reform periods. Multi dimensional scaling was used to know the concentration of different problems in

PSA and GSL. Student’s t test was applied to know the difference in the level of support of bank officials towards banking sector reforms. ANOVA test was applied to know the differences in the attitude of the bank managers towards banking sector reforms in different bank groups. Tables, Graphs and Charts were also used to present the data.

### Banking and Financial Sector Reforms in India

It is over 10 years since financial changes were presented in India and this is a suitable time to think back for an assessment and to design the future game-plan. The year 1991 is an essential historic point year, as the monetary changes in the nation began from that year. The nation experienced an extreme monetary emergency activated by a genuine adjust of installments position. The emergency was changed over into a chance to present some basic changes in the substance and way to deal with monetary arrangement. The reaction to the emergency was to set up an arrangement of strategies went for adjustment and auxiliary change. While the adjustment strategies were gone for rectifying the shortcomings, that had created on the financial and adjust of installment fronts, the basic changes tried to expel the rigidities that had gone into the different fragments of the Indian economy.

The way toward changing the character and structure of money related markets has from various perspectives been a worldwide marvel; however the inspirations for improving residential monetary markets have differed from nation to nation. Issues of monetary area progression and change, including components, for example, successful bank supervision, changing managing an account controls, loan cost strategies and so forth., have gotten consideration among creating nations as well as in an extensive number of created nations. The obligation emergency of the mid 1980s, emphasized the move towards receiving measures to give more prominent profundity,



liquidity and security to the International Financial Markets. As indicated by the Bank for the International Settlements (BIS), more than 30 governments over the world have needed to help their monetary establishments in trouble in the course of the most recent 10 years and furthermore achieve ensuing changes in their administrative condition and market structure (Rangarajan, 1998). The change of the monetary division in the mechanically propelled nations was activated to a noteworthy degree by the globalization of banks and the budgetary markets. The globalization incline started toward the finish of 70s and was affected by components, for example, prohibitive controls on keeping money like Regulation "Q" in the United States. Truth be told, the production of the Eurodollar showcase was maybe an antecedent to formation of more liberated and market driven money related frameworks. Further, the crumple of the Brettenwoods system had introduced a period of gliding trade rates in many nations. The ensuing abrogation of capital controls by a few nations brought about the improvement of solid cross-fringe streams and exchanging. Concurrent innovative advances in the monetary division fortified the data assets of banks, empowering them to offer continuous purchasing and loaning of money related resources, making benefit and misfortune openings for the duration of the day. These patterns were fortified by the development of solid rivalry among establishments, particularly from non-saving money monetary foundations. With the qualification amongst banks and non-banks descending, a few limitations particular to the keeping money area got destroyed.

### **Role of Commercial Banks in Rural Credit**

Institutional fund is the soul of present day financial framework without which no framework can survive. In rural improvement additionally its part is essential. Sufficient institutional credit is thought to be the most imperative factor, which if appropriately gave, will go far to put the economy of

the agriculturists particularly the little and negligible ranchers on a sound balance (Selvaraj, 1998)

The term provincial improvement alludes to a wide exhibit of formative projects went for creating country zones through the production of framework offices to enhance the state of rustic individuals. The very idea of country advancement on the worldwide level had its starting point in the mid seventeenth century in England. A gathering of individuals called 'Quakers' or companions sorted out themselves on the standards of benevolent forfeit.

### **Schemes for Rural Development**

The Government of India has composed and actualized countless for formation of work, destruction of destitution and for guaranteeing general improvement in provincial zones. Business Banks are the principle players in the execution of these plans.

- Coordinated Rural Development Program (IRDP)
- Lead Bank Scheme (LBS)
- Differential Interest Rate (DIR)
- Little Farmers Development Agency (SFDA)
- Minimal Farmers and Agricultural Laborers Development Agencies (MFAL)
- Agriculturists Service Societies (FSS)
- Swarnajayanthi Gram Swarozgar Yojana (SGSY)
- Indira Awas Yojana (IAY)
- PM's Rozgar Yojana (PMRY)
- Pradhan Manthri's Gram Sadak Yojana (PMGSY)
- Part of Commercial Banks in Rural Development

Country money related framework is an effective instrument and a pre essential in quickening the formative exercises in provincial territories. It works through two arrangements of foundations in the composed and sloppy divisions (Nair,

2000). The disorderly segment comprises of nearby cash loan specialists, landowners, brokers, dealers and so on; in which case no powerful control can be practiced by the administration. They to a great extent work in a self-ruling design with its own particular standards and train. Obviously, the offices in the chaotic area in our towns have still a commanding position in country back (Joshi 1997, Singh et al., 2001, Jeromi 2002). They charge extreme rates of intrigue and they keep on exploiting the poor provincial masses. The circumstance brought about the development of institutional organizations in rustic credit under the control and heading of the legislature.

RRBs appeared in 1975, based on the proposals of the working gathering headed by Mr. M. Narasimham with a view to give keeping money offices to the country masses and expanding wide assortment of monetary help to the weaker and poorer segments of the rustic group (Naidu, 2001). Over the most recent 30 years, RRBs have been dynamic members in programs intended to give credit help to recognized recipients under the new 20 point program, IRDP and other uncommon projects for country improvement. Inside around 2 many years of their being set up RRBs have been liable to close examination by various master advisory groups like Bhandari Committee, Basu Committee, M.L. Dantwala Committee, Agricultural Credit Review Committee (Khusro board of trustees, 1989) and M. Narasimham council (Joshi 1997, Mazumdar, 1998). As on March 31st 2004, there were 196 RRBs in India with 14433 branches in 516 regions. They activated stores of Rs.50,000 crores and the remarkable advances remained at Rs.22000 crores (Valsamma, 2004) RRBs likewise confronting various issues. The majority of the RRBs are in misfortunes because of high cost of operations, low profitability and poor recuperation of advances (Toor 1998, Deshpande et al., 1998; Das 1998, Valsamma 2005).

### Banks and Rural Development

It is just as of late that business banks set out on the voyage of provincial improvement bigly. The quantity of business banks has expanded from 187 of every 1981 to 291 out of 2004.

They are giving short, medium and long haul credits to agriculturists straightforwardly and in a roundabout way. They have been opening branches in until now minimal known zones and have likewise changed their loaning techniques to bring a bigger populace inside their ambit. They gave a noteworthy push to country advancement with various plans like SAA, DIR, LBS, and Consortium approach for arrangement of credit, definition of DCPs, Review of Credit Plans and so forth. These plans executed gave a gigantic lift to the legislature supported programs in destitution mitigation, independent work age, trim creation and so on.

Since July 1991, the Indian keeping money division has been seeing extensive variety of changes. The credit arrangement of the RBI goes for giving a bundle of measures to guarantee satisfactory help by the keeping money segment to the restoration of yield in the economy. Under the general stipulation of need area credit of 40 percent of the net bank credit and the sub focus of 18 percent recommended for agribusiness loaning, immediate and backhanded classes of advances to horticulture had been clubbed. Nonetheless, loaning for aberrant horticulture ought not to surpass ¼th of the aggregate agribusiness loaning. Advances made by banks to SSIs are dealt with as need division progresses. To guarantee the stream of credit to SSIs it is stipulated that 40 percent of the SSI propels made by each bank ought to go to house, Khadi and town businesses and modest units with interests in plant and apparatus up to Rs. 5 lakhs.

As on 30th June 2004, out of aggregate 67,097 branches of SCBs, 32,207 branches were working in country zones, aside from

15,028 branches situated in semi urban regions (SLBC, 2004). The RBI, according to its rules on 24th August 1996, set up Local Area Banks (LABs) in the private part with a specific end goal to offer support to country and semi urban reserve funds and to give institutional credit to practical financial exercises in the neighborhoods. Nearby banks should take into account the necessities of the neighborhood individuals and to give effective and aggressive money related intermediation benefits in the regions of operation (Yadav, 2005). These advancements, be that as it may, raised the level of hazard being dealt with by the worldwide money related framework. While chance rose, the edges diminished. Reaction to expanding rivalry and diminishing edges came as money related item advancements built especially in order to stay wobbly Sheet.

### Summary of Findings and Recommendations

Rustic advancement has dependably remained the point of convergence of financial improvement of the nation since the start of the arranging period. In the Indian setting, it is a societal issue instead of a monetary issue. The goal of rustic advancement is to advance financial exercises by guaranteeing successful use of country assets, and guaranteeing satisfactory human welfare in the provincial life. Bank back is an unavoidable factor deciding and encouraging the usage of country assets and financial exercises. The idea of social keeping money was presented by the Central Government in 1960's and significant banks were nationalized and clear directions were given for opening branches in provincial unbanked regions with the unmistakable understanding that banks should go about as a decent companion of rustic individuals.

In any case, it is upsetting to take note of that the BSRs presented in India changed the demeanors of banks and they now give top need to benefit and riches collection. Their cooperation in rustic territories as number of

branches, development of stores and credits, and CD proportions declined amid the post change period. The push on farming credit likewise declined. The stream of country stores to urban territories made issue of lack of assets in rustic exercises. So the low CD proportion is a hot issue in the state throughout the previous couple of years. In the meantime, gainfulness of SCBs enhanced extensively in the post change period. In this unique circumstance, the effect of BSRs on the execution of SCBs in rustic credit is broke down.

The destinations of the investigation are to assess the effect of keeping money division changes on stores, progresses, need part advances and agribusiness credit of SCBs in India and UP, to distinguish the issues felt by bank supervisors identifying with need segment advances and government plans loaning, to look at the disposition of bank troughs towards need segment propel, government plans loaning and keeping money part changes and to evaluate the level of help of bank administrators towards managing an account area changes and to figure proposals.

### Conclusion

Strategy choices may not be penny percent productive. Here likewise the impacts of BSRs are not by any stretch of the imagination effortless. There are the two accomplishments and entanglements because of managing an account part changes. On the one side, the change measures rolled out certain positive improvements. The benefit and budgetary soundness of SCBs impressively enhanced, capital base extended, resources quality improved, working costs and NPA level extensively declined. On the opposite side, there are sure entanglements. The utilitarian execution of SCBs declined at the national level in the post change period. The development rate of stores and progresses and the offer of country stores and advances to add up to declined in the post change period. Nonetheless, the

offer of metropolitan store and advances to add up to expanded. The all India country CD proportion likewise declined, however the metropolitan CD proportion forcefully expanded.

The compound rate of development in the measure of need area propel, farming and SSI progress likewise declined fundamentally at the national level in the post change period. The compound rate of development in the measure of advances to minor, little and expansive ranchers additionally declined. These demonstrate that a change in outlook has occurred in bank propels, especially in need area progress. Banks need to play safe thus their needs in loaning are coordinated towards new vistas like lodging, vehicles, buyer durables, development and so forth. So the rising needs of farming and industry are getting rearward sitting arrangements.

Rather than the national level outcomes, the stores and advances expanded at higher compound rate in UP in the post change period. Despite the fact that the CD proportion demonstrated a declining pattern, some positive signs is found toward the finish of the post change period. In any case, it is upsetting to take note of that the CD proportion of the UP based private area banks is lower than that of PSBs, however they have a decent capital base. The compound rate of development in the measure of need division propels expanded, yet the offer of horticulture and SSI progress declined in the post change period. Be that as it may, the state level rates are higher than the national level rates.

In a creating economy like India, social objectives ought to run next to each other with monetary objectives to mitigate neediness by giving credit offices to need division, especially to the weaker areas of the general public. So the practical execution of SCBs should be renewed and reinforced. The sparing – drove SHG-bank linkage program started by NABARD in 1992 as a

pilot venture for connecting 500 SHGs to banks, has now been perceived as the biggest and quickest developing small scale back program on the planet and as on 31 st walk 2004, bank credit has been reached out to 10,79, 091 SHGs (Yadav, 2005). The mission of NABARD is to interface one million SHGs with the general saving money framework by the year 2008, obviously, an appreciated approach. Further, as a component of its push on agribusiness, Union Bank of India additionally began to open town information focuses and provincial instructional hubs in all areas in the nation for the advantage of agriculturists.

