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From Editor-in-Chief

Research is an important part of the business management as it helps a business in improving the existing business processes, learn from the past and also plan for the future. Implications of the research has further widened with the increasing interventions of technology, globalisation as well as consumerism. Businesses have become more competitive and hence the decisions have become more costly. Systematic research can help a company to make well informed plans, grow, compete, succeed and innovate towards the interests of the customers. Although most of the companies focus on the applied research, academics have a responsibility to work on both the basic and applied dimensions of research and guide the industry towards futuristic challenges, opportunities and applications.

Dissemination of research through the research papers, case studies and popular articles leads the decision makers towards better policies and decisions with a wider perspective. On the other hand, they serve as a comprehensive resource for the researchers and academicians. Researchers get an opportunity to receive feedback on their work from the peers and this leads to further insights and new vistas of research. International Journal of Management Issues and Research is a peer reviewed publication of the school of business studies with a constant endeavour to support research and development.

It's really a matter of pleasure to present this issue of IJMIR. Papers included in the issue cover different aspects of business in both the national and international perspectives. I trust the issue will be much interesting for researchers and practitioners, and will also provide directions for the future research.

Srinivas Shirur

Dean, School of Business Studies

CONTENTS

1	Modeling India-US Exchange Rate Volatility Using GARCH Models <i>Karuna Chauhan, Surender Kumar, Puneet Dublsh and Abhay Srivastava</i>	01 - 10
2	IFRS: Issues and Challenges in Indian Context <i>P. K. Aggarwal, Sunil Kumar and Anurag Agnihotri</i>	12 - 19
3	Big Data Analytics: Extracting Value from Chaos, Challenges and Opportunities <i>Sandhya Rai and Anil Kumar Pundir</i>	20 - 27
4	Digital Marketing as an Effort to Increase Sales Volume for Micro Small and Medium Enterprises Products in Kediri, Indonesia <i>Subagyo and Gesty Ernestivita</i>	28 - 37
5	A Study on the Impact of Factors Influencing Online Shopping Behaviour of Consumers In Delhi <i>Rajendra Mishra, Keshav Kumar Gupta and Anshika Rajvanshi</i>	38 - 49
6	Women as Transformational Leaders: The Emerging Face of Leadership in Today's Organizations <i>Varsha Dixit and Aditi Sharma Dogra</i>	50 - 58
7	The Future of Punjab's External Trade <i>Himanshu Sood, Gaurav Gupta and Mukesh Chaturvedi</i>	59 - 65
8	Happiness at Workplace: Case Study of Simplex Infrastructure Ltd. <i>Krishna Raina and Pramod Misra</i>	66 - 75

Modeling India-US Exchange Rate Volatility Using GARCH Models

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Abstract

To understand the market expectations and uncertainty, study of foreign exchange volatility is very important. It is matter of interest to researchers as well as policy makers as it helps us to measure the impact on asset prices. In this work, we have examined the Indian exchange rate volatility against US dollar, using daily data for the period January 2010 to September 2015. Our modeling framework is based on the Generalized Autoregressive Conditional Heteroskedastic (GARCH) models. We have observed strong evidence of conditional shocks and their asymmetric and transitory impact on exchange rate volatility.

Keywords: Exchange Rate, ARCH, GARCH, Volatility, Asymmetric Effects.

Introduction

Financial volatility has significant influence on the economy growth and the policy decision makers depend heavily upon the volatility modeling anticipation on the vulnerabilities of financial markets and economy (Poon and Granger (2003). An investor's confidence to invest in particular country is significantly related to high volatilities in exchange rate. This is one the basic reason why volatility models are used to explain the enduring and significant instance in the foreign exchange rate movements (Kamal et al., 2012).

The traditional measure of volatility as represented by variance and standard deviation is unconditional and does not recognize interesting patterns in asset volatility, e.g., time-varying and clustering properties (Olowe, 2009). Researchers have introduced various models to be able to explain and predict these patterns in volatility. One such approach is represented by time-varying volatility models which were expressed by Engle (1982) as autoregressive conditional heteroscedasticity (ARCH) model and extended by Bollerslev (1986) into generalized ARCH (GARCH) model. These models recognize the difference between the conditional and the unconditional volatility of stochastic process, where the former varies over time, while the latter remains constant (McMillan and Thupayagale 2010).

In this article, drawing on the literature (see, inter alia, Brooks, 2001; Taylor and Sarno, 2004; Sanro, et al., 2005; Narayan and Narayan, 2007a; Taylor, 2006) that have found exchange rates to display nonlinear behaviour and the subsequent literature (see, inter alia, Herwartz and Reimers, 2002; Tsui and Ho, 2004; and Kim and Sheen, 2006) on exchange

rate volatility, Generally, this literature has found that shocks have a persistent impact on exchange rate.

Volatility in exchange rates volatility in India has a big concern is not only due to the rupee depreciation but also rupee appreciation that is causing concern to understand the economic disparity of the country. Ahmed and Suliman (2011) pointed out the importance of currency exchange rate volatility because of its economic and financial applications like portfolio optimization, risk management, etc.

Data and Research Methodology

The time series data for rupee exchange rate against US dollar is used for modeling volatility. The daily rupee exchange rate against US dollar for the period January 4, 2010 to September 30, 2015 is used to estimate the volatility, excluding public holidays. These data series have been obtained from one of the most reliable, i.e., IMF online database. In this study, daily returns are the first difference in logarithm of closing prices of rupee exchange rate of successive days. With the given data set, fluctuations in exchange returns reflect volatility in stock market. Suppose E_t the exchange rate at time period t , E_{t-1} is the exchange rate in the preceding time period $t - 1$ the rate of return R_t in 't' time period would be as follows:

$$R_t = \ln(E_t) - \ln(E_{t-1})$$

Generally return consists of two components; expected return $E(R_t)$ (due to economic fundamentals) and unexpected return ' ε_t ' (due to good or bad news). Symbolically, it can be written as follows:

$$R_t = E(R_t) + \varepsilon_t$$

An increase in unexpected rise in return) advocates the arrival of good news; on the contrary, a downturn in ε_t unexpected decline in return is a mark of bad news. Volatility in forex market as a result of expected variations in exchange returns is termed as expected volatility, while volatility resultant to unexpected variations in exchange range rate returns is known as unexpected volatility. In modeling such situations, autoregressive conditional heteroskedasticity (ARCH) approach is applied wherein the conditional variance is used as a function of past error term and allows the variance of error term to vary over time (Engle, 1982). It implies that volatility can be forecasted by inclusion of the past news as a function of conditional variance. This process is called autoregressive conditional heteroskedasticity.

ARCH Model

Before the ARCH model introduced by Engle (1982), the most common way to forecast volatility was to determine volatility using a number of past observations under the assumption of homoscedasticity. However, variance is not constant. Hence, it was inefficient to give same weight to every observation considering that the recent observations are more important. ARCH model, on the other hand, assumes that variance is not constant and it estimates the weight parameters and it becomes easier to forecast variance by using the most suitable weights. Mean function of ARCH(1) is a simple first order auto regression:

$R_t = c + \beta R_{t-1} + \varepsilon_t$
and the conditional variance equation is as follows:

$$\sigma_t^2 = \omega + \alpha \varepsilon_{t-1}^2$$

GARCH Model

The GARCH model was developed by Bollerslev (1986) and Taylor (1986) independently. In GARCH(1,1) model, conditional variance depends on previous own lag. Mean equation of GARCH(1,1):

$$R_t = c + \beta R_{t-1} + \varepsilon_t$$

and the variance equation is:

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

Where ω is constant, ε_{t-1}^2 is the ARCH term and σ_{t-1}^2 is the GARCH term. As we can see, today's volatility is a function of yesterday's volatility and yesterday's squared error.

The GJR-GARCH Model – GJR-GARCH (1,1)

This model is proposed by Glosten, Jagannathan and Runkle (1993). Conditional variance is given by;

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

Where $I_{t-1} = 1$ if $\varepsilon_{t-1} < 0$ and $I_{t-1} = 0$ otherwise.

The Exponential GARCH Model - EGARCH

Nelson's (1991) EGARCH(1,1) model's variance equation is as follows:

$$\log(\sigma_t^2) = \omega + \alpha \left(\frac{\varepsilon_{t-1}}{\sigma_{t-1}} \right) + \beta \left[\left(\frac{|\varepsilon_{t-1}|}{\sigma_{t-1}} \right) - \sqrt{\frac{2}{\pi}} \right] + \gamma \log(\sigma_{t-1}^2)$$

Results and Discussion

The descriptive statistics of the return on rupee value and its first log difference against US dollar (RD, LRD) are depicted in Table 1. In a standard normal distribution, kurtosis is 3. A value lesser or greater than 3 kurtosis coefficients indicates flatness and peakedness of the data series. The higher value of kurtosis shows that the data series is peaked, moreover data series is highly peaked with kurtosis 8.56 as compared to normal distribution. Table 1 also shows that the Jarque-Bera (JB) test of normality for all the data series rejects the null hypothesis of normality at 1% significant level.