### **Suggestions**

Book keeping hones have been endorsed more in consonance with universal book keeping guidelines with the fundamental goals of upgrading straightforwardness, respectability and responsibility.

Resource arrangement criteria have been recommended and standards overseeing wage acknowledgment have been set down with the point of giving quantifiable objectivity.

Prudential standards have been recommended regarding arrangement of substandard resources.

- Loan costs deregulation.
- Diminishment of Statuary, Liquidity Ratio and Cash Reserve Ratio.
- More prominent adaptability for banks and money related foundations in taking an interest outside trade exchanges.
- Diminish the level of NPAs to reinforce institutional base.
- The formation of advantages remaking assets to rejuvenate powerless banks.
- Liberal approach towards remote banks being opened in India.

### **Recommendations**

The scientist likes to propose the accompanying suggestions keeping in mind

the end goal to tackle the issues profoundly felt in the managing an account part.

- Country advancement ventures have a tendency to endure if the saving money strategy creators don't embrace a bolder way to deal with rustic credit. The quantity of rustic branches ought to be expanded in order to give more credit to ranchers. The SCBs should go about as closest companions of country individuals.
- The tremendous possibilities of preparing stores in rustic territories ought to be viably used by planning appropriate activity designs.
- The decision amongst formal and casual credits is chiefly controlled by their openness in provincial territories. The casual part is portrayed by straightforwardness and flexibility. So the formal organizations of SCBs must be made openly available to ranchers and poorer areas of the general public.
- There is a propensity for formal credit foundations to stream all the more effortlessly to agronomic ally created districts and to generally bigger ranchers, leaving the regressive locales and little agriculturists to the casual moneylenders. This ought to be redressed and steps ought to be assumed to upgrade praise offices to little and minor ranchers.
- Steps ought to be taken to guarantee fruitful administration of credit by giving right compose and perfect measure of advances to right sort of customers. This upgrades profitability and nature of loaning, with the goal that credit conveyed guarantees the normal level of creation, work and wage, which will ensure auspicious reimbursement of advances and reusing of loan able assets.

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## RESPONSIVENESS OF DIGITAL CURRENCY AMONG THE PUBLIC

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### Abstract

In this modern and global world where technology is the essential part of our everyday lives currency is not the exception of it. Digital Technologies spurs rapid economic growth with citizen empowerment across the globe. These technologies are being increasingly used day by day from retail stores to government offices. In this digitalized world where everything available on a click people also want to maintain their wallet in the digital form. So the Virtual currency is a kind of digital currency which is activated by the development of technology and the use of the internet. Virtual currency is a type of unregulated, digital or crypto currency, which is issued and controlled by private developers. Such type of currency has a specific market and used by a precise virtual community. The transaction process of virtual currencies is complex and not easy to understand without a sound technical knowledge. In this paper authors are trying to analyze the awareness of digital currency among public and risk associated with it.

**Keywords:** Virtual currency, Medium of exchange, Awareness

### Introduction

Currency portrays the richness of the country in terms of culture as well as wealth of nation. Ancient Indians were the earliest issuers of coins in the world, along with the Chinese and Lydians (from the Middle East). The first Indian coins – punch marked coins called Puranas, Karshapanas or Pana – were minted in the 6th century BC by the Mahajanapadas (republic kingdoms) of ancient India (Pal, 2016). The journey of currency is very long-standing in India and passed through different phases of life cycle. In the ancient time the main function of the currency is the medium of exchange. But at present time it is not only the medium of exchange but performs other functions also i.e., unit of account (also called a measure of value) a store of value along with medium of Exchange (Mankiw, 2009 & Krugman, 1984).

Nowadays currency is the essential part of any kind of operation which makes the transactions convenient to the people. In today's virtual world where everything is digitalized our currency is also change in the digital mode.

Digital currency or electronic currency is available only in digital form, not in physical form such as banknotes and coins. Digital currency is a money balance recorded electronically on a stored-value card or other device. These currencies reveal properties similar to physical currencies, but permits instant transactions and borderless transfer-of-ownership like virtual currencies or digital base money. These currencies may be used to buy physical goods and services like traditional coinage system, but may also be restricted to certain communities.

David Chaum introduced the idea of digital cash first in 1983. Origins of digital currencies date back to the 1990s Dot-com bubble. One of the first was E-gold, founded in 1996 and backed by gold. Another known digital currency service was Liberty Reserve, founded in 2006; it let users convert dollars or euros to Liberty Reserve Dollars or Euros, and exchange them freely with one another at a 1% fee (Cloherty Jack, 2013). Q coins or QQ coins were used as a type of commodity-based digital currency on Tencent emerged in early 2005. It was so effective in China that it have had a destabilizing effect on the

Chinese Yuan currency due to speculation (Asia Times, 2006). At present interest in crypto currencies has prompted renewed interest in digital currencies, with bit coin, introduced in 2008, becoming the most widely used and accepted digital currency.

Digital currencies are a 21st-century creation - a mixture of digital assets, huge amounts of computing power and a network of servers on which to store shared data. These are web-based, peer-to-peer payment systems that depend on cryptography.

Cryptography is a technique which is used for payment and transaction of it. It is a kind of E-code technique, which changes messages or information in e-code version. This type of currency is as “a digital unit of exchange that is not supported by a government-issued legal tender” (GAO Report, 2012). The most well-known, and successful, example of crypto currency is the Bitcoin, introduced in 2008 (Nakamoto, 2008). Virtual currencies are digital representations of value, issued by private developers and denominated in their own unit of account. It can be obtained, stored, accessed, and transacted

electronically, and can be used for a variety of purposes, as long as the transacting parties agree to use them.

Potential users of virtual currencies may be attracted by its low transaction costs, its peer-to-peer, global and government-free design and the possibility to purchase special goods (e.g. illegal drugs). However, potential users may be “distracted” if the acceptability and the confidence in the system are low or if the price of the virtual currency is too volatile. If it happens then it does not enhance confidence and acceptability but will attract speculators, money laundering which further increases price volatility (Baur & Lee, 2016).

There are 1324 crypto-currencies are available over the internet. By market capitalization, Bitcoin is currently, the largest blockchain network, followed by Ethereum, Bit coin, Cash, Ripple and Litecoin. Some other types of crypto-currencies are Swiftcoin, Peercoin, Grid coin, Omni, Black coin, Dash, Digitalnote, Titcoin, Z-cash, Lisk etc. (List of crypto-currencies, 2017). Though lots of virtual currencies are there but people are aware about the name of just 2 or 3 currency.

### Review of Literature:

The competition or co-existence of virtual currencies with fiat currencies is often deliberated with reference to Gresham’s law that envisages that bad money drives out good money. Awkwardly, Gresham’s law cannot be applied to virtual currencies in most cases as the price of virtual currencies is generally not fixed to existing fiat currencies (Baur & Lee, 2016). Bitcoin has potential to replace traditional money. In order to do that, it must first evolve into a more secure form of money. Liaising with other forms of online payment and involving the government in insurance policies for protection against theft, are suggested steps for Bitcoin to grow out of its volatile stage (Singhal & Rafiuddin, 2014).

Bitcoin attracted a substantial number of users. Barber (2012) identify several issues and attacks of Bitcoin, and propose suitable techniques to address them. Virtual currency schemes differ from electronic money schemes in so far as the currency being used as the unit of account has no physical counterpart with legal tender status (European Central Bank, 2012). A significant part of the criticism of Bitcoin is it does not seem to follow the regression theorem. Mises put forth to explain the emergence of money. An attempt will be made to reform the regression (Ólafsson, 2014).

### Objective

The aim of the paper is to analyze the awareness of virtual currency among public. It is an effort to find out that whether the people are acknowledged about the jargons and the process of virtual currency or not. The finding can be useful for economist, policy makers and investors.

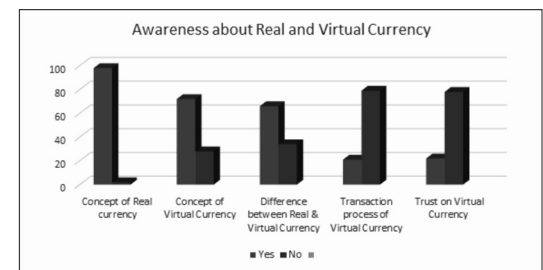
### Research Methodology

This paper is an attempt to explore the research through questionnaire based on purposive convenient random sampling. The mode of survey is e-mail, telephonic discussions or personal face-to-face meetings. The sample has been drawn through a detailed questionnaire that assesses the basic awareness of virtual currency. The sample size is 100 and has been selected from the area of educationist.

### Findings and Discussion

The data of research which is depicted by the graph below shows that populaces are well known about the connotation of Real currency but not familiar with the Virtual currency. People are unacquainted toward transaction process of virtual currency which is reflected in the trust factor also. The data of this factor shows that majority of the population not showing the trust on virtual currencies.

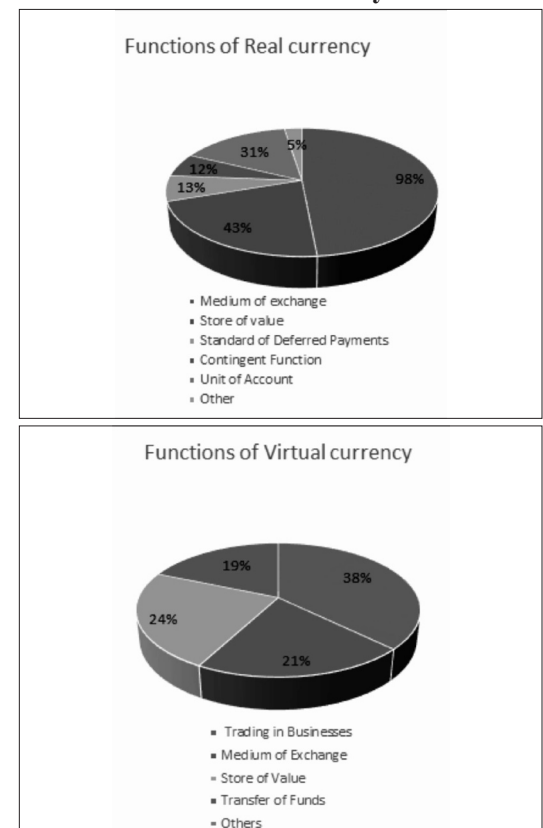
**Graph 1: Awareness about the Real and Virtual Currency**



Source: Computed by uthor itself

If we compare the different functions of both the currencies the results of the study shows that like community is less aware about the transaction process of virtual currency; similarly they also have less knowledge about the various function of it. The graph shows the result below.

**Graph 2: Difference between the functions of Real and Virtual Currency**



Source: Computed by author itself

### Risk associated with virtual currencies

In spite of the attractiveness and affirmative price enactment, digital currency is not without risk.

1. For feiture or obliteration of the private key: These types of currencies are kept in an electronic wallet and are control only by the possessor of both the public key and the private key relating to the E- wallet in which these currencies are held, both of which are unique. If the private key is vanished, shattered or otherwise conceded, an investor may be unable to access these currencies held in the related digital wallet which will essentially be lost. If the private key is acquired by a third party, then this third party may be able to gain access to it.
2. Hacking risks: Virtual currencies are not safe and targets by highly sophisticated hackers. In August 2016, nearly 120,000 units representing US\$72 million-worth of bitcoins were stolen from the Bitfinex exchange in Hong Kong, which led to an immediate 23% drop in pricing. Formerly, in September 2015, Bit Pay lost approximately \$1.8 million of bit coins due to a phishing attack. Though present technology gives you various modes of protection and security keys, still there are some fundamental issues related to H/W & S/W and password error. It is very easy to smart hacker to hack the digital wallets and access the important information. Britain's privacy watchdog websites is a good example of it which was affected by a "crypto mining" attack in February, 2018. Hackers take over computers and use their processing power to generate digital currencies.
3. Malicious activity: Trading platforms and third-party service providers may be vulnerable to hacking or other malicious activities. If one or more malicious actor(s) obtain control of sufficient consensus nodes on the

Bitcoin Network or other means of alteration, then a Blockchain may be altered. While the Bitcoin Network is decentralized, there is increasing evidence of concentration by creating of "mining pools" and other techniques, which may increase the risk that one or several actors could control the Network or other similar Blockchain.

4. Trading platforms and exchanges risks: Digital currency transaction platforms, largely unregulated and providing only limited transparency with respect to their operations. That resulted cases of fraud, business failure or security breaches, where investors could not be compensated for losses suffered.
5. Peer-to-peer transactions risks: Digital currencies can be traded on numerous online platforms, through third party service providers and as peer-to-peer transactions between parties. Many marketplaces simply bring together counter parties without providing any clearing or intermediary services and without being regulated. In such a case, all risks (such as double-selling) remain between the parties directly involved in the transaction.
6. Loss of confidence in digital currencies: Most virtual currencies are not backed by a central bank, a national or international organization, or assets or other credit, and their value is strictly determined by the value that market participants place on them through their transactions, which means that loss of confidence may bring about a collapse of trading activities and an abrupt drop in value.
7. Lack of security: Insecurity in such types of currencies is the main reason that public does not accept it easily. Digital illiteracy and lack of knowledge of transaction process and security keys makes it more insecure. Digital currencies are part of a new and rapidly evolving "digital assets

industry", which itself is subject to a high degree of uncertainty. Digital currency software is still developing for many incomplete features. New features and services are being developed to make this currency more secure and accessible. Lack of insurance & less secure quality make it more insecure currency.

8. Promote to black market and money laundering: Digital currencies cannot be exempt from criminal activities. It can be used for the promotion of lack market. We can start legal or illegal work in the world without having to reveal our identity and get payment secured. Money laundering word describes the process by which criminals hide the original ownership and promote criminal activity with authorized and valid source.
9. Currency-conversion risks: Policies or interruptions in the deposit or withdrawal of fiat currency in or out of the trading platforms may impact the ability of certain investors to convert.

### Conclusion

According to the findings of the present work it is concluded that the respondents are not much aware to the term virtual currency. Though the questionnaires are filled up to the minimum level of graduate groups, the major part of respondents are reflects the educationalist field with the degree of post-graduation, Ph.D. and financial advisors, the result are not desirable. Some of the members of the intellectual group are known the virtual currency only by their name but they don't know the types, functions and their transaction process. It has no legal tender, risky and complex in nature. Some of the technology experts favor virtual currency because they think that blockchain system is giving it protection and it can be converted into money in near future. Undoubtedly digital currency has its own importance but some risk factors can't be overlooked and at the time of transaction with these currencies public need to keep the eye on it.

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## CAUSALITY BETWEEN QUALITY IN HEALTH CARE SERVICES & PATIENT'S SATISFACTION – A REALITY CHECK AT A PUBLIC TEACHING HOSPITAL

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### Abstract

In the healthcare sector, when emerging powers like India are trying their best to rethink and reshape their technical, economical as well as administrative policies employed in order to achieve a commendable position in the world map, now it is the time to assess the current state and bridge the gap between the present and preferable positions. Theoretically, this looks as a bright hypothesis but in actual practice we need to march many miles ahead to get a position from where we can even think of a competition. Within India, in a state like Odisha, when we analyze the news about the healthcare sector, we found it quite distressing with frequent stories of maternal & infant deaths, malnutrition, outbreak of diseases like swine flu, Japanese encephalitis, etc., social taboos, unavailability of amenities, neglected hospital surroundings, inadequate facilities, and may more. With this note, we have tried to assess the service quality of health care in the state from the customer's perception by using the SERVQUAL scale. We have taken the samples from one of the reputed public teaching hospitals in the state. Many areas of improvements were revealed through the study based on which, we have recommended some measures for improvement.

**Keywords:** Service, Quality, Healthcare, Hospitals

### Introduction

In this hypercompetitive era, quality has been proved to be an essential variable that affects the customer's decisions about a product or service. In the healthcare sector, it needs added recognitions and attention from the authorities in terms of continuous quality enhancement as it not only provides hope and relief to the patients also help to maintain a sizable healthy human capital for a country (Irfan & Ijaz, 2011). Therefore it is essential to measure the perceptions and expectations of the customers in order to reduce the gap between them (Cronin & Taylor, 1992). The spirit behind this is to measure and reduce the gap of expectations and perceptions levels so that the quality in health services should meet the requirements of the customers in order to gain the lucrative sustainable competitive advantage over others (Zeithaml, Berry & Parasuraman, 1993).

After the globalization process was adopted in India in the 90s, it started its march towards a preferred future in the market driven economy. The Government with the help of the private players offered their

services wholeheartedly which resulted in the boom of consumerism in a previously conserved society like ours. Then came a phase of the global recession, where many industry sectors have experienced killer blows within their spheres of operations. But, within that turbulent time, the hospital sector has remained majorly unaffected rather it has seen unprecedented growth which can be attributed to the factors like increasing demand, innovation & research involved, corporatization, and the support by the government. But when we keep the story aside and search for the true scenario, it doesn't look too prosperous. Frequent news of maternal and infant mortalities, malnutrition, ignorance & social taboos, inadequate healthcare infrastructures, carelessness & misbehaviours shown by the hospitality authorities, outbreak of contagious diseases and many other unfortunate incidences are pointing towards a pathetic and sorrow state of health care services which certainly needs more heartfelt efforts. The situation in a poor state like Odisha is full of fiasco when we discuss about service quality in healthcare sector that are causing disgrace for the

state. Some of these pitiful events get media attentions and many of them just get ignored. Therefore, it is the time to realize the ground realities of the healthcare sector prevailing in the state, seriously look for the causes, and act towards the improvement of the facilities so that we can be at a place where we can start to think about the global competition. We need to look at the loop-holes existing in our system in a more serious & systematic manner and work towards eliminating the deficit in the field of health care which has been defined as the one of the most important and basic indices of development of human race. In this regard, we have taken the case of a state government controlled medical college hospital, the Maharaja Krishna Chandra Gajapati Medical College & Hospital, (MKCG) situated in the Berhampur town of the Ganjam district which is one of the renowned medical college hospitals in the state offering its services in the entire southern Odisha along with parts of Telengana and Andhra Pradesh states. It's a prominent part of the health care initiative of the state operating since the year 1962. As a part of a larger scale doctoral study, we

have taken around 120 nos. of samples of the patients coming for their treatment at the stated hospital.

### Literature Review

After the great wars ended in 1945 and all nationals got involved in their nation building efforts, the concept of service quality arrived to the front stage and everyone took it seriously. With the advent of consumerism, it gained momentum and thus proved to be the weapon of differentiating one brand from others in order to gain customer satisfaction, loyalty and repeat purchase intentions (Jaswal & Walunj, 2017). All these lead to achieve the ever desired competitive advantage over others in the market. In this highly competitive marketplace, service quality, customer satisfaction and loyalty have proved to be the cornerstones of success (Shahnaz & Kianoush, 2014). The quality of products/services can make or break a deal and thus, help in creating the brand image of the company (Arsanam & Yousapronpaiboon, 2014). If we go by the book definitions, it has been explained as the combination of technicality and functionality of an aspect (Gronroos, 1984; Andaleeb, 1998; Yousapronpaiboon & Johnson, 2013) where as some describe it as the difference between expectations and perceptions of the customers (Parsuraman et al. 1988; Wang & Shieh, 2006). Therefore, we can define it as the parameters of superior offerings which increases the satisfaction level (Jones et al., 2003; Lymperopoulos et al., 2006), help in earning profitability as well as help in increasing the market share of the company (Newman, 2001; Szmigin & Carrigan, 2001; Caruana, 2002; Dadoa et al., 2012 & Sharma, 2014). In case of services, it becomes more difficult to evaluate the quality due to the unique characteristics of intangibility, perishability, variability and simultaneous production & consumption, etc. which separate it from products (Gronroos, 1990). Due to the difficulty of evaluation, normally we take note of the perception of the customers rather than depending on the

technicality of the services (Parsuraman et al. 1985, 1988).

Over the years, many models have been proposed by various researchers in order to map the perceptions of people, (Sasser et al., 1978; Lehtinen & Lehtinen, 1982; Grönroos, 1984; Garvin, 1987; Coddington & Moore, 1987; Haywood, 1988; Brogowicz, Delene, & Lyth, 1990; Cronin & Taylor, 1992; Mattsson, 1992; Teas, 1993; Rust & Oliver, 1994; Dabholkar et al., 1996; Sweeney, Soutar & Johnson, 1997; Philip & Hazlett, 1997; Evans & Lindsay, 1999; Frost & Kumar, 2000; Victor et al., 2001; Brady & Cronin, 2001; Zhu et al., 2002; Parasuraman, Zeithaml & Malhotra, 2005; Landrum et al., 2008; Lee D., 2016) amongst which the SERVQUAL scale developed by Parsuraman, Zeithaml and Berry (1985, 1988) in mapping the gaps between the expectation and perception levels of the customers, have become the major gauge in recent years. Many researchers have tried to conduct their research on the applicability of SERVQUAL scale and found it to be a valid, and reliable entity over all other types of scales (Babakus & Mangold, 1992; Asunbonteng et al., 1996; Heung et al., 2000). The SERVQUAL scale is further subdivided into 22 set of parameters arranged in 5 dimensions to assess the service quality of any object, institution or process. Due to its universal usability and acceptability across different segments, we have chosen the SERVQUAL scale for our study. The dimensions of SERVQUAL scale can be defined as follows:

- Tangibles – It includes the physical facilities, entities, equipments, personnel, their uniforms, languages, etc.
- Reliability – It's the ability of the firm to carry on the services as promised.
- Responsibility – It's the readiness of the company to provide the services.
- Assurance: This includes the knowledge and courtesy of the firm to carry the service delivery process.
- Empathy - The caring nature and

ability to understand the suffering of others.

- In order to carry out the survey, we need to put these five dimensions in to testing by implementing a questionnaire consists of 22 nos. of questions covering all aspects of a service delivery process.

### Objectives

The basic objectives of this study are as follows.

- To assess the reasons for which people prefer to avail the services in the particular hospital.
- To find out the level of satisfaction and feelings of the patients in the hospital.
- To assess the average spending and views towards pricing of the services within the hospital.
- To assess the gap between the expectation and perception level of the customers.
- To provide suggestions for improving the services quality of various aspects within a hospital.

### Research Methodology

This research was conducted in the Ganjam district of state of Odisha. The Medical college hospital of MKCG (Maharaja Krishna Chandra Gajapati Medical College & Hospital) was selected for the study. A SERVQUAL based questionnaire was developed after thorough review of literatures. The questionnaire possessed five service quality dimensions empathy, assurance, tangible, timeliness and responsiveness speeded across 22 nos. questionnaire set. The perception and expectation of patients were recorded in a seven point scale. The total samples taken were 120 conducted vide non-probability convenience sampling. The target population belonging to SEC A, B and C were only considered for the study who had been admitted to the medical college hospital. For capturing their expressions, a seven-point Likert Scale from entirely disagrees

to the entirely agrees was used for empirical analysis. The coding of the Likert scale was made as [1 = entirely disagree], [2 = mostly disagree], [3 = somewhat disagree], [4 = neither agree nor disagree], [5 = somewhat agree], [6 = mostly agree], [7 = entirely agree]. The descriptive statistics of the respondents of this study is given in table no. 1 below.