Testing for Stationarity of the Series

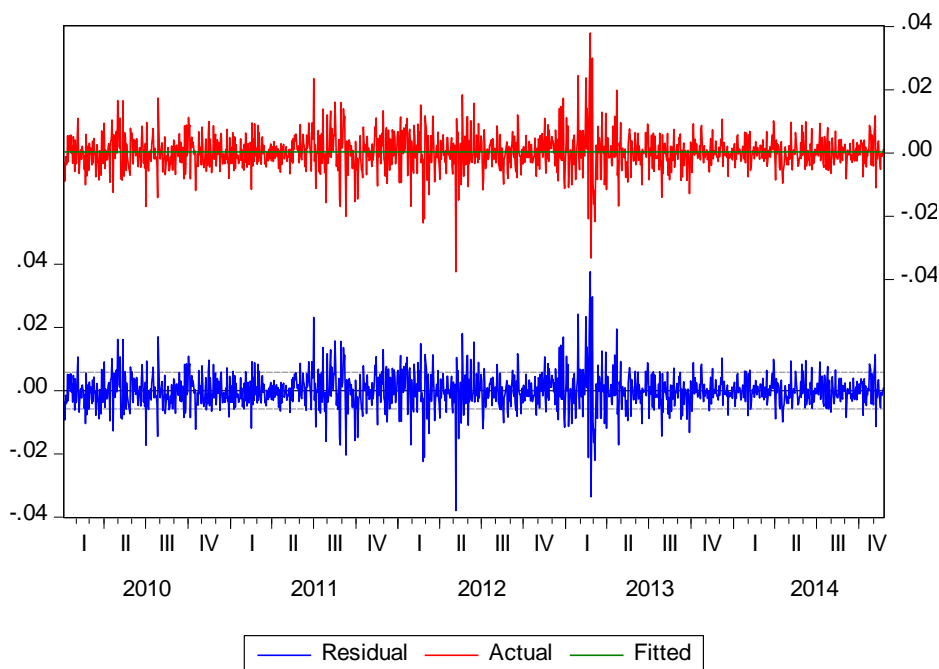
To examine whether the daily exchange rate against US Dollar and their first log difference are stationary series, the Augmented Dickey-Fuller (ADF) test (Dickey and Fuller, 1979), Philips-Perron (PP) test have been applied to confirm the results about the stationarity of the series. The results of the unit root test are shown in Table 2 and 3. The ADF and PP test statistics are significant at 1% level, thus rejecting the null hypothesis of the presence of unit root in the data.

Table 1: Unit root test of the daily return								
	Augmented Dickey-Fuller test				Phillips-Perron test			
	Statistic	Critical values			Statistic	Critical values		
		1% level	5% level	10% level		1% level	5% level	10% level
Exchange Rate Return	-27.99 (0.00)	-3.43	-2.86	-2.56	-36.74 (0.00)	-3.43	-2.86	-2.56

Testing for Heteroskedasticity

We cannot use homoscedastic model to estimate volatility. Thus, before modeling the volatility of rupee exchange log return series against major currencies, testing for the heteroskedasticity in residuals is necessary. At the beginning, we obtain the residuals from an Autoregressive and Moving Average (ARMA).

Figure 1: Log Difference of INR per US Dollar



Once the residuals from ARMA(1, 1) are obtained, the existence of heteroskedasticity in residuals of log exchange rate return series is checked using Engle's Lagrange Multiplier (LM) test for ARCH effects (Engle, 1982). This particular heteroskedasticity specification was motivated by the observation that in many financial time series, the magnitude of residuals appeared to be related to the magnitude of recent residuals (Chakrabarti and Sen, 2011). Table 3 presents the results of heteroskedasticity test LM to check for the presence of ARCH effect in the residual series at lag 1. From the table, we infer that for all the log rupee exchange return series, both F -statistics and LM statistics are significant at 1% level in the first lags. The zero p -value indicates the presence of ARCH effect. Based on these results, we reject the null hypothesis of absence of ARCH effects (homoskedasticity) in residual series of

log rupee exchange return series. These results suggest that the log return series of Indian rupee-against US dollar, have the presence of ARCH. This observation directs us to estimate the exchange rate volatility using different classes of GARCH models

Table 2: Estimation Results of GARCH(p, q) Model			
	GARCH (1,1)	TGARCH (1,1)	EGARCH (1,1)
Constant	5.62E-07	4.49E-07	-0.432
α	0.062*	0.073*	0.162*
β	0.921*	-0.048*	0.066*
γ		0.936*	0.970*
Residual Diagnostics: ARCH-LM Test			
F-Statistic	0.39712	0.99917	0.66398
Prob. F(1,1272)	0.5297	0.3177	0.4143
*indicates that coefficient are significant at 1% level of significance			

Table 2 shows the results of GARCH (p, q) model used for estimating the daily foreign exchange rate volatility of Indian rupee against US Dollar for the sample period ranging from January 5, 2010 to September 16, 2015. From the table we can see that all the coefficients of model against different currencies, (Constant), α (ARCH effect) and β (GARCH effect), in the sample period are statistically significant at 1% level. The lagged conditional and squared variances have impact on the volatility and it is supported by both ARCH Term (α) and GARCH Term (β) which is significant. The highly significant α (ARCH effect) in the sample period evidenced the presence of volatility clustering in GARCH (1, 1) model in the data series. It also indicates that the past squared residual term (ARCH term) is significantly affected by the volatility risk in exchange rate. The coefficient of β (GARCH effect) also shows highly statistical significance for rupee exchange rate against US Dollar. It indicates that the past volatility of Indian foreign exchange rate is significantly influencing the current rupee volatility.

The TGARCH model used to test leverage effect or asymmetry in the daily foreign exchange rate volatility of Indian rupee against US dollar in Table 2. The estimated results of coefficients in TGARCH (1, 1) model for the selected series are statistically significant at 1% and 5% levels of significance. In the case of asymmetric term or leverage effect (γ), a statistically significant value suggests that there exists the leverage effect and asymmetric behavior in daily Indian rupee exchange rate against US dollar. Further for all the selected series, the leverage effect term shows a negative sign, indicating that positive shocks (good news) have large impact on next period volatility than negative shocks (bad news) of

the same sign or magnitude. All the parameters presented in the table are statistically significant at 1% and 5% levels. The significance of EGARCH term (γ) indicates the presence of asymmetric behavior of volatility of Indian rupee against US dollar. The positive coefficients of EGARCH term suggest that the positive shocks (good news) have more effect on volatility than that of negative shocks. The null hypothesis of no heteroskedasticity in the residuals is accepted in GARCH (1, 1), TGARCH (1, 1) and EGARCH (1, 1) model.

Conclusion

In this paper we have tried to explore the comparative ability of different statistical and econometric volatility forecasting models in the context of Indian rupee against US dollar. Three different models were considered in this study. The volatility of the rupee exchange rate returns has been modeled by using univariate GARCH models. The study includes both symmetric and asymmetric models that capture the most common stylized facts about currency returns such as volatility clustering and leverage effect. These models are GARCH (1, 1), TGARCH (1, 1) and EGARCH (1, 1), for log difference of rupee exchange rate return series against US dollar. GARCH (1, 1) model is used for capturing the symmetric effect, whereas the TGARCH (1, 1) and EGARCH (1, 1), models for capturing the asymmetric effect. The paper finds strong evidence that daily rupee exchange returns volatility could be characterized by the above-mentioned models. For all series, the empirical analysis was supportive of the symmetric volatility hypothesis, which means rupee exchange rate returns are volatile and that positive and negative shocks (good and bad news) of the same magnitude have the same impact and effect on the future volatility level. The parameter estimates of the GARCH (p, q) models indicate a high degree of persistence in the conditional volatility of exchange rate returns which means an explosive volatility.

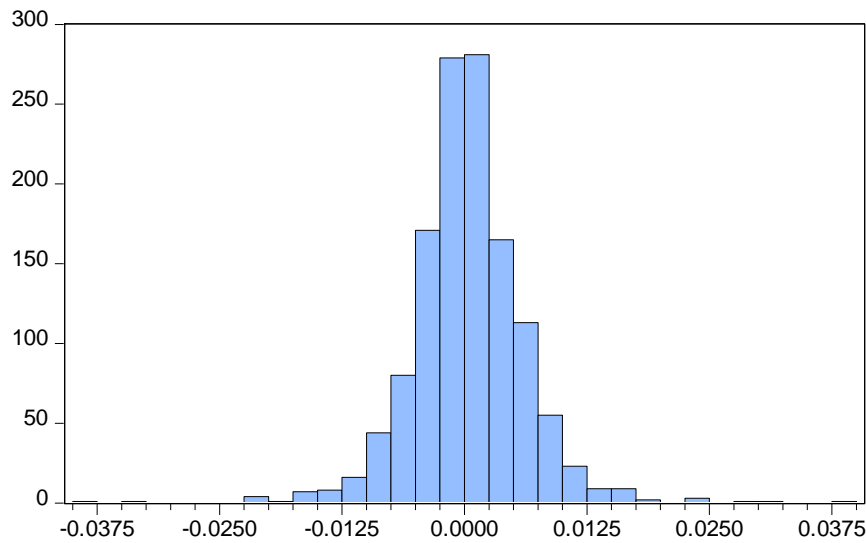
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APPENDIX