### Interpretations

**Table 1: Demographic Profiling of the Respondents**

Parameters	Demographic Profiles	No. of Respondents	Percentage
Gender	Male	73	60.83
	Female	47	39.17
Area	Urban	55	45.83
	Rural	65	54.17
Socio-Economic Classifications	SEC A	58	48.33
	SEC B	47	39.17
	SEC C	15	12.50
Age	18 to 25 years	11	9.17
	26 to 35 years	22	18.33
	36 to 45 Years	28	23.33
	46 to 55 Years	35	29.17
	More than 55 Years	24	20.00
Educational Background	Illiterate	3	2.50
	literate but with no formal education	9	7.50
	School - 5 to 9 years	17	14.17
	School - SSC / HSC	20	16.67
	Some College but not graduate	24	20.00
	Graduate / Post graduate - General	36	30.00
	Graduate / Post graduate – Professional	11	9.17
Marital Status	Unmarried	19	15.83
	Married and without Children	10	8.33
	Married with Children	64	53.33
	Widowed / Divorced / Separated	9	7.50
	Older Couple Staying Alone	18	15.00
MHI (Monthly Household Income) in Rs.	Less than Rs. 10000	17	14.17
	Rs. 10001 - Rs. 20000	21	17.50
	Rs.20001 - Rs. 30000	41	34.17
	Rs. 30001 - Rs. 50000	33	27.50
	More than Rs. 50000	8	6.67
Type of Visit	First Visit	46	38.33
	Repeat Visit	74	61.67
Average Spending per visit in Rs.	Less than Rs. 1000	19	15.83
	Rs. 1000 to Rs. 3000	59	49.17
	Rs. 3001 to Rs. 5000	20	16.67
	Rs. 5001 to Rs. 10000	14	11.67
	More than Rs. 10000	8	6.67

Source: Primary data

Table 1 reveals about the demographic profiles of the respondents across various parameters.

- Out of the total 120 respondents, 73 (60.83 percent) were males where as 47 (39.17 percent) were females.
- Almost 55 percent (i.e. 54.17 percent to be precise) of people belonged to rural areas where as 45.83 percent of people were from the urban areas.
- If we go for the social strata, out of the 120 people interviewed, around 48.33 percent of people belonged to the SEC A, followed by 39.17 percent of people in SEC B and 12.50 percent of people in SEC C.
- Age-wise, majority of the people were in between 46 to 55 years (29.17 percent of the total population) whereas around 23.33 percent of people are in the age group of 36 to 45 years. Around 20.00 percent of the people were in the age group of more the 55 years, followed by 18.33 percent of people in the group of 26 to 35 years and 9.17 percent in the age bracket of 18 to 25 years.
- The highest literacy rate belonged to the group of general graduates & undergraduates with 30.00 percent. 9.17 percent of people had completed their professional degrees where as 20.00 percent of people had been to some college but not graduated. Around 16.67 percent had qualification of matriculation (SSC/ HSC) and 14.17 were of the below matriculation category. 7.50 percent of people had education less than the class 10th levels and a negligible 2.50 percent of people found to be illiterate.
- Almost 53 percent of the respondents (i.e. 53.33 percent) were married with children followed by 15.83 percent, who were unmarried, 15.00 percent were older couples staying alone. 8.33 percent were married with no children and 7.50 were widowed / divorced / separated from their spouses.

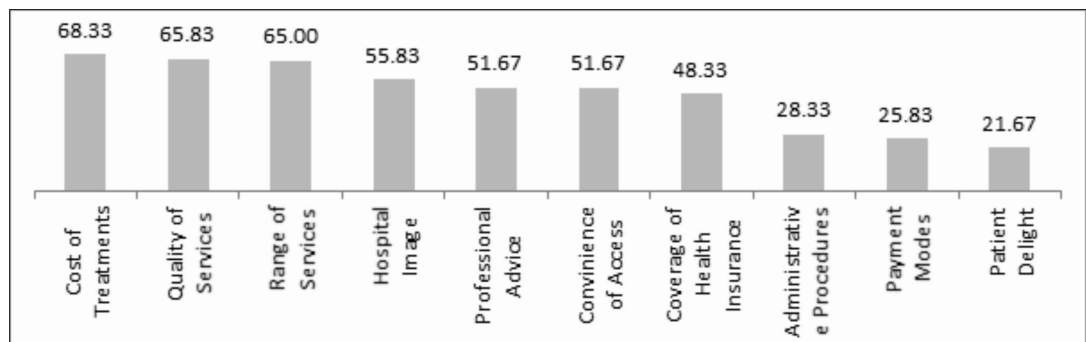
- If we focus on the monthly household income, almost 34.17 percent of population were in the income group of Rs. 20,001/- to Rs. 30,000/- only whereas around 27.50 percent of people were in the range of Rs. 30,001/- to Rs. 50,000/-. Around 17.50 percent of people were having monthly household income in the range of Rs. 10,001/- to Rs. 20,000/- only, around 14.17 percent were having income less than Rs.10,000/- only and around 6.67 percent of people are having income in excess of Rs. 50,000/-.
- 61.67 percent of the respondents were the repeat customers visiting the hospitals where as the rest 38.33

percent people were found to be the first timers.

When asked about the average spending per visit to a hospital, around 49.17 percent said they usually spend between Rs. 1,001/- to Rs. 3,000/- Only per visit whereas 16.67 percent of people said that they usually spend between Rs. 3001/- to Rs. 5000/- only while visiting a hospital. Around 15.83 percent said they usually spend less than Rs. 1,000/- followed by 11.67 percent people who spend between Rs. 5001/- to Rs. 10000/- and only 6.67 percent who spend more than Rs. 10,000/-.

#### Reasons for availing health care in the particular hospital

Figure 1: Reasons why people visit a particular hospital



Source: Primary Data

When asked about the reasons for which they preferred the particular hospital, highest inclination of about 68.33 percent said due to the lower costs associated with the government controlled hospital followed by factors such as quality of services (65.83),

range of services (65.00), hospital image (55.83), professional advises (51.67), and accessibility (48.33). Some other factors like patient delight, administrative procedures and payment methods played comparatively lesser roles than others.

#### The SERVQUAL Statements (Expectations Vs Perceptions)

Table 2: GAP Analysis of SERVQUAL dimensions

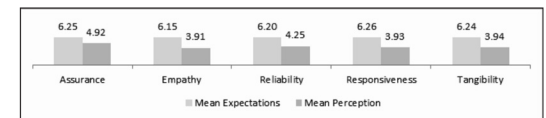
Parameters	Quality Statements	Mean Expectations	Mean Perception	Gap Analysis
Assurance	Courteous and friendly behaviour of Doctors and staffs	6.18	3.95	2.23



	Wide spectrum of knowledge possessed by the doctors	6.35	5.32	1.03
	Treatment of patients with dignity and respect	6.15	4.86	1.29
	Thorough explanations to patients about their conditions	6.29	4.8	1.49
Empathy	Feedbacks from the patients	5.97	2.88	3.09
	Round the clock availability of services	6.14	3.28	2.86
	Patients' best interests at heart	6.25	4.35	1.9
	Understanding about the specific needs of patients	6.22	4.37	1.85
	Personal attention given to the patients	6.11	4.42	1.69
	Patients are dealt in a caring fashion	6.22	4.15	2.07
Reliability	Availability of services in the appointed time	6.26	3.95	2.31
	Carrying out the services accurately	6.22	4.38	1.84
	Professional and competent doctors and staffs	6.2	4.58	1.62
	System of error free and fast retrieval of documents	6.12	3.8	2.32
	Cost of treatment and consistency of charges	6.2	4.52	1.68
Responsive-ness	Provision of prompt services	6.34	3.88	2.46
	Responsive shown by doctors and staffs	6.32	3.88	2.44
	Attitude of doctors and staff that instil confidence in patients	6.22	4.35	1.87
	Waiting time not exceeding one hour	6.17	3.6	2.57
Tangibility	Up-to-date and well-maintained facilities and equipment	6.37	4.14	2.23
	Clean and comfortable environment and with good directional signs	6.26	3.6	2.66
	Neat appearance of doctors and staffs	6.08	4.09	1.99

Source: Primary Data

**Figure 2: Mean difference between the expectations and perceptions**



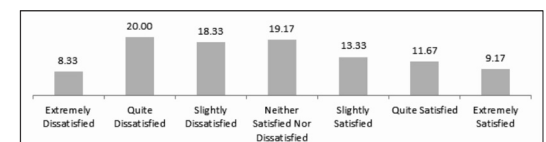
Source: Primary Data

As described in table no. 2 and figure no. 2, when we tried to capture the gaps between the expectation and perception levels of the customers, considerable gap scores were found between the two. Across the five segments, upon various parameters, the highest amount of gap between the perception and expectation levels were found as follows

- Absence of feedbacks systems / complain registration from the patients
- Unavailability of essential services in odd hours of operations
- Dirtiness and mismanagement within and outside the facilities
- Longer waiting time for availing the services
- Unresponsive nature
- Rude behaviour by the doctors and staffs

Followed by the other criteria, which certainly gave a miserable picture of the services at the hospital. Dimension wise, highest gap score was found for the responsiveness of the doctors and staffs followed by other aspects such as empathy, tangibility, reliability and assurance.

**Overall Satisfaction towards the hospital**  
**Figure 3: Satisfaction scores**



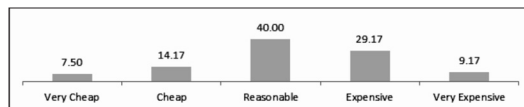
Source: Primary data

As revealed by table no. 3, when asked about the satisfaction level, around 35 percent (34.17) gave a relatively positive

feedback (somewhat satisfied, very satisfied and extremely satisfied) whereas around 46.67 percent gave relatively negative satisfaction scores (somewhat dissatisfied, very dissatisfied and extremely dissatisfied). About 19.17 percent of people remained neutral giving not a specific satisfaction remark.

### Concern towards the pricing of various services

**Figure 4: Views towards pricing options**

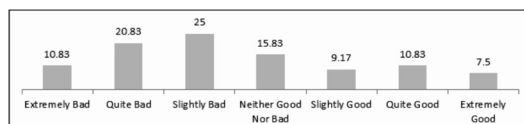


Source: Primary Data

As described in figure no. 4, when the concerns towards the pricing of various services were counted for, around 40 percent found it reasonable whereas 38.33 percent of people found it to be expensive (combined scores of expensive and very expensive) and 21.67 found it to be on a cheaper side (combined scores of very cheap and cheap).

### Overall feelings towards the hospital

**Figure 5: Overall Feelings**



Source: Primary data

As shown in figure no. 5, when we took a note of the feelings towards the hospital, around 27.50 percent gave a relatively positive note (slightly good, quite good and extremely good) whereas around 56.67 percent gave somewhat negative feedback (slightly bad, quite bad and extremely bad) and only 15.83 remained neutral.

### Attitudinal loyalty

**Table 3: Attitudinal loyalty**

Sl.	Statements	Mean Scores
1	I consider this hospital's services are good	4.12
2	This hospital's services are better than those of other hospitals	4.03
3	In general, the quality of this hospital's service is high	4.08
4	I will say positive things about this hospital	4.15
5	I will recommend this hospital to someone who seeks my advice	4.12
6	I will encourage my friends and relatives to undergo medical treatment in this hospital	4.17
7	I consider this hospital as the first choice for medical treatment	4.09
8	I will do all medical treatments in this hospital in the future	3.65
9	I will continue my medical treatment in this hospital, in case I change my residence to any other locality	2.94
10	In every visit, I find better quality in this hospital's service	3.38

Source: Primary data

As per table no. 3, we got a lukewarm response from the customer when we tried to capture the feelings of people towards the loyalty levels towards the hospital. Though they were somehow ready to recommend the hospital services, but given a choice they were found to be ready to shift their choices to other entities for better service quality.

### Suggestions for Improvement:

**Table 4: Things that they dislike**

Sl.	Dislike/Grievances about the Hospital	%age
1	Unhygienic conditions inside & outside of the hospital premises (Inadequate garbage handling / waste disposal systems)	70.8
2	Waiting time for availing healthcare and associated services	62.5
3	Unsafe premises in & out (Harbouring of Thieves, drunkards, & Goons)	60.0
4	Absence of feedback & grievance handling mechanisms	58.3
5	Rude Behaviours of Doctors and Staffs	56.7
6	Unavailability of equipments (Essentials and Regular)	54.2
7	Inadequate Infrastructures (Beds, buildings, labs, equipments, medicines, sign boards, power backups, good quality foods, drinking water facilities etc.)	53.3
8	Unsafe facilities (Unavailability of safety equipments, physical protections, issues of electrical short circuits & water slippage, etc.)	52.5
9	Inefficient medical record keeping / retrieval system	50.0
10	Unavailability of experienced doctors & Specialists	48.3
11	Unavailability of Ambulance at the time of need	45.8
12	Uncontrollable Crowding at key places like the OPD Units, OT, medicine outlets and testing labs	43.3

13	Issues of corruption (Prescribing non-generic and large quantities of medicines and unnecessary tests & non-refund policy of high value medicines) & bribery (Claiming money for providing beds and other facilities) etc.	43.3
14	Only pushing for private practice / other clinics	42.5
15	Administration, (Lack of Control and Coordination, agents / brokers roaming inside the premises & harassing the patients, no single window services)	40.0
16	Improper lab tastings (Delay & Chaos in obtaining, processing, & publication of reports)	39.2
17	Unavailability of round the clock services and irresponsive nature of staffs in odd hours of operations	38.3
18	Inadequate facilities / amenities for patient's attendants	38.3
19	Informal / longer procedures of discharging after treatment / death / post mortem procedure	37.5
20	Improper attention towards the indoor patients	36.7
21	Improper functioning of specialist information system in the premises (Where to go and whom to consult?) for the patients	35.0
22	Inadequate / Inconvenient and unsafe parking places	33.3

Source: Primary data

When the respondents were asked to list down the elements that they disliked in the hospital, we got many issues as mentioned in table no. 4. In an open ended question, people

gave their feedbacks and list of disliking at the hospital.

#### Way forward

The ultimate goal of a hospital is to offer relief from the diseases and satisfy the needs & wants of the customers. The generated customer satisfaction will then lead to achieve their retentions and earning profitability for the entity. In this regard, our study has identified certain areas which can be acted upon in order to generate long-term sustainability in the sector. The recommendations are as follows:

- In the service encounter phase, we need to have constant touch with the customers in order to offer them a pleasant or at least hassle free stay at the premises. For this, we need to get the feedback from patients on a regular and unbiased basis which will give us idea about the areas of improvement and at the same time it shall provide the customers a sense of assurance that someone is there to listen to their grievances.
- Generally, the hospitals deal with diseases for which the hospital management needs to concentrate on the cleanliness, hygiene of the hospital campus and its surroundings in order to prevent the cross-infection, nosocomial-infection and to enhance the overall visual appearance of the hospital.
- Behavioural change in doctors and other paramedical staffs are also very important for a hospital set-up as many a times we received very negative feedbacks in this regard. As the hospital where we did the interviews is a government entity, issues of misbehaviour, assault and abuse were a common matter of concern. In order to reduce such unfortunate incidences, we need to tighten the administrative / security grip as well as need to provide behavioural training to the people dealing with various customer types.

- In order to ensure smooth flow of operations, management of chaotic traffic, and prevention of delays in various aspects, we need to implement stringent administrative model / operation management concepts in the premises. Proper techniques to manage the waiting lines will generate fewer no's of complaints from the patients.
- As the orientations of customers get hugely affected by their reference groups, we need to ensure a minimum level of provision for them like waiting places, resting areas, dormitories, drinking water facilities, fooding in cheap costs, etc. are some of the measures which can be taken for them.
- The security aspects in the hospitals need to be tighten for elimination of the dangers from both the facilities related (safer equipments, safety from electrical failures, water slippage, other infrastructural facilities like broken staircases, lifts, etc.) as well as from human elements (such as thieves, drunkards, brokers, etc.)
- The infrastructural facilities like the helpdesk, clear signage & directional boards (multi language), ambulance services; elevators (where it is required), convenient & safe parking places and others need to be strengthen for improving the satisfaction levels.
- We need to recruit, empower and train more of human resources in the system which can give us many hands and brains for provision of optimum levels of services.

#### Final Words

The brand India is the next big thing in the world arena. But while providing comprehensive health care to a billion people, it is somehow lacking in many areas by which many loopholes are getting created that are reducing its pace of progress. Therefore, it needs radical thinking and assessment of present position by which we can build upon

the strengths and provide reliable, affordable and innovative healthcare facilities to the people.

#### Source of Support

Nil

#### Conflict of Interest

None.

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## COMPARATIVE ANALYSIS OF AWARENESS LEVEL OF CUSTOMERS TOWARDS BANKING SERVICES OF FOREIGN BANKS AND PUBLIC BANKS

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### Abstract

The customer is the center of all kinds of business whether it is manufacturing or trading the goods and services. The success of banking sector is completely dependent on how much customers are satisfied with the services provided by banks. The increased level of awareness of customers creates the chances of success of any organization. Thus, instead of focusing on the earning of profits, the major objective of business has become to make the customers aware about the banking services. As the awareness level of customers increase, their satisfaction levels towards the banking services shall also increase. The various services provided by banks are technological and many of them are used by the customers. Banks provides various kinds of services like safety of funds, depository, phone banking, innovative services, other IT based services, one step banking, etc. In the era of technology, all banks are providing the efficient services.

The customers should be aware about the services of banks and it depends on the promotional tools and active participation of banks, on the social media. It has been checked in the present study to what extent customers of public sector and foreign banks are aware about it. On the other hand, it has been measured whether the awareness level among the customers of public sector banks is more than that of customers of foreign banks. The study is based on primary data that has been collected through structured questionnaire filled by 200 respondents and study concludes that customers of public sector banks are less aware than the customers of foreign banks regarding banking services.

**Keywords:** Banking Services, Customers, Awareness Level, Public and Foreign Banks

### Introduction

A bank is an organization that provides various services to customers like financial services, banking services and non-financial services. Many fundamental services are like accepting the deposits and giving loans and other banking services. In the financial system of India, banks are the essential part of financial institutions. There are many other non-banking organizations that give some banking services without completing the basic formalities of banks. Several kinds of opportunities and services are offered by banking sector to the customers.

The Indian banking sector is the most competent sector of economy that generates wealth and moves the flow of money from Saver to Investor. All money and valuables in economy is safeguarded by the banks. There are various kinds of loans with different and attractive interest rates provided by banks. There are other services like money order, cheques of cashier and accounts

checking. The banks also provide the credit and payment services to the customers. Investment and other products such as insurance are offered by banks. According to the Banking Regulation Act, 1949, banks are incorporated for the purpose of accepting the deposits and lending of money to the customers. The banking sector mainly performs following functions:

- Opens banks account for customers of various types like current account, recurring deposits, fixed deposits and accepts deposits and savings.
- A proper credit delivery system is provided by banks to enhance the transactions of loan. The transaction functions of banks consist of lending the money to customers.
- Form one place to another, money can be transferred through the banks. To foster this function, demand drafts, money orders and cheques are issued by banks.
- The tele-cash and transfer of

telegraphic facility are provided by banks to increase the fast transfer of cash.

- Trustworthy operations for the specific purposes.
- Safe custody of money and other valuable items of customers.
- Locker facility has been offered by banks to keep the valuables of public safe. The lockers are made into strong small boxes in cupboards with system of double locking. The lockers are kept in the strong room of banks.
- To accept the tax and non-tax receipt, banks act on behalf of the Government. The various government disbursements such as pension payments and tax refunds find place in banks.

There are many kinds of banks that create difference in the services they are providing and customers they are servicing to. Moreover, the basis of creating differences

is the diversification and expansion of range in services they are offering and some other features. The Indian banking sector constitutes a variety of banks with different facilities and variety of products and services provided by them. The banks are commercial banks, global banks, money banks, regional banks, community banks, savings banks and credit unions.

The various services provided by banks are technological and many others used by the customers. The customers should be aware about the services of banks and it depends on the promotional tools and active participation of banks on the social media. It has been checked in the present study at what extent, customers of public sector and foreign banks are aware about the same. On the other hand, it has been measured whether the awareness levels among the customers of public sector banks is more than those of foreign banks.

Banks provides various kinds of services safety of funds, depository, phone banking, innovative services, other IT based services, one step banking, etc. In the era of technology, all banks are providing the efficient services.

There are various popular services provided by banks including:

1. Automated Teller Machines
2. Credit Cards
3. Debit Cards
4. Smart Cards
5. Electronic Funds Transfer (EFT) System
6. Cheques Truncation Payment System
7. Mobile Banking
8. Internet Banking
9. Telephone Banking etc.

The customers who are familiar with all the services provided by banks are generally satisfied ones and will be the retained by the banks the time over. It is very harmful for the banks to avoid these customers. Banks should always maintain a good relationship with the customers. The bank should focus on

increasing the awareness of banking services if they want to retain these customers for long time.

### Review of Literature

Gudep and Elango (2006) concentrated with the service quality and customer satisfaction amongst the private, foreign and public banks in India. The survey mechanism included various dimensions pertaining to the quality of customer services in terms of convenient working hours, banking personnel, web-based services, error-free value-added services and efficient grievance redressal mechanism. Panelia (2008) study attempted for measuring and comparing the service quality and customer satisfaction among private, public and foreign banks. The results show that service quality has been considered as the fundamental activity of customer satisfaction. Tooraj Sadeghi (2010) developed the evaluation methods for analyzing the customer satisfaction estimation that was generally focused on the quality of methods and also had provided methods including the variables for some dimensions such as convenience, access, accuracy, security, usefulness, image of bank and design of web site. Shamsheer Singh (2011) examined the adoption and effect of ATM, internet banking and tele-banking services on customer satisfaction and retention by top Indian banks.

George and Sajeev Abraham (2012) presented the concepts regarding the study for service quality and performance of the public sector banks in India. It has been informed that due to economic reforms and new regulations in the public sector, banks in the country are facing a cut throat competition from the private sector banks and the other foreign banks.

Snehal Kumar (2013) made an attempt to explore the factors that have affected the customer satisfaction in banks and have been analyzed the impact on the level of customer satisfaction. Banks included the private

sector bank and public sector bank they have to consider the some factors such as increase the items of reliability, responsiveness and assurance.

Kaura and Vilakshan (2014) findings are indicating that service quality shows the proper impact on the level of customer satisfaction and customer loyalty. Singh (2015) explored that the enhancement of service quality will depend on customer relationship and human touch or interaction. Banks have participated in the study include State Bank of India, ICICI Bank, HDFC Bank and Punjab National Bank.

### Objectives of the Study

The main objective is:

To compare the awareness levels of the customers towards banking services of foreign banks and public sector banks.