Figure2: Descriptive Statistic



Series: INDIA_ER
 Sample 1/05/2010 9/16/2015
 Observations 1275

Mean	0.000343
Median	0.000178
Maximum	0.037919
Minimum	-0.037560
Std. Dev.	0.005809
Skewness	0.089825
Kurtosis	8.569932
Jarque-Bera	1649.872
Probability	0.000000

Table 3: Results of Unit Root Test

Null Hypothesis: INDIA_ER has a unit root
 Exogenous: Constant
 Bandwidth: 2 (Newey-West automatic) using Bartlett kernel

	Adj. t-Stat	Prob.*
Phillips-Perron test statistic	-36.74063	0.0000
Test critical values:		
1% level	-3.435271	
5% level	-2.863601	
10% level	-2.567917	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	3.37E-05
HAC corrected variance (Bartlett kernel)	3.16E-05

Phillips-Perron Test Equation
 Dependent Variable: D(INDIA_ER)
 Method: Least Squares
 Date: 10/12/15 Time: 09:46
 Sample (adjusted): 1/06/2010 11/24/2014
 Included observations: 1274 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
INDIA_ER(-1)	-1.028128	0.028024	-36.68725	0.0000
C	0.000355	0.000163	2.180164	0.0294

R-squared	0.514124	Mean dependent var	3.44E-06
Adjusted R-squared	0.513742	S.D. dependent var	0.008332
S.E. of regression	0.005810	Akaike info criterion	-7.456878
Sum squared resid	0.042939	Schwarz criterion	-7.448794
Log likelihood	4752.031	Hannan-Quinn criter.	-7.453842
F-statistic	1345.954	Durbin-Watson stat	2.004430
Prob(F-statistic)	0.000000		

Null Hypothesis: INDIA_ER has a unit root
 Exogenous: Constant
 Lag Length: 1 (Automatic - based on SIC, maxlag=22)

	t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic	-27.99356	0.0000
Test critical values:		
1% level	-3.435275	
5% level	-2.863602	
10% level	-2.567918	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
 Dependent Variable: D(INDIA_ER)
 Method: Least Squares
 Date: 10/12/15 Time: 09:45
 Sample (adjusted): 1/07/2010 11/24/2014
 Included observations: 1273 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
INDIA_ER(-1)	-1.120691	0.040034	-27.99356	0.0000
D(INDIA_ER(-1))	0.089313	0.027916	3.199322	0.0014
C	0.000395	0.000163	2.424478	0.0155

R-squared	0.518806	Mean dependent var	8.08E-06
Adjusted R-squared	0.518048	S.D. dependent var	0.008334
S.E. of regression	0.005785	Akaike info criterion	-7.464595
Sum squared resid	0.042508	Schwarz criterion	-7.452460
Log likelihood	4754.215	Hannan-Quinn criter.	-7.460037
F-statistic	684.6328	Durbin-Watson stat	2.000217
Prob(F-statistic)	0.000000		

Table 4: Test of Heteroskedasticity to Identify Presence of ARCH

Heteroskedasticity Test: ARCH

F-statistic	176.0492	Prob. F(1,1272)	0.0000
Obs*R-squared	154.8888	Prob. Chi-Square(1)	0.0000

Test Equation:

Dependent Variable: RESID^2

Method: Least Squares

Date: 10/12/15 Time: 09:50

Sample (adjusted): 1/06/2010 11/24/2014

Included observations: 1274 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.20E-05	2.59E-06	8.466040	0.0000
RESID^2(-1)	0.348688	0.026280	13.26835	0.0000
R-squared	0.121577	Mean dependent var		3.37E-05
Adjusted R-squared	0.120886	S.D. dependent var		9.28E-05
S.E. of regression	8.70E-05	Akaike info criterion		-15.85893
Sum squared resid	9.64E-06	Schwarz criterion		-15.85085
Log likelihood	10104.14	Hannan-Quinn criter.		-15.85590
F-statistic	176.0492	Durbin-Watson stat		2.161976
Prob(F-statistic)	0.000000			

Table 5: Estimation of GARCH(1,1) and Residual Diagnostics(ARCH LM Test)

Dependent Variable: INDIA_ER

Method: ML ARCH - Normal distribution (BFGS / Marquardt steps)

Date: 10/12/15 Time: 14:12

Sample (adjusted): 1/05/2010 11/24/2014

Included observations: 1275 after adjustments

Convergence achieved after 30 iterations

Coefficient covariance computed using outer product of gradients

Presample variance: backcast (parameter = 0.7)

GARCH = C(2) + C(3)*RESID(-1)^2 + C(4)*GARCH(-1)

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	0.000207	0.000144	1.439608	0.1500
Variance Equation				
C	5.62E-07	1.64E-07	3.426960	0.0006
RESID(-1)^2	0.062072	0.006753	9.192204	0.0000
GARCH(-1)	0.921591	0.007703	119.6352	0.0000
R-squared	-0.000547	Mean dependent var		0.000343
Adjusted R-squared	-0.000547	S.D. dependent var		0.005809
S.E. of regression	0.005810	Akaike info criterion		-7.636840
Sum squared resid	0.043008	Schwarz criterion		-7.620681
Log likelihood	4872.486	Hannan-Quinn criter.		-7.630771
Durbin-Watson stat	2.054843			

Heteroskedasticity Test: ARCH

F-statistic	0.395119	Prob. F(1,1272)	0.5297
Obs*R-squared	0.395617	Prob. Chi-Square(1)	0.5294

Test Equation:

Dependent Variable: WGT_RESID^2

Method: Least Squares

Date: 10/12/15 Time: 14:17

Sample (adjusted): 1/06/2010 11/24/2014

Included observations: 1274 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.981528	0.076885	12.76624	0.0000
WGT_RESID^2(-1)	0.017622	0.028035	0.628585	0.5297
R-squared	0.000311	Mean dependent var		0.999140
Adjusted R-squared	-0.000475	S.D. dependent var		2.554934
S.E. of regression	2.555541	Akaike info criterion		4.715974
Sum squared resid	8307.166	Schwarz criterion		4.724058
Log likelihood	-3002.075	Hannan-Quinn criter.		4.719010
F-statistic	0.395119	Durbin-Watson stat		1.999320
Prob(F-statistic)	0.529734			

Table 6: Estimation of TGARCH(1,1) and Residual Diagnostics(ARCH LM Test)

Dependent Variable: INDIA_ER

Method: ML ARCH - Normal distribution (BFGS / Marquardt steps)

Date: 10/12/15 Time: 14:10

Sample (adjusted): 1/05/2010 11/24/2014

Included observations: 1275 after adjustments

Convergence achieved after 37 iterations

Coefficient covariance computed using outer product of gradients

Presample variance: backcast (parameter = 0.7)

GARCH = C(2) + C(3)*RESID(-1)^2 + C(4)*RESID(-1)^2*(RESID(-1)<0) + C(5)*GARCH(-1)

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	0.000285	0.000145	1.961117	0.0499

Variance Equation				
C	4.49E-07	1.35E-07	3.317376	0.0009
RESID(-1)^2	0.073199	0.007850	9.325171	0.0000
RESID(-1)^2*(RESID(-1)<0)	-0.048224	0.011651	-4.139233	0.0000
GARCH(-1)	0.936501	0.006793	137.8639	0.0000

R-squared	-0.000100	Mean dependent var	0.000343
Adjusted R-squared	-0.000100	S.D. dependent var	0.005809
S.E. of regression	0.005809	Akaike info criterion	-7.642975
Sum squared resid	0.042989	Schwarz criterion	-7.622776
Log likelihood	4877.397	Hannan-Quinn criter.	-7.635389
Durbin-Watson stat	2.055761		

Heteroskedasticity Test: ARCH

F-statistic	0.999169	Prob. F(1,1272)	0.3177
Obs*R-squared	0.999954	Prob. Chi-Square(1)	0.3173

Test Equation:

Dependent Variable: WGT_RESID^2

Method: Least Squares

Date: 10/12/15 Time: 14:19

Sample (adjusted): 1/06/2010 11/24/2014

Included observations: 1274 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.970844	0.076639	12.66780	0.0000
WGT_RESID^2(-1)	0.028017	0.028029	0.999584	0.3177

R-squared	0.000785	Mean dependent var	0.998836
Adjusted R-squared	-0.000001	S.D. dependent var	2.546322
S.E. of regression	2.546323	Akaike info criterion	4.708746
Sum squared resid	8247.344	Schwarz criterion	4.716831
Log likelihood	-2997.471	Hannan-Quinn criter.	4.711783
F-statistic	0.999169	Durbin-Watson stat	1.999389
Prob(F-statistic)	0.317702		

Table 7: Estimation of TGARCH (1, 1) and Residual Diagnostics (ARCH LM Test)

Dependent Variable: INDIA_ER

Method: ML ARCH - Student's t distribution (BFGS / Marquardt steps)

Date: 10/12/15 Time: 14:20

Sample (adjusted): 1/05/2010 11/24/2014

Included observations: 1275 after adjustments

Convergence achieved after 55 iterations

Coefficient covariance computed using outer product of gradients

Presample variance: backcast (parameter = 0.7)

LOG(GARCH) = C(2) + C(3)*ABS(RESID(-1))/SQRT(GARCH(-1)) + C(4)*RESID(-1)/SQRT(GARCH(-1)) + C(5)*LOG(GARCH(-1))

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	0.000265	0.000128	2.073178	0.0382

Variance Equation				
C(2)	-0.432417	0.121192	-3.568031	0.0004
C(3)	0.162723	0.032762	4.966871	0.0000
C(4)	0.066609	0.019802	3.363834	0.0008
C(5)	0.970688	0.010445	92.92889	0.0000

T-DIST. DOF	6.538353	0.975842	6.700216	0.0000
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R-squared	-0.000181	Mean dependent var	0.000343
Adjusted R-squared	-0.000181	S.D. dependent var	0.005809
S.E. of regression	0.005809	Akaike info criterion	-7.713058
Sum squared resid	0.042992	Schwarz criterion	-7.688819
Log likelihood	4923.074	Hannan-Quinn criter.	-7.703955
Durbin-Watson stat	2.055594		

Heteroskedasticity Test: ARCH

F-statistic	0.663984	Prob. F(1,1272)	0.4153
Obs*R-squared	0.664681	Prob. Chi-Square(1)	0.4149

Test Equation:

Dependent Variable: WGT_RESID^2

Method: Least Squares

Date: 10/12/15 Time: 14:21

Sample (adjusted): 1/06/2010 11/24/2014

Included observations: 1274 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.997679	0.081486	12.24352	0.0000
WGT_RESID^2(-1)	0.022842	0.028032	0.814852	0.4153

R-squared	0.000522	Mean dependent var	1.021007
Adjusted R-squared	-0.000264	S.D. dependent var	2.722730
S.E. of regression	2.723089	Akaike info criterion	4.842980
Sum squared resid	9432.154	Schwarz criterion	4.851064
Log likelihood	-3082.978	Hannan-Quinn criter.	4.846016
F-statistic	0.663984	Durbin-Watson stat	1.998864
Prob(F-statistic)	0.415309		

Table 8: Residual Diagnostics (Correlogram and Q-Statistics Test for Serial Correlation)

Date: 10/12/15 Time: 14:32
 Sample: 1/05/2010 9/16/2015
 Included observations: 1275

Autocorrelation	Partial Correlation	AC	PAC	Q-Stat	Prob...
		1 -0.04...	-0.04...	2.0455	0.153
		2 -0.02...	-0.02...	2.8880	0.236
		3 0.009	0.007	2.9929	0.393
		4 0.027	0.027	3.9512	0.413
		5 0.026	0.029	4.8425	0.435
		6 -0.00...	0.002	4.8456	0.564
		7 -0.01...	-0.00...	4.9745	0.663
		8 0.020	0.018	5.4905	0.704
		9 0.025	0.024	6.2717	0.712
		1... -0.01...	-0.00...	6.4371	0.777
		1... -0.02...	-0.02...	7.1793	0.784
		1... 0.052	0.048	10.606	0.563
		1... -0.02...	-0.02...	11.230	0.592
		1... 0.007	0.008	11.302	0.662
		1... 0.010	0.011	11.425	0.722
		1... -0.05...	-0.05...	15.467	0.491
		1... 0.009	0.002	15.574	0.554
		1... 0.037	0.035	17.325	0.501
		1... 0.036	0.042	19.008	0.456
		2... -0.04...	-0.03...	21.221	0.384
		2... -0.02...	-0.02...	21.775	0.413
		2... 0.028	0.023	22.766	0.415
		2... -0.02...	-0.02...	23.379	0.439
		2... -0.01...	-0.01...	23.641	0.482
		2... 0.042	0.049	25.949	0.410
		2... 0.009	0.010	26.063	0.460
		2... 0.011	0.006	26.208	0.507
		2... -0.03...	-0.03...	28.148	0.457
		2... 0.022	0.021	28.796	0.476
		3... -0.00...	-0.00...	28.807	0.528
		3... -0.02...	-0.02...	29.339	0.552
		3... -0.00...	-0.00...	29.371	0.600
		3... 0.007	0.007	29.435	0.645
		3... 0.005	0.002	29.473	0.689
		3... 0.023	0.033	30.168	0.700
		3... -0.04...	-0.04...	32.582	0.632

*Probabilities may not be valid for this equation specification.

Date: 10/12/15 Time: 14:32
 Sample: 1/05/2010 9/16/2015
 Included observations: 1275

Autocorrelation	Partial Correlation	AC	PAC	Q-Stat	Prob...
		1 -0.04...	-0.04...	2.7586	0.097
		2 -0.02...	-0.02...	3.5288	0.171
		3 0.008	0.006	3.6187	0.306
		4 0.036	0.036	5.2552	0.262
		5 0.023	0.027	5.9301	0.313
		6 -0.00...	-0.00...	5.9539	0.428
		7 -0.00...	-0.00...	6.0417	0.535
		8 0.026	0.024	6.9421	0.543
		9 0.026	0.026	7.7796	0.557
		1... -0.01...	-0.00...	7.9670	0.632
		1... -0.02...	-0.02...	8.6481	0.654
		1... 0.052	0.047	12.103	0.437
		1... -0.02...	-0.02...	12.828	0.461
		1... 0.005	0.005	12.863	0.537
		1... 0.008	0.010	12.955	0.606
		1... -0.05...	-0.05...	16.855	0.395
		1... 0.010	0.003	16.982	0.456
		1... 0.035	0.034	18.577	0.418
		1... 0.034	0.041	20.118	0.388
		2... -0.04...	-0.03...	22.660	0.306
		2... -0.02...	-0.02...	23.199	0.333
		2... 0.028	0.023	24.217	0.336
		2... -0.02...	-0.02...	24.822	0.360
		2... -0.01...	-0.01...	25.188	0.396
		2... 0.043	0.050	27.596	0.327
		2... 0.007	0.006	27.652	0.376
		2... 0.010	0.006	27.779	0.422
		2... -0.04...	-0.03...	29.977	0.364
		2... 0.020	0.018	30.515	0.389
		3... 0.002	-0.00...	30.519	0.439
		3... -0.02...	-0.02...	31.090	0.462
		3... -0.00...	0.001	31.119	0.511
		3... 0.008	0.007	31.200	0.557
		3... 0.005	0.000	31.229	0.604
		3... 0.021	0.031	31.816	0.623
		3... -0.04...	-0.04...	34.663	0.532

*Probabilities may not be valid for this equation specification.

IFRS: Issues and Challenges in Indian Context

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Abstract

Trust and transparency led to a discussion of the fundamental purpose of financial reporting. Consistent, comparable and understandable financial information is the lifeblood of commerce and making investment. In India the Institute of Chartered Accountants of India (ICAI) has decided to adapt IFRS for accounting periods commencing on or after April 1, 2016. This paper deals with the issues and Challenges faced in the process of convergence in Indian perspective and measures taken to address the challenges.

Keywords: IFRS, International Financial Reporting systems, GAAP. Accounting systems

Introduction

International Financial Reporting Standards (IFRS) are a set of accounting standards developed by the International Accounting Standards Board (IASB) that is becoming the global standard for the preparation financial statements of public companies. The mission of IASB is to develop, in the public interest, understandability, reliability, relevance, comparability and International Financial Reporting Standards (IFRS) for general purpose financial statements. The present era of globalization and liberalization has shrunk the geographical barriers of commerce. The whole world has literally become flat. One can see the cross-border economic activities happening in a swift way. The entities are listed on major stock exchanges of the world. Capital markets have also spread their wings across the globe, leading to free flow of domestic and foreign direct investments to different parts of the world.

Given these scenarios, a common and uniformly accepted Financial Reporting System, supported by strong governance practices and a firm regularity framework, strengthens the economic development of any country. As investors have also become global, financial statements of entities of different countries should be comparable on prescribed common parameters. A common set of financial statement help investors better understand investment opportunities worldwide as against statement of different standards unique to each country.

Objectives of the Study

- To study the Problems and Challenges faced by Indian Companies in the process of Convergence to IFRS.
- To focus on the Measures taken to address the Challenges.

Methodology

For the purpose of the present study, mainly literature survey and secondary data has been used. The required secondary data was collected from the authorized Annual Reports and Official Website of ICAI and IFRS, various Journals and Research Papers, diagnostic study reports and newspaper articles have been surveyed in making this study.

IFRS – Indian Context

The paradigm shift in the economic environment in India during last few years has led to increasing attention being devoted to accounting standards as means towards ensuring potent and transparent financial reporting by any corporate.