### Research Methodology

The study is based on descriptive research and the present study was based on a survey conducted in NCR regions such as Delhi, Gurgaon and Sonapat. For the present study, responses were collected from customers of three major banks of public sector and foreign sector. These banks are: SBI, PNB, BOB, HSBC Ltd, Deutsche Bank and The Royal Bank of Scotland. A total of 200 customers have been approached (100 from customers of foreign banks and 100 from public sector banks). Descriptive statistics have been used for analysis.

### Data Analysis

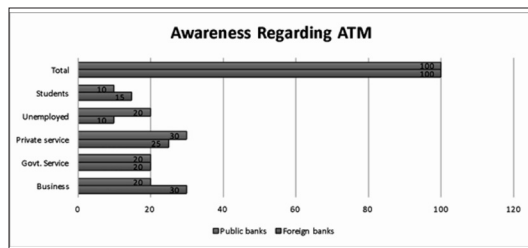
The level of awareness of customers of public and foreign banks in NCR area regarding various banking services has been analyzed. Customers were asked to indicate their awareness about different banking services. The response of customers regarding their awareness about banking services has been discussed in the following tables:

## 1. Awareness Regarding ATM

**Table: 1.1**

Occupation	Foreign Banks	Public Banks
Business	30	20
Govt. Service	20	20
Private service	25	30
Unemployed	10	20
Students	15	10
Total	100	100

**Figure: 1.1**



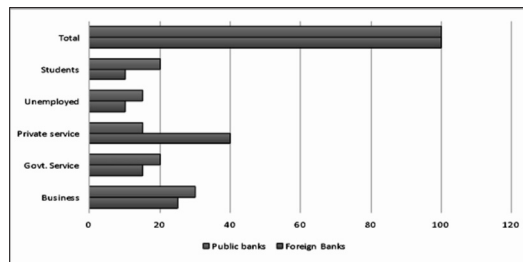
**Interpretation:** The above chart shows the awareness regarding ATMs. Various categories of respondents were taken into consideration. 20% service class respondents were aware about the ATMs in public sector banks. For Foreign Banks, 15% students were aware about the ATMs. Other categories like business, respondents in government service, unemployed people and students were aware about the ATMs. The awareness level of ATMs was high in case of foreign banks.

## 2. Awareness about Internet Banking

**Table: 1.2**

Occupation	Foreign Banks	Public banks
Business	25	30
Govt. Service	15	20
Private service	40	15
Unemployed	10	15
Students	10	20
Total	100	100

**Figure: 1.2**



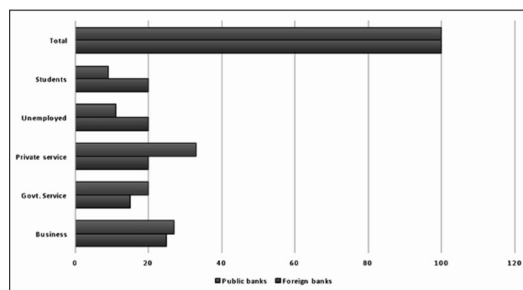
**Interpretation:** Above chart indicates the awareness about the Internet Banking. In foreign banks, 25% of business class respondents were aware about the usage of internet banking services. The other category of respondents like unemployed people and others were less aware about the same. In public sector banks, 15% of private service class, 20% of government service class and 30% of business class were aware about the use of internet banking service.

## 3. Awareness about Phone Banking

**Table: 1.3**

Occupation	Foreign banks	Public banks
Business	25	27
Govt. Service	15	20
Private service	20	33
Unemployed	20	11
Students	20	9
Total	100	100

**Figure: 1.3**



**Interpretation:** Above chart describes the respondents' awareness about the phone banking service. In public sector banks, 27% of business class and 53% of service

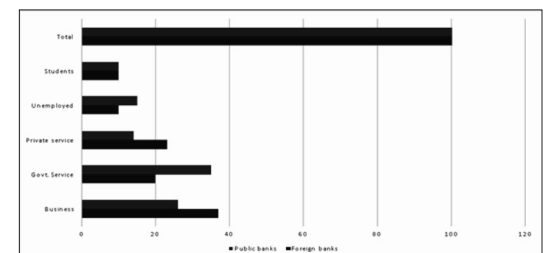
class consisting government services and private services were aware about the phone banking. Unemployed and other respondents were not aware about the phone banking. On the other hand, in the foreign banks, 25% of business class and 35% of service class, 20% of students and unemployed were aware about the phone banking service.

## 4. Awareness of Mobile Banking

**Table: 1.4**

Occupation	Foreign banks	Public banks
Business	37	26
Govt. Service	20	35
Private service	23	14
Unemployed	10	15
Students	10	10
Total	100	100

**Figure: 1.4**



**Interpretation:** The chart depicts the awareness levels of mobile banking services of the bank. 43% of service class consisting private and government service people, 37% of business class people were highly aware about the mobile banking in foreign banks. In public sector banks, 49% of service class ones and 26% of business class category were aware about mobile banking. The other category, unemployed and students were less aware about the mobile banking service in both public and foreign banks.

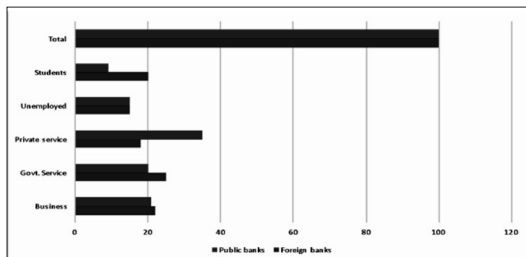


### 5. Awareness of Plastic Money: Credit Card/Debit card

Table: 1.5

Occupation	Foreign banks	Public banks
Business	22	21
Govt. Service	25	20
Private service	18	35
Unemployed	15	15
Students	20	9
Total	100	100

Figure: 1.5



**Interpretation:** The chart reflects the awareness levels of respondents about the plastic money. Credit card and Debit card are the most commonly used services provided by banks. 55% respondents belonging to service class, 21% of business class were aware about plastic money in public sector banks. In foreign banks, 43% of service men and 22% of respondents belong to business category were highly aware about the plastic money service. The level of awareness regarding plastic money service among unemployed, students and other category was low in both the category of banks.

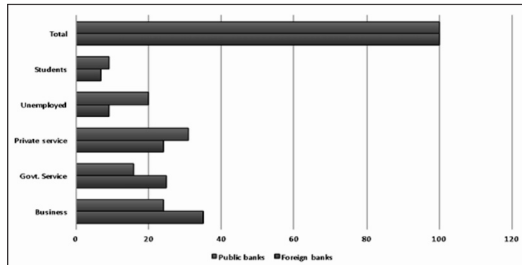
### 6. Awareness of Depository services

Table: 1.6

Occupation	Foreign banks	Public banks
Business	35	24
Govt. Service	25	16
Private service	24	31

Unemployed	9	20
Students	7	9
Total	100	100

Figure: 1.6



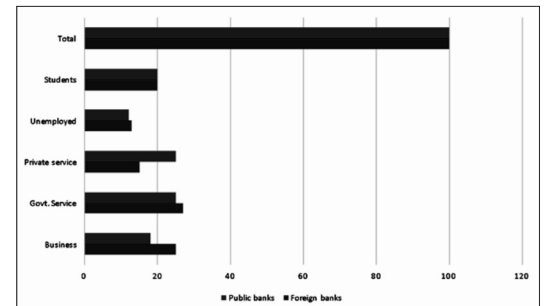
**Interpretation:** The chart reveals the awareness of depository services provided by banks. In case of public sector banks, almost all the respondents were highly aware about the depository services. The unemployed, students and other categories were less aware about the depository services. In foreign banks, 35% of business category, 49% of service class were aware regarding depository services. The awareness level of depository service was low among the unemployed, students and others in both the categories of banks.

### 7. Awareness of One Step Banking

Table: 1.7

Occupation	Foreign banks	Public banks
Business	25	18
Govt. Service	27	25
Private service	15	25
Unemployed	13	12
Students	20	20
Total	100	100

Figure: 1.7



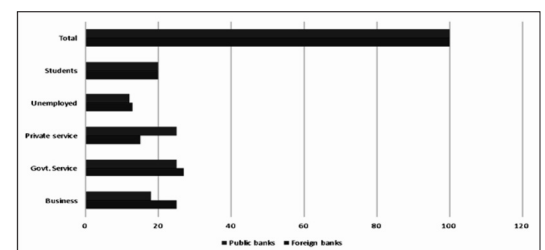
**Interpretation:** The chart shows the level of awareness regarding One Step Banking service. In public sector banks, 18% of business class, 50% of service class, 12% of unemployed and students were aware about the one step banking service. In case of foreign banks 25% of business class, 42% of service class and 20% of students were aware about the one step banking service. The level of awareness among the unemployed persons and students were very low in both the banks.

### 8. Awareness of IT based services

Table: 1.8

Occupation	Foreign banks	Public banks
Business	30	23
Govt. Service	26	25
Private service	24	27
Unemployed	14	20
Students	6	5
Total	100	100

Figure: 1.8



**Interpretation:** The above chart defines the level of awareness regarding IT based services of banking sector among the various category of respondent. In public sector banks, 23% of business class, 52% of service class, 20% of unemployed and 5% of students were aware about the IT based services of banks. In foreign banks, the level of awareness was high among the business class, service class, unemployed people and students as 30%, 50%, 14% and 6% respectively.

### Findings and Conclusions

The study found out that for the ATM services, mostly respondents were aware in public sector banks. The higher awareness levels were observed in service class respondents in public sector banks. As compared to public banks, the awareness regarding ATMs was higher in foreign banks. For the internet banking service, most of the respondents were aware regarding this service. For the phone banking service, as compared to foreign banks, the awareness levels of respondents of public sector banks was high. For the mobile banking service, the awareness levels in service class respondents were higher in foreign banks than for public sector banks, the ratio of business class respondents were same in both the banks. The level of awareness regarding the plastic

money was high in both categories of banks. Mainly service class respondents were more aware than others in both foreign and public sector banks. For the awareness of depository service, in public sector banks almost all the respondents were highly aware about the depository service. The level of awareness about the one step banking service in public sector banks was more among the business class and service class. The foreign banks respondents' of service class category were more aware about the one step banking.

The study has observed that the awareness levels regarding banking services was found more in the customers of foreign banks than in public sector banks. The results of this study confirm that customer satisfaction is essential for long term survival and growth of banking sector. Therefore special attention should be given to increase the awareness level of customer for banking services.

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## A STUDY ON AUTOMOBILE INDUSTRY IN INDIA

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### Abstract

The automobile industry is one of the key drivers that boost the economic growth of the country. Since the de-licensing of the sector in 1991 and the subsequent opening up of 100 percent FDI through automatic route, Indian automobile sector has come a long way. With the de – licensing and opening up of this sector to FDI, the sector has grown rapidly due to the entry of global players. Today, almost every global auto major has set up facilities in the country. The trend of production of automobiles shows the growth of automobile sector. This paper showing the trend of FDI inflows in automobile industry for the period of 2004-2014. The production trend of automobile industry is in increasing mode.

**Keywords:** Automobiles, Industry, Wheelers, FDI

### Introduction

History of Indian automobile industry shows that it has grown with leaps and bounds since 1898, a time when a car had touched the Indian streets for the first time. But now India is in verge to rewrite history in different conditions as it is home to 40 million passenger vehicles and Indian manufactured cars and other automobile products are touching other nation roads. Presently Indian automobile industry is regarded as largest and second fastest growing industry after China in the world with annual production of over 3.9 million units. Its passenger cars and commercial vehicle manufacturing industry ranked sixth largest in the world. One of the best things happen for the Indian automobile market in the recent years was its improvement in the export sector. In the year 2003-04 for the first time in Indian history vehicle worth more than 1 billion USD were exported with the growth rate of 56%. In the year 2009 India emerged fourth largest exporter of passenger cars, in 2010 with the production of more than 3.7 million automotive vehicles with an increase of 33.9% India became third largest exporter of passenger cars. It contributes 4% of the national GDP and accounts for 5% of the Indian industrial output.