ICAI, being a premier accounting body in the country, took upon itself the leadership role by establishing ASB, more than twenty-five years back, to fall in line with the international and national expectations. Today, accounting standards issued by the Institute have come a long way. The ICAI as the accounting standard-setting body in the country has always made efforts to formulate high quality Accounting Standards and has been successful in doing so. Indian Accounting Standards have withstood the test of time. As the world continues to globalize, discussion on convergence of national accounting standards with International Financial Reporting Standards (IFRS) has increased significantly. At present, the ASB of ICAI formulates the AS based on IFRS. However, these standards remain sensitive to local conditions, including the legal and economic environment. Accordingly, AS issued by ICAI depart from corresponding IFRS in order to ensure consistency with legal, regulatory and economic environment of India. As the world continues to globalize, discussion on convergence of Indian GAAP with IFRS has increased significantly. A few developments are set forth hereunder –

- * Formation of IFRS Task Force by the Council of ICAI
- * Recommendation of the IFRS Task Force submitted to the Council
- * Full adoption of IFRS from accounting period commencing on or after 1st April, 2011
- * Proposed to be applicable to listed entities and public interest entities such as banks, insurance companies and large sized entities
- * Involvement of various regulators (MCA, RBI, IRDA, Tax authorities and SEBI)
- * Draft Schedule VI and Accounting Standard I (Exposure Draft) consistent with IFRSs
- * Convergence Strategy presented by Technical Directorate of ICAI on 02.02.2009.
 - ICAI has begun the process of issuing IFRS equivalent AS with following proposed changes:
 1. Removal of alternative treatments
 2. Additional disclosures, where required
 3. As number will continue but IFRS number will be given in parenthesis
 4. IFRICs will be issued as appendices – ICAI has constituted a Group in liaison with government & regulatory authorities and this group has constituted separate core groups to identify inconsistencies between IFRS and various relevant acts.

Role of Indian Government

The central government of India prescribes accounting standards in consultation with the National Advisory Committee on Accounting Standards (NACAS) established under the Company Act 1956. NACAS is a separate body of expert including representative of various regulatory bodies and government agencies, has been engaged in the exercise of examining Accounting standards prepared by ICAI. In this exercise it has adapted the International norms established by the IFRS is-used by International Accounting Standards Board. The central government notified 28 accounting standards (as 1 to 7 and as 9 to 29) in Dec. 2006, after receiving recommendation of NACAS. In notifying the Accounting Standards, the government has adopted a policy of enabling disclosure of company accounts in transparent manner at par with widely accepted international practices, though a process of convergence

with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The initiative for harmonization of harmonization of the Indian Accounting Standards with IFRS, taken up by NACAS in 2001 and implemented through notification of accounting standard by the central government in 2006. The process would be continued by the government with the intention harmonization with IFRS by 2011. Indian Ministry of corporate Affairs has also set up a high-powered group comprising various stakeholder under the chairmanship of Shri Anurag Goel, Secretary of Ministry of Corporate Affairs, to discuss and resolve implementation challenges with regards to convergence of Indian Accounting Standards with IFRS by April, 2016

Rationale behind Adopting IFRS

Policy makers all over the world are focusing their attention towards the implementation of IFRS and are also looking for the answers to the question as to why they should implement it when they are successfully following GAAP for so many years. Major reasons advanced for implementing IFRS are enumerated as:

Globalization of finance

The key benefit of implementing IFRS is a common accounting system and framework which is perceived as stable, transparent and fair to the local and foreign investors which in turn lead to increased compatibility and comparability among different financial statements across the globe. This will eliminate multiple reporting at the entity level and also at the consolidated level. Indian firms need to globalize, and for this they need funds at cheaper cost which is available in American, European and Japanese Capital Markets. To meet the regulatory requirements of these markets, Indian Companies are now mandated to report their financials as per IFRS. This will lead to cross border listing of shares and securities in other parts of the world and in turn cause globalization of finance.

Competitive advantage

Indian entities will be able to initiate new relationships with investors, customers and suppliers internationally as IFRS provides a globally accepted reporting platform which will ultimately raise the reputation and relationship of the Indian corporate and give them competitive advantage. Companies are also in a race to gain an edge over their competitors by trying to adopt IFRS at the earliest and also listing securities on stock exchanges worldwide to build their Brand image. Convergence with IFRS improves the risk rating and makes the corporate world more competitive globally as their comparability with the international competitors' increases.

Professionalism

Service sector will get a boost as the implementation of IFRS in the corporate would require trained accountants, auditors, values and actuaries. Moreover, a single set of accounting standards worldwide would ensure that auditing firms standardize their training and quality of work is maintained globally which will move India towards accounting services hub.

Statutory obligation

After the opening up of countries and removal of tariff barriers, it has been made mandatory and obligatory to report using IFRS as majority of stock exchanges require financial

information presented according to the IFRS. In case of joint ventures with a venture partner operating in countries requiring IFRS, they need to follow the same accounting standards as their venture partner. The multinationals seeking to enter new markets and expand operations to a foreign country may need to report using IFRS in order to obtain an operating license or to raise capital.

Economic growth

It has been observed from the above literature review that the number of countries across the world where IFRS is a recognized reporting framework continues to grow by exploiting opportunities to generate process and cost efficiencies. It will potentially open up opportunities to standardize, simplify and centralize financial reporting processes and functions as the use of a single global standard enhances the efficiency of capital allocation on a global basis and help reduce the cost of capital.

Benefits of adopting IFRS

The adoption of IFRS is expected to have a significant impact on all stakeholders, such as regulators, professionals, preparers of financial statements, analysts, users of financial information and so on.

- **The Economy:** The convergence with IFRS benefits the economy as a whole by accelerating growth of international business. It strengthens the economy with a strong and efficient capital market, where cost of capital becomes cheaper, leading to inflow of international investment into the country.
- **The Investors:** Convergence with IFRS facilitates those investors who want to expand their cross-border business operations. For this purpose, investors want information that is relevant, reliable, timely and comparable across locations. Convergence with international standards will mean a clear understanding of financial statements by investors.
- **The industry:** Entities can raise capital from foreign markets at lower cost only if they can create trust and confidence in the minds of the foreign investors through “True and Fair” presentation of their financial statements by adopting globally acceptable standards.
- **The Accounting Professionals:** Convergence benefits accounting professionals who can offer their services to different parts of the world. It offers diverse opportunities to accounting professionals in any part of the globe, as the same accounting practices prevail throughout the world.

Challenges in adopting IFRS

By now we are clear as to the advantage of universally accepted accounting principles but its complete and fair adoption is not free from challenges. Major challenges that Indian corporate might face;

Awareness of international practices:

The entire set of financial reporting practices needs to undergo a drastic change after the adoption of IFRS to overcome the number of differences between the two GAAP's. It would be a challenge to bring about awareness of IFRS and its impact among the users of financial statements.

Training:

The biggest hurdle for the professionals in implementing IFRS is the lack of training facilities and academic courses on IFRS in India. IFRS has been implemented with effect from 2011; but it is observed that there is acute shortage of trained IFRS staff. The Institute of Chartered Accountants of India (ICAI) has started IFRS Training programmes for its members and other interested parties. Yet there exists a large gap between Trained Professionals required and trained professionals available.

Amendments to the existing law

A number of inconsistencies with the existing laws are other major challenges which are observed in the Companies Act 1956, SEBI regulations, banking laws and regulations and the insurance laws and regulations. Currently, the reporting requirements are governed by various regulators in India and their provisions override other laws. IFRS does not recognize such overriding laws.

Taxation

Currently, Indian Tax Laws do not recognize the Accounting Standards. Therefore, a complete overhaul of Tax laws is the major challenge faced by the Indian Law Makers immediately. In July 2009, a committee was formed by Ministry of Corporate Affairs of Government of India, with a view to identify the various legal and regulatory changes required for convergence and to prepare a roadmap for achieving the same.

Fair value

IFRS which uses fair value as a measurement base for valuing most of the items of financial statements can bring a lot of volatility and subjectivity to the financial statements. It also involves a lot of hard work in arriving at the fair value and services of valuation experts have to be used. Moreover, adjustments to fair value result in gains or losses which are reflected in the income statements. Whether this can be included in computing distributable profit is also debated.

Management compensation plan:

This is because the financial results under IFRS are likely to be very different from those under the Indian GAAP. The contracts would have to be re-negotiated by changing terms and conditions relating to management compensation plans.

Reporting systems

The disclosure and reporting requirements under IFRS are completely different from the Indian reporting requirements. Companies would have to ensure that the existing business reporting model is amended to suit the reporting requirements of IFRS. The information systems should be designed to capture new requirements related to fixed assets, segment disclosures, related party transactions, etc. Existence of proper internal control and minimizing the risk of business disruption should be taken care of while modifying or changing the information systems.

Complexity in adoption

The researchers feel that the biggest risk in converging Indian GAAP with IFRS is the fact that the accounting entities underestimate the complexity involved in the process. Instead it should be recognized well in advance that teething problems would definitely creep in. Converting to IFRS will increase the complexity with the introduction of concepts such as

present value and fair value. In IFRS framework, treatment of expenses like premium payable on redemption of debentures, discount allowed on issue of debentures, underwriting commission paid on issue of debentures etc is different than the present method used. This would bring about a change in income statement leading to enormous confusion and complexities.

Risk in adoption

Implementing IFRS has increased financial reporting risk due to technical complexities, manual workarounds and management time taken up with implementation. Another risk involved is that the IFRS do not recognize the adjustments that are prescribed through court schemes and consequently all such items will be recorded through income statement.

Time

95% of companies in Australia and in the European Union took more than a year to the complete IFRS transition, with 40% taking more than two years. Looking at the Indian scenario, we have already delayed the process from the very beginning. In other countries, regulators released final interpretations two to three years in advance of IFRS deadline and provided step-by-step transition road maps for companies. In India, ICAI took so long to finalize the standard—increasing the confusion around standard interpretation.

Cost

The IFRS transition is expected to cost Indian firms between Rs. 30 lakhs and 1 crore, with an average of 16 internal and three external full-time staff dedicated to the transition. Fifty percent of adopters had to implement entirely new IT systems to accommodate IFRS; only 20% of companies did not implement systems changes. Costs such as auditor fees, systems changes, and reporting costs tend to overrun at the last minute.

Key Divergences

The key divergences between Indian GAAP and IFRS have arisen due to: - * Conceptual differences * Legal and regulatory requirements * Present economic conditions * Level of preparedness

Implementation Phase in India

The applicability of International Financial Reporting Standards for convergence of Indian entities would be in several phases as the issues involved in one-shot adoption are complex. For example, there are issues to be addressed, which may impact tax revenue collection in the Indian scenario. Also, to be sorted is the applicability of IFRS to Small and Medium Scale Enterprises, pending deliberation by various authorities. Hence, in the first phase, ICAI has submitted a suggested list of companies listed with BSE/NSE Sensex, insurance companies, mutual funds, entities with a capital base of over 50 million dollars outside India, companies that are publicly accountable with an aggregate borrowing of over Rs. 1,000 crores and such others.

Measures Taken to Address the Challenges

- For changes required in rules and regulations of various regulatory bodies, draft recommendations have been placed before Accounting Standard Board.

- The ICAI issued 30 interpretations of accounting standards, with a view to resolve various intricate interpretational issues arising in the implementation of new accounting standards.
- Guidance notes have been issued by ICAI for providing immediate guidance on accounting issues.
- To facilitate discussions at seminar, workshops, etc., ICAI has issued background material on newly issued accounting standards.
- For the purpose of assisting its members, the ICAI council has formed an expert advisory committee to answer queries from its members

Training of IFRS

India has a large number of accounting professionals. ICAI has already taken the initiatives for a comprehensive capacity building programme to prepare the CA profession for this transition. A large number of professionals have already undergone training and this process is being accelerated by the ICAI. To summarize, convergence is inevitable. The timeline is tight. The need of the hour is co-ordinate and continuous efforts by all concerned to make the process a grand success.

Suggestions to beat Challenges

The solution to the problem of professionalization of finance is that that all stakeholders in the organization should be trained and IFRS should be introduced as a full-time subject in the universities. Timely steps should be taken to ensure amendments in the existing laws to the extent they are inconsistent with the provisions of IFRS.

Conclusion

From the above discussion it is very much clear that transition from Indian GAAP to IFRS will face many difficulties but at the same time looking at the advantages that this adoption will confer, the convergence with IFRS is strongly recommended. We have also seen that this transition is not without difficulties as to the proper implementation process which would require a complete change in formats of accounts, accounting policies and more extensive disclosure requirements. Therefore, all parties concerned with financial reporting also need to share the responsibility of international harmonization and convergence. Keeping in mind the fact that IFRS is more a principle-based approach with limited implementation and application guidance and moves away from prescribing specific accounting treatment, all accountants whether practicing or non-practicing have to participate and contribute effectively to the convergence process. This would lead to subsequent revisions from time to time arising from its global implementation and would help in formulation of future international accounting standards. A continuous research is in fact needed to harmonize and converge with the international standards and this in fact can be achieved only through mutual international understanding both of corporate objectives and rankings attached to it. Though difficult, it is not impossible for the Indian corporate to implement IFRS in the prevailing conditions since the fundamentals are strong and will feel the impact of the new rules the most as its operations involve multiple financial instruments that face the brunt of the changeover. Critical third-party contracts, debt covenants, and key leadership metrics will change with the change in accounting policies. Senior management at many companies views IFRS as a Finance priority because of the required changes in accounting practices. However,

the impact of IFRS is truly cross-functional, spanning divisions and business units. Indian Corporate World which has been preparing its Financial Statements on Historical Cost Basis will have tough time while shifting to Fair Value Accounting. The measures taken by ICAI and the other regulatory bodies to facilitate the smooth convergence to IFRS are commendable and give the positive idea that the country is ready for convergence. The need is to have a systematic approach to make the organization and the investors ready for the change and the standards ready for renovation. Corporates need to gear themselves for constant updation and not only for the first-time adoption. Adopting of IFRS by Indian corporate is going to be very challenging but at the same time could also be rewarding. Indian Corporates are likely to reap significant benefits from adopting IFRS. Since the cost of compliance with IFRS would be very high for medium size industry. There are some challenges in implementing IFRS like non-compatible legal and regulatory environment, concern over SMEs, economic environment, level of preparedness, alternative treatments, education needs of auditors, frequent change to the IFRS and translation issues. However, several important matters need to be addressed urgently if India hopes to achieve the planned convergence.

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Big Data Analytics: Extracting Value from Chaos, Challenges and Opportunities

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Abstract

Big data has become the life blood of the organizations. The organizations are able to understand that if they are able to capture all the data that is streams into their businesses, then they can apply insight to get valuable information. The thought of data creating value is not new, business have always wanted to derive insight from data for making real time, fact based decisions. But the speed with which the data is generated and the variety in which it is available is tremendous. The aim of this paper is to understand the concept of big data and challenges and opportunities associated with the same. The paper also discus in details the steps involved in big data analytics and the relevance of each of these stages.

Key Words: *Big data, big data analytics, data preparation, data visualization, data discovery, data scientist, IoT (Internet of Things), cloud, software.*

Introduction:

Big data has become the life blood of the organizations. The organizations are able to understand that if they are able to capture all the data that is streams into their businesses, then they can apply insight to get valuable information. The thought of data creating value is not new, business have always wanted to derive insight from data for making real time, fact based decisions. Big data can be defined as the dynamic, large and disparate volumes of data being created by people, tools and machines. It includes data gathered from day to day operations of the organizations, data from internet enabled devices like tablets, smart phones, information gathered from social media, voice and video recordings, call details, network data, machine data. These data may be available in the numeric, text, graphics, JPG, MP3, MP4 format. It is usually characterized by the four “V’s”:

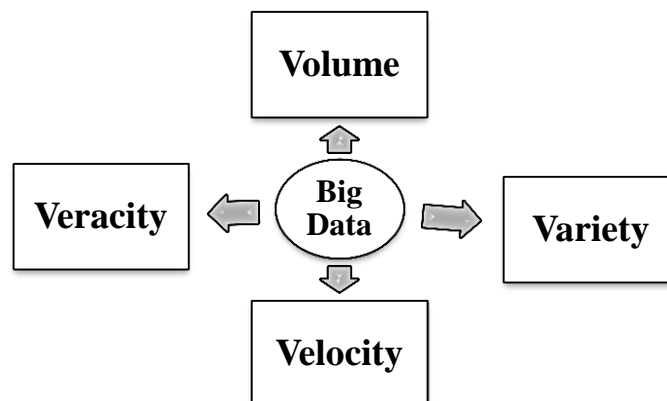


Fig 1: Big Data Characteristics

Volume: The volume of data being stored today is exploding. In the year 2000, 800,000 petabytes of data was stored in the world that is expected to become 163 Zetabytes by 2025 (Forbes APR 13, 2017).

Variety: It not only the volume of data that is huge but the data is available in different varieties. With the exploration of sensor and smart devices, and social collaborations, the data is not only available in structured form but in semi-structured and unstructured form also. It comes from different sources and is being created by machines as well as people. It includes data from web pages, web logs, search indexes, social media, e-mail, document and so on.

Velocity: As if the variety and the volume were not sufficient, these data are generated at extremely fast speed and in a continuous manner hence it never stops. The traditional system cannot handle this pace of data and at times this data has a very short shelf life and hence should be analyzed very quickly to get an edge over competitors or for the identification of trends, problems or opportunities.

Veracity: As big data is generated using various sources, one needs to test its trustworthiness. Veracity refers to the trustworthiness of the data. The data that is generated can have lots of noises, abnormalities and biasness that can hamper the quality of the output. Hence quality of the data is another characteristic of big data. The data used should be relevant to the problem under investigation.

Big Data Analytics

The concept of using data to generate value is not a new things, businesses have been using them for years, what's new is, the volume of data accumulating at a fast rate and in various form i.e. Big data. This big data that is available in its natural form is difficult to process because of the above mentioned characteristics and hence needs to be refined further in some structured form. As per the research published by Forbes in Mach 2016 (Gil Press, 2016) the most time consuming task in big data analysis is the cleaning of the data. Data scientist spends almost 60% of their time on cleaning and organizing data whereas almost 20% of the time is spent on collecting them.