The Indian auto industry is one of the largest in the world with an annual production of 21.48 million vehicles in FY 2013-14. The automobile industry accounts for 22 per cent of the country's manufacturing gross domestic product (GDP). India is also a substantial auto exporter, with solid export growth expectations for the near future. Various initiatives by the Government of India and the major automobile players in the Indian market is expected to make India a leader in the Two Wheeler and Four Wheeler market in the world. The Government of India encourages Foreign Direct Investment (FDI) in the automobile sector and allows 100 per cent FDI under the automatic route.

The automobiles sector is compartmentalized in four different sectors which are as follows:

- Two-wheelers which comprise of mopeds, scooters, motorcycles and electric two-wheelers
- Passenger Vehicles which include passenger cars, utility vehicles and multi-purpose vehicles
- Commercial Vehicles that are light and medium-heavy vehicles
- Three Wheelers that are passenger carriers and goods carriers

The government has drawn a ten year Automotive Mission Plan (AMP) 2006-16 for the Indian Automotive Industry to maintain high rate of growth and to retain the attractiveness of Indian market and for further enhancing the competitiveness of Indian companies. The automotive mission plan 2006-16 had envisaged India to become an international hub for designing and manufacturing of automobiles and auto components with output reaching USD 145 billion and accounting for more than 10% of the country's GDP. The plan also envisages the Indian automobile market to provide employment to 25 million people by 2016. The Indian automotive industry currently accounts for 7% of the GDP and employs about 19 million people both directly and indirectly. According to industry experts more FDI is coming into the sector because a lot of car manufacturer are utilizing their Indian operations to fulfill global operations.

Now Government of India allowed FDI (Foreign Direct Investment) in different sectors of economy. FDI includes mergers and acquisitions, building new facilities reinvesting profits earned from overseas operations and intra company loans. FDI is in dissimilarities to portfolio investment which

is a passive investment in the securities of another country such as stocks and bonds.

### Research Problem

In Indian context, due to the change in Foreign Direct Investment policy across the industries and difficulty in obtaining the specific car industries data for a longer time period, it is recommended that there is need to study the trend of automobile companies.

### Objective of the Study

This study is conducted with the objective of analyzing the inflows of foreign direct investment in automobile industry for the period of 2004-2017.

- To analyze the trend of automobile production.
- To analyze the trend of export of automobiles.

### Hypothesis

- The trend of automobile production is in increasing mode.
- The trend of automobile export is in increasing mode.

### Review of Literature

**T. Rajesh, A. S. Dileep (2013)** Foreign direct investment in automobile industry. The Foreign Direct Investment in Indian Automobile Industry has opened up new avenues for the development of this important sector of Indian industries. The liberalization of government policies regarding FDI in the automobile industry of India has increased the scope of this industry. The first FDI player in the Indian automobile industry was Suzuki. In 1980s this company entered into a joint venture with Maruti Udyog, a state run enterprise. The then Indian government permitted this company to enter the Indian automobile market in 1983. In 1991, the government of India liberalized its policies regarding the automobile industry of India. Foreign Direct Investment in the automotive industry of India was permitted. In 1993, FDI was also allowed in the passenger car segment of Indian automobile industry. This paper analysis the progress so far made through FDI in Indian automobile industry.

**Khor Chia Boon (2001)** in his study Foreign Direct Investment and Economic Growth investigates the casual relationship between FDI and economic growth. The findings of this thesis are that bidirectional causality exist, between FDI and economic growth in Malaysia i.e. while growth in GDP attracts FDI, FDI also contributes to an increase in output. FDI has played a key role in the diversification of the Malaysian economy, as a result of which the economy is no longer precariously dependent on a few primarily commodities, with the manufacturing sector as the main engine of growth.

**Ray Sarbapriya (2012)** Impact of Foreign Direct Investment on Economic Growth of India: An Co integration analysis". The role of FDI in the growth process has been a burning topic of debate in several countries including India. This paper is an attempt to analyze the causal relationship between Foreign Direct Investment (FDI) and economic growth in India and tries to analyze and empirically estimate the effect of FDI on economic growth in India, using the cointegration approach for the period, 1990-91 to 2010-11. The empirical analysis on basis of ordinary Least Square Method suggests that there is positive relationship between foreign direct investment (FDI) investment and GDP and vice versa. For FDI to be a noteworthy provider to economic growth, India would do better by focusing on improving infrastructure, human resources, developing local entrepreneurship, creating a stable macroeconomic frame work and conditions favorable for productive investments to augment the process of development.

**Alfaro Laura (2003)** Foreign Direct Investment and Growth: Does the Sector Matter? Although it may seem natural to argue that foreign direct investment (FDI) can convey great advantages to host countries, this paper shows that the benefits of FDI vary greatly across sectors by examining the effect of foreign direct investment on

growth in the primary, manufacturing, and services sectors. An empirical analysis using cross-country data for the period 1981-1999 suggests that total FDI exerts an ambiguous effect on growth. Foreign direct investments in the primary sector, however, tend to have a negative effect on growth, while investment in manufacturing a positive one. Evidence from the service sector is ambiguous.

**Singh A., Gupta Dr. V. (2012)** Indian Automobile Industry: A Review. The automotive Industry in India is now working in terms of the dynamics of an open market. Many joint ventures have been set up in India with foreign collaboration. India ranks just behind China with the world's second largest population at over 1 billion people. Less than 1 percent of the population currently owns automobiles, which is a much smaller proportion than the rest of the Southeast Asia region. India also has one of the fastest growing economies, and many U.S. companies view India as a potentially lucrative market.

**Rajalakshmi K., Ramachandran Dr. T. (2011)** Impact of foreign direct investment on india's automobile sector-with reference to passenger car segment. FDI Inflows to Automobile Industry have been at an increasing rate as India has witnessed a major economic liberalization over the years in terms of various industries. The automobile sector in India is growing by 18 percent per year. The basic advantages provided by India in the automobile sector include, advanced technology, cost-effectiveness, and efficient manpower. Besides, India has a well-developed and competent Auto Ancillary Industry along with automobile testing and R&D centers. The automobile sector in India ranks third in manufacturing three wheelers and second in manufacturing of two wheelers.

### Limitations

- Research will be based on secondary data.



- Research will focus only on automobile industry.
- Time is the constraint of the study.
- External environment and government policies are remain constant.

### Data Collection

This research work is based on the secondary sources. Secondary data collected through the publications of SAIM, DIPP, RBI and other government agencies. It is a descriptive research.

### Research Analysis

Time series analysis used in this research and graph used for the presentation of the data.

**Table 1: Sub sectors of FDI inflows in automobile industry (from January 2000 to December 2013)**

Sub sectors	Amount of FDI inflows		%age with total FDI in flows
	Rs. crore	US \$ millions	
Automobile industry	12963.30	2618.93	1.24
Passenger cars	16510.34	3573.45	1.70
Auto parts	8516.00	1686.58	0.80
Others (transport)	6891.20	1443.94	0.69
Total of above	44880.84	9322.90	4.43

Source: DIPP

### FDI inflows in automobile industry

This table shows the total amount of FDI inflows in automobile industry. Passenger cars have most shares in FDI inflows. As per the data published by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce, Government of India, the cumulative FDI inflows into the Indian automobile industry during January 2000 to December 2013 was noted to be US\$ 9322.90 million, which amounted to 4.43% of the total FDI inflows in terms of US \$.

**Table 2: Share of Top Five Countries Attracting FDI Equity Inflows for Automobile Industry (from January 2000 to December 2013)**

Ranks	Country	Amount of FDI equity inflows		% with total FDI inflows for automobile industry
		Rs crore	US \$ in millions	
1.	Japan	12100.61	2487.46	26.68
2.	Netherlands	5568.53	1149.52	12.33
3.	Germany	5306.29	1011.55	10.85
4.	U.S.A.	4126.98	892.66	9.57
5.	Mauritius	3557.83	766.75	8.22
Total of above		30660.24	6307.94	67.65

Sources: Department of Industry Policy and Promotion

These are top five countries that make FDI inflows in automobile industry in India. Japan contributes 26.68%, Netherlands contributes 12.33%, and Germany contributes 10.85%, 9.57% from U.S.A. and 8.22% from Mauritius. Total 67.65% of FDI inflows in automobile industry contribute by these five countries.

**Table 3: Production of Automobile Industry (numbers)**

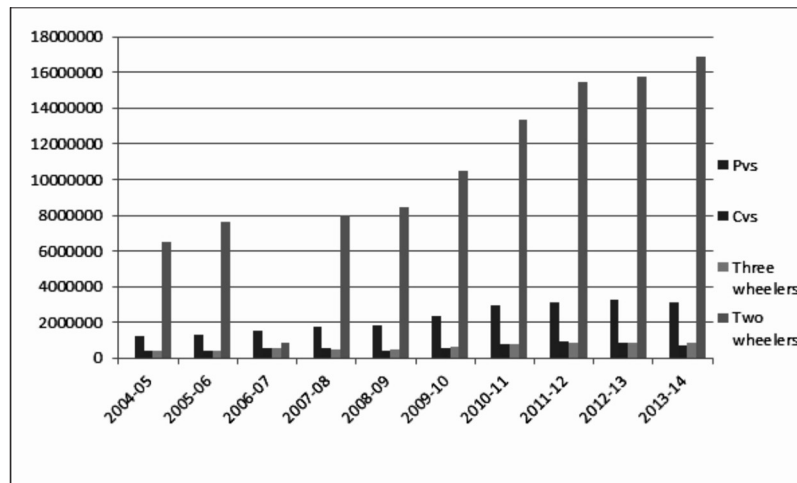
Year	Passenger vehicles	Commercial Vehicles	Three wheelers	Two wheelers
2004-05	12,09,876	363,703	3,74,455	65,29,826
2005-06	13,09,300	391,083	4,34,423	76,08,697
2006-07	15,45,223	519,982	5,56,126	8,46,666
2007-08	1,77,583	549,006	5,00,660	80,26,681
2008-09	18,38,593	416,870	4,97,020	84,19,792
2009-10	23,57,411	567,556	6,19,194	1,05,12,903
2010-11	29,82,772	760,735	7,99,553	1,33,49,349
2011-12	31,46,069	929,136	8,79,289	1,54,27,532
2012-13	32,31,058	832,649	8,39,748	1,57,44,156
2013-14	30,87,973	699,035	8,30,108	1,68,83,049

Source: SAIM reports

### Trends of automobile production

Table present the trend of the automobile production from 2004-05 to 2013-14. The Indian automobile industry produced around 14 billion in 2009-10 and around 29 millions in 2013-14. Production of passenger vehicles is in increasing order after 2005-06. India is the second largest two wheeler market in the world. Due to the contribution of many different factors like sales incentives, introduction of new models as well as variants coupled with easy availability of low cost finance with comfortable repayment options, demand and sales of automobiles are rising continuously. The main motivation for the analysis of growth is provided by two major developments in the Indian automobile sector during the last decade. (a) liberalisation in government policy measures resulting in entry of firms with expanded capacity and capability to produce vehicles involving technological up-gradation,

and (b) massive inflow of direct foreign investment into the automobile sector. Both these developments have important implications for the performance of individual firms.



This chart shows the trend of Automobile production from 2004-2014. Trend of passenger vehicles and two wheelers are Increase mode. Passenger vehicles growth is low comparison to other sectors.