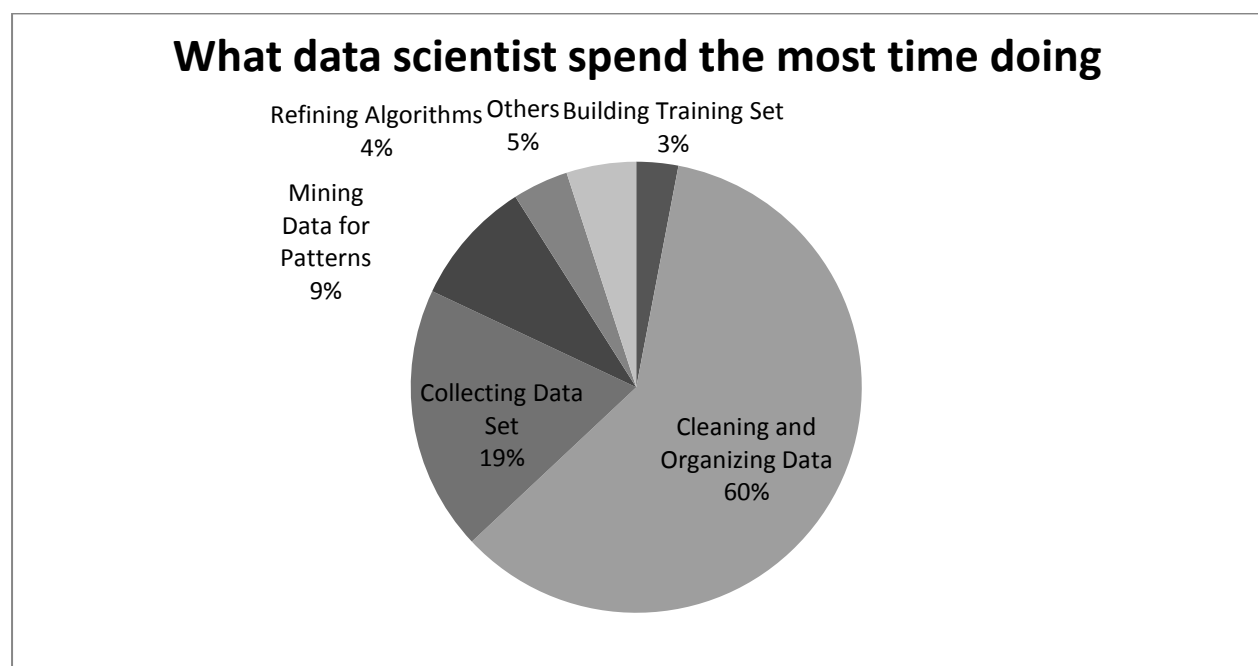


Fig 2: What data Scientist spend the most time doing
 (Source: <https://blogs-images.forbes.com/gilpress/files/2016/03/Time-1200x511.jpg?width=960>)

Hence on an average 80% of the time is spend on preparing and managing the data for analysis and only 20% of the time is utilize on real analysis and interpretation. This makes the big data analysis further more challenging.

It is because of these challenges, the analysis of big data follows a step by step methodology to organize analyze and repurposing the data. The major steps of the big data analysis lifecycle are as follows:

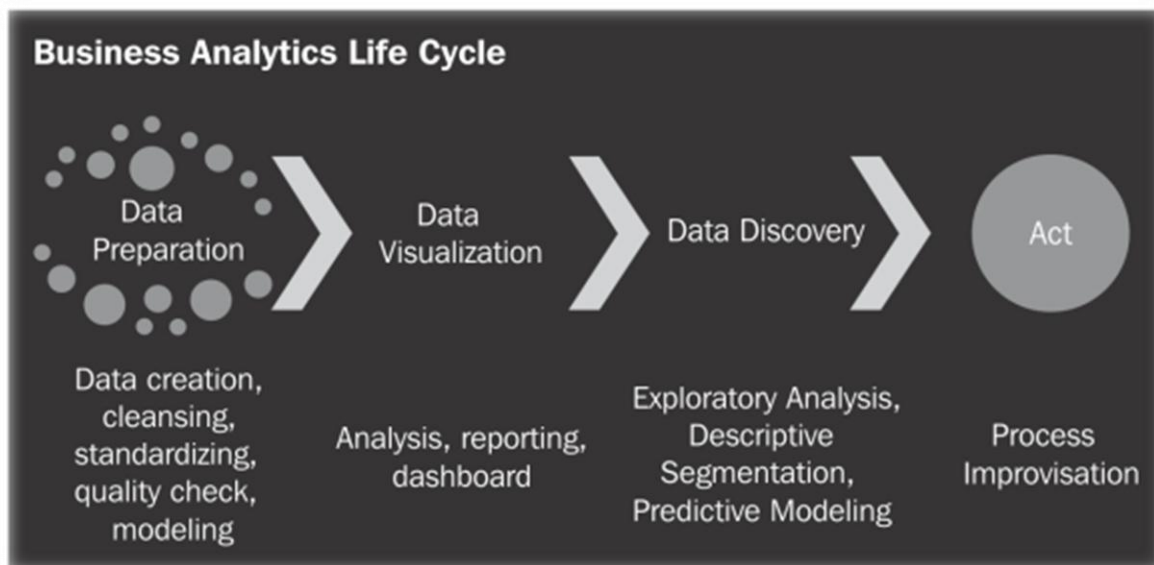


Fig 3: Business Analytics Life Cycle
 (Source: Pentaho for Big Data Analytics, Manoj R Patil, Feris Thia, November 2013, Packt publishing)

Data Preparation: The first stage of the data analytics lifecycle is data preparation. At this stage, data is gathered from various sources and the entire data is then brought to a common platform. Here the data is also checked for the quality and various noises or unwanted or corrupt information are removed and the data is cleaned. The data that is subjected to cleaning may come as a collection of files from various data providers or may require API integration such as with Twitter or Instagram. The data classified as corrupt includes record with missing values or incomplete information or an invalid data type. There is also a possibility that the data that has been discarded in one analysis have value in the other, hence the original data set is always stored as a verbatim copy.

Thus the major purpose of data preparation (sisense.com, 2017) includes:

- Management of unstructured or inconsistent data
- Combining data from multiple sources
- Managing unstructured data like image, text, PDF data etc.
- Reporting on data that was entered manually

It is the structure of the filtered data that helps in determining the analytical technique to be used. The analysis can be exploratory or descriptive depending upon the purpose of analysis. It can be descriptive followed by exploratory too.

Data Visualization: Once the data is ready for analysis, the next stage is to identify the pattern in the data. The data can be presented in the form of graphical presentation, pictorial representation for the identification of the pattern. The analysis can be further drilled down to charts and graphs and one can also experiment with different scenario by making adjustment in the variables. Data visualization can also help in identifying areas that requires consideration and improvement and thus helps in placing the product or service in a better way and thus predicting their sales. According to Bernard Marr, 2017, seven best data visualization tools are:

- **Tableau**
With a customer base of more than 57,000 across industries, Tableau is one of the most popular tools for data visualization. Its popularity is attributed to its simplicity of usage, speed of deployment and ability to produce interactive visualization far beyond the one produced by general business intelligence solutions. It is well suited for handling large volume of data set used in machine learning applications, artificial intelligence and other big data applications. Its integration with SAP, Hadoop, My SQL, Amazon AWS and Teradata had made it a very popular tool.
- **Qlikview**
With a customer base of 40,000 across hundred countries, another very popular data visualization tool is Qlik with their Qlikview. It is giving a tough competition to tableau. Most of its user considered its highly customized setup and wide feature range as a key advantage. It not only offers data visualization capabilities but also offers analytics, BI and enterprise report capabilities. It is very popular along with QlikSense, a data exploration and discovery by the same company.
- **FusionCharts**
Fusion Chart is a JavaScript-based charting and visualization package and has the ability to produce 90 different chart types. It is also capable of integrating with different types of platforms and frameworks. It also gives user the flexibility to choose visualization form from a range of “live” example templates; users just have to put their own data sources as needed and can get the required visualization for the same. It is paid software and requires a license for commercial use.
- **Datawrapper**
Datawrapper is another popular tool of data visualization gaining popularity among the organization that are in frequent need of presenting various types of chart and statistical data. Its interface enables the users to upload csv files and create charts and maps the results into reports.
- **Highcharts**
This is also paid software and like FusionChart, requires a license for the commercial usage however for the non-commercial and for the personal usage, free version is also available. It provides a fast and flexible solution and be rolled out with little data visualization training to the specialist. .
- **Plotly**
Another popular tool for data visualization is Plotly. It is available both in commercial and non-commercial package where the non-commercial version is free. It is popular because of its ability to integrate with analytics languages like R, Python and Matlab.
- **Sisense**

Sisense is another popular data visualization tool. It provides drag and drop feature that allows the user to create interactive charts and dashboard. Not only this, it also enables the users to collect data from multiple sources at one repository, which can be later accessed for various analyses.

Data Discovery: Data discovery is the process of detecting patterns and outliers in the data by applying analytics. The analytics used may be confirmatory or exploratory. The analysis wherein the phenomenon being investigated is proposed beforehand is called confirmatory analysis. In such cases a hypothesis is proposed and the analyst tries to disprove it. This way they try to find out the answer to specific question. Where as in case of exploratory data analysis, there are no presumptions; data is analyzed to understand the cause of the phenomenon. This method helps in identifying patterns and anomalies in the data. Depending upon the purpose of the analysis, the kind of analysis is determined. This stage can be as simple as querying a data set to compute an aggregation of comparison or it can be as complex as combining complex statistical tools and data mining to discover patterns and depict relationship between variables (Thomas, et al., 2016).