**Table 4: Automobile Export trend (in Numbers)**

Year	Passenger vehicles	Commercial Vehicles	Three wheelers	Two wheelers
2004-05	1,66,402	29,940	66,795	3,66,407
2005-06	1,75,572	40,600	76,881	5,13,169
2006-07	1,98,452	49,537	1,43,896	61,9,644
2007-08	2,18,401	58,994	1,41,225	8,19,713
2008-09	3,35,729	42,625	1,48,066	10,04,174
2009-10	4,46,145	45,009	1,73,214	11,40,058
2010-11	4,44,326	74,043	2,69,968	15,31,619
2011-12	5,08,783	92,258	3,61,753	19,75,111
2012-13	5,59,414	80,027	3,03,088	19,56,378
2013-14	5,96,142	77,050	3,53,392	20,84,000

Source: Automotive component Manufacturers Association of India

This table presents the Indian Export of automobile industry. Fast growth is show in the entire segment. In year 2013-14, 2 million passenger vehicles was export but commercial vehicles had less export comparison to previous year.

### Conclusion

The automobile industry is one of the high performing industries of Indian economy.

This has contributed largely in making India a prime destination for many international players in the automobile industry who wish to set up their businesses in India. This paper tries to examine the FDI inflows in automobile industry and production of automobile industry. This paper result shows that the Inflow of FDI in automobile industry is in increasing mode. Growing middle class population with increased purchasing power

along with the economic growth during past decade, have attracted multinational corporations to Indian market.

To attract Foreign investments, the government is taking several steps, including improving ease of doing business in the country and relaxing FDI policy. FDI inflows to automobile industry have at an increasing rate as India has witnessed a major economic liberalization over the years in terms of the country is growing rapidly from last decade. FDI could benefit both the domestic industry as well as the consumers, by providing opportunities for technological transfer and up gradation access to global managerial skills and practices, optimal utilization of human capabilities and natural resources, making industry internationally competitive, opening up export markets, providing backward and forward linkages and access to international quality goods and services and increasing employment opportunities.

### Recommendations and Suggestions

By analyzing the current trend of Automobile production and export trend, we can say that the future of automobile industry is bright. To use e-commerce and technology automotive industry would be higher. Automotive industry depends on new technology and skilled labors. India needs to enhance the skill-sets that are required for the industry in order to become a global automotive hub and bringing more and more FDI in the country. So the Government and industry need to come together and address the challenges related to skill development and workforce shortages, both in terms of quantity and quality. Poor road infrastructure traffic congestion can be a bottleneck in the growth of vehicle industry. A balanced approach should be undertaken for proper maintenance, upgradation and development of roads by encouraging private sector participation besides public investment and incorporating latest technologies and management practices to take care of increase in vehicular traffic.

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## EFFECT OF SPIRITUAL INTELLIGENCE ON JOB PERFORMANCE

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### Abstract

Employees today face tremendous stress at the workplace due to increased competitiveness, changing and evolving technologies and lack of work-life balance. As a result employees feel hollow and dissatisfied at workplace resulting in negative impacts on their job performance. Gardner's theory of multiple intelligences has led to research in different areas of research. Emmons draws on Gardner's definition of Intelligence and proposed that spirituality can be viewed as a form of intelligence because it predicts functioning and adaptation and offers capabilities that enable people to solve problems and attain goals. The present research is conducted to explore the relationship between various aspects of spiritual intelligence and job performance. The study has taken a sample of 80 working professionals from the private sector. The results show positive correlation between the spiritual intelligence and job performance. The managerial implications of the study are to train employees on spiritual intelligence to improve upon their job performance.

**Keywords:** Spiritual Intelligence, Job Performance and Multiple Intelligences

### Introduction

Gardner (1983) originated the theory of multiple intelligences and suggested that there can be multiple types of intelligence other than only intellectual intelligence. This led to the development of research in other areas as well resulting in the popular theories related to Emotional intelligence (Goleman, 1995). Gardner defined intelligence as a set of abilities that are used to solve problems and recreate products that are valuable within a cultural setting or community. Emmons working on the theory Gardner suggested that spirituality can also be viewed as intelligence. Later various other authors have developed on the concept and build on the relationship between spiritual intelligence and job related attitudes. The present research builds on the premise that there is a relationship between job performance and spiritual intelligence.

Amram (2007) defined 7 major themes that were simplified into 5 domain scales in the research whereby 22 Subscales are further categorized into 5 domains such as Consciousness, Grace, Meaning, Transcendence and Truth. These domains are defined as:

**Consciousness:** It is the development of the refined awareness and self knowledge, featuring intuitive trans-rational knowing, mindfulness and spiritual practices.

**Grace:** Living with alignment with the sacred, manifesting trust in and love for life that is based on gratitude, beauty and joy.

**Meaning:** Experiencing significance in daily activities through a sense of purpose and a call for service, including in face of pain and suffering.

**Transcendence:** Going beyond the separate egoist self into an interconnected wholeness including a holistic systems worldwide and the nurturing the human relationships through empathy, compassion, loving-kindness and I – Thou orientation.

**Truth:** Living in open acceptance, forgiveness, curiosity and love for all that is (all creation), including respect for the wisdom of multiple spiritual traditions.

### Review of Literature

Aggarwal, Shrivastava & Sharma (2017)

stated that Intelligence can be categorized into intellectual, emotional and spiritual but sometimes SI is misunderstood as something related to religion but in reality it is possible to be 'spiritual' without being religious. Amram & Dyer (2008) describes the development and preliminary validation of an ecumenical measure of Spiritual Intelligence (SI), the Integrated Spiritual Intelligence Scale. He concluded that SI can be applied to solve specific problems by taping specific abilities such as using intuition or taking a holistic systems perspective to solve problems more globally. It also focuses on the fact that other than solving specific problems, SI can be applied in every moment of daily life to experience greater meaning and wellbeing by exercising SI abilities such as mindfulness, presence and even in the of pain and suffering.

Researcher analyzed that spirituality at work and to discover how spirituality improves educator's performance and institutional effectiveness Kulshrestha & Singhal (2017) the article introduces aspects of probable welfare and requirements of carrying spirituality into the workplace; providing



suggestions for teachers to incorporate spirituality positively in institutions.

Jurkiewicz & Giacalone (2004) the researcher states that the workplace spirituality values framework is definable, that these values have a positive impact on employee and organizational performance, and those organizations can exhibit varying degrees of these values through the work processes, policies and practices that constitute their culture. A greater emphasis is given on culture by linking it with performance.

Torabi & Javadi (2013) reviewed the impact of Spiritual Intelligence on Job Engagement whereby the research has predominantly concentrated on the role of job and personal resources for augmenting employees' engagement with their work. The research explained three dimensions of spiritual intelligence which was focused on i.e. critical existential thinking, personal meaning production and conscious state expansion predicted job engagement in a statistically significantly way.

It was investigated that Spiritual Intelligence is the central part of all types of intelligence, the core of intelligences, which has a coordinating role in this system. It is the intelligence situated in a profound part of the being, connected to the wisdom beyond the ego Vanea (2014).

When team members perceive spirituality at work, some important attributes such as trust, creativity and respect can be found within

the organization and will have an effect on team effectiveness. Daniel (2009) proposed to encompass team member satisfaction, team conflict and team performance. Other Studies has been developed to investigate the relationship between spiritual intelligence on job performance of managers whereby the results of the study suggests that managers spiritual intelligent has relationship with the four dimensions of holistic, ability to cope and deal with problems, moral individualities and consciousness and according to the results, self-consciousness associated with the job performance in the first place Varghese & Chirayath (2016).

Petchsawanga & Duchon (2012) reports two studies that examine how an organization might enable more productive work practices by encouraging the expression of its employees' spiritual. Study 1 show that people who regularly practice meditation have higher workplace spirituality scores than people who do not regularly practice meditation. Study 2 reports a quasi-experimental studying which people practiced insight meditation. The data did not reveal a direct effect for the meditation, however spirituality does relate to work performance.

It was investigated that impact that workplace spirituality on work teams. Daniel (2009) states that when team members perceive spirituality at work, some important attributes such as trust, creativity and respect can be found within the organization and will have an effect on team effectiveness, which is proposed to encompass team

member satisfaction, team conflict and team performance. Estanesti (2016) suggests that managers spiritual intelligent has relationship with the four dimensions of holistic, ability to cope and deal with problems, moral individualities and consciousness and according to the results, self-consciousness associated with the job performance in the first place.

### Research Methodology

The present research is descriptive in nature. It uses two standardized scales to measure the spiritual intelligence and job performance. The spiritual intelligence scale has 45 items like 'I enhance my effectiveness through my connections and receptivity to others', 'Even in the midst of conflict, I look for and find connection and common ground', 'I listen to my gut feeling or intuition in making important choices' etc. and job performance scale has 25 items like 'Makes innovative suggestions to improve the overall quality of the department', 'Willingly attends functions not required by the organization', 'Exhibits punctuality arriving at work on time in the morning and after lunch breaks' and etc. The cronbach's alpha for spiritual intelligence and its sub-scales are Consciousness (0.572), Grace (0.62), Meaning (0.36), Transcendence (0.710), Truth (0.594) and cronbach's alpha for Job performance is Altruism (0.624), Conscientiousness (0.711), and Task Performance (0.918). The total number of respondents for the present study is 80. The convenience sampling technique is used for the study. The sample is collected from the employees of various organizations in private sector.

## Analysis & Interpretation

**Inter-Item Correlations Matrix**

	Conscious-ness	Meaning	Grace	Transcendence	Truth	Altruism	Conscientiousness	Job Performance
Consciousness	1	0.604**	0.545**	0.544**	0.162	0.371**	0.038	0.438**
Meaning	0.604**	1	0.633**	0.585**	-0.04	0.469**	0.009	0.529**
Grace	0.545**	0.633**	1	0.640**	0.082	0.485**	0.213	0.577**
Transcendence	0.544**	0.585**	0.640**	1	0.181	0.371**	0.196	0.474**
Truth	0.162	-0.04	0.082	0.181	1	-0.139	0.144	0.241*
Altruism	0.371**	0.469**	0.485**	0.371**	-0.139	1	0.289**	0.528**
Conscientiousness	0.038	0.009	0.213	0.196	0.144	0.289**	1	0.409**
Job Performance	0.438**	0.529**	0.577**	0.474**	0.241*	0.528**	0.409**	1

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

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

The correlation coefficient between consciousness and job performance is 0.438 which is significant at 0.01 level, the relationship between Meaning and Job performance is 0.529 which is significant at 0.01 level, the relationship between Grace, Transcendence, Truth, Altruism and Conscientiousness is 0.55, 0.474, 0.241, 0.528 and 0.409 respectively. So other than truth, the relationship between job performance and spiritual intelligence is high and significant at 0.01 level. Only the relationship between truth and job performance is moderate.

### Conclusion

All seven subscales of spiritual intelligence are found to be correlated with job performance. The results indicate that if employees are oriented towards spirituality there is a likelihood that their performance will improve. Similarly the studies in the areas of other job attitudes should be conducted so to develop more evidences in this area.

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The core advantage of studying at ABS is to get an internationally recognized qualification, by the finest academic minds who impart holistic knowledge by deductive learning methodology. The support from the industry is immense in the form of internship and job placements. Asian Business School has international tie ups with various reputed universities like Oxford Business College, Oxford, UK, Winchester University, Universities of Central Lancashire, Northumbria University, Academy of Arts University, Deakin Universities; that tend to provide an edge to the its students .

Asian Business School Curriculum focuses on enhancing its students’ capabilities so that they can manage lead, by ensuring that they learn to adopt a systematic approach in identification of business problems and their solutions and use their analytical, problem solving and decision making skills to deal successfully with management issues across a range of functional areas.



**Approved By AICTE, Ministry of HRD, Govt. of India**  
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