According to the report published by BI-Survey.com (2017) the number of user, using data discovery have significantly increase over the years. As compared to 18% users using data discovery in the year 2012, there are 58% user in 2016. Not only this, there are almost 21% new users who are planning to use data discover in future, that will lead to almost 80% users

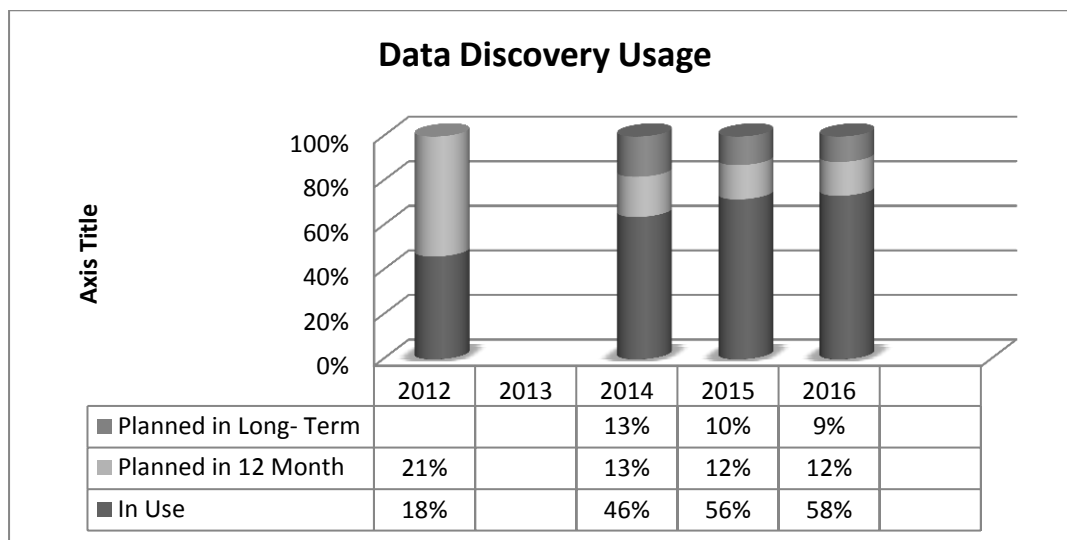


Fig 4: Data Discovery Usage
(Source: <https://bi-survey.com/data-discovery>)

The major reason for the popularity of data discovery includes:

It is expected to provide high value for innovation and success and hence it has suddenly become popular. Not only have this, the availability of cloud based services made it easier to implement. These services have disrupted the usage of data discovery by providing services having the attributes of:

Ease of Usage: These days there are so many tools that are available capable of performing data discovery without much of coding and statistical knowledge and hence any one can use them with little training.

Agile and flexible: Because of the availability of cloud based services, the companies can opt for these services without much reliance on their IT and at the same time not much technical setup is required.

Ease of data Handling: Now a days a number of technologies are available that helps in handling large volume and

Act: Depending upon the results obtained at data visualization and data discovery stage, the decision for the problem under investigation is taken.

Challenges of Big data

Though big data has become very popular, it has a long way to go. The major challenges faced by big data include:

Data storage

The pace with which new data is added every microsecond is very fast. Data is getting constantly created in various forms and across various platforms, it is very difficult to store this data at one place and hence data storage is becoming a challenge for the companies. According to IDC it is estimated that the amount of data stored in the world's IT system is getting double in every two years and by 2020, this data will be enough to fill a stack of tablet to reach from earth to moon 6.6 times.

Recruiting and Retaining Talent

Data analysis plays a major role in making sense out of the huge pool of data and this activity is carried out by Data Analyst and Data Scientist. The shortages of quality data scientist and analyst have made a demand supply gap in the job market and companies witness frequent movement of these individuals. This has created a challenge for the organizations. Many organizations are spending a lot on training their workforce to perform data scientist task.

Quality of Data

The entire big data analysis is based on the data available; hence it is very important to make available unbiased and accurate data. As discussed earlier almost 80% of the time is spent on making the data suitable for usage, this stage proves to be very expensive for the organizations. As most of these data is unstructured, combining it to a data warehouse create problems like data inconsistency, logic conflicts, duplicity of data and missing data. All these possess a challenge to the quality of data.

Security and privacy of the data

Security is another challenge for the companies as these places can always be attacked by hackers. Also the use of open software and tools for the data analysis make these data more susceptible to theft. Hence there is challenge to keep the data secure.

Various Sources of Data

The data that is being used in the big data analysis is use to come from various sources. It includes external sources like social media, competitor data, data from financial institutions and internal sources like finance, marketing and operations department. It is not only the sources are different, the types of data is also different. The data can be in Excel, csv, text, image, pdf, video or audio form; all these are required to be stored and analyzed, which is a challenge.

Opportunities in Big Data

In spite of all the challenges discussed above, big data provides a plethora of opportunities for organizations and individuals and these include:

Lower costs: Big data is helping in reducing cost. According to Basel, et al, 2013, big data analytics is helping US health industry save up to \$450 billion by identifying and suggesting treatment to the patients based on demographics history, lifestyle choices, symptoms and other patterns.

Innovations and new Product Development: By analyzing the trend and customer preference, companies can innovate and offers new products and services to its customers.

Providing real time information: Companies can use real time data to offer better products and services to its customer. For example based on the place one is traveling, companies can share information related to the popular places to stay, eat and spend time on based on the customer's history. In future with the machine learning becoming faster, IoT (Internet of Things) will provide more reliable information

Lower barrier to entry: With time Big Data analytics will be integrated into day to day life of individuals. Predictability and scalability will grow many folds

Business Proliferation: The scope of usage of big data will not only be limited to customer retention and sales but other areas like product designing and development, product innovation and testing will also be made more faster with the usage of big data.

Conclusion

There is no doubt that the amounts of data gathered by the companies are increasing day by day. As it is said, data is new gold; the companies are required to store these data for the future usage. For this they need to find innovative data storage solution. With the development of cloud based solutions, this problem is taken care to a great extent. Though the challenges like quality of data, security of data, sources and format of data is there but they are required to find out the solutions of these challenges and the opportunities are great. The use of data in the decision making will keep growing and hence companies must focus upon building their dig data infrastructure.

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Digital Marketing as an Effort to Increase Sales Volume for Micro Small and Medium Enterprises Products in Kediri, Indonesia

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Abstract

Micro, Small and Medium Enterprises (MSMEs) management is generally done conventionally, including in marketing the product, so that the product is not widely known and the sales is low. Along with advances in information technology, bringing impact on the development of MSMEs in Kediri, one of which is the use of information technology as a marketing tool or known as digital marketing. If originally products are marketed conventionally with limited market share, by utilizing digital marketing MSMEs can reach a wider market share with efficient cost. For that reason it is necessary to examine the impact of the use of digital marketing to the sales volume of MSMEs products in Kediri. The study was conducted on 30 MSMEs in Kediri who have done marketing through digital marketing. The study design was descriptive observational. Data were collected using structural interviews and in-depth interviews, then the data obtained were analyzed using descriptive statistics and qualitative analysis. The results showed that the use of digital marketing such as e-commerce (Tokopedia, Bukalapak, OLX) and social media (Facebook, Instagram, WhatsApp, BBM, Line, YouTube) made a real contribution in increasing the sales volume of MSMEs in Kediri.

Keywords: *Digital Marketing, Sales Volume, MSMEs*

Introduction

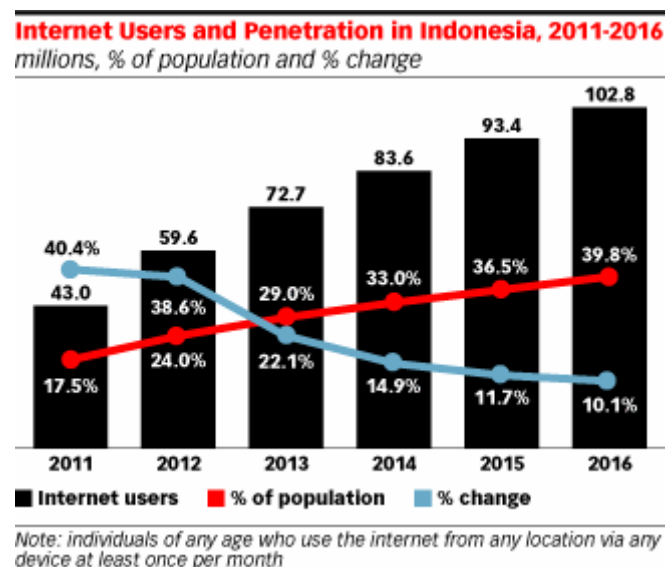
Marketing is the key to business. No matter how good the product is produced, in the absence of effective marketing, the product is unknown to the public, so the sales turnover is low and can not provide the maximum profit for the company. There are two marketing systems that can be done by the business, namely the traditional system and digital system. Traditional marketing systems are now beginning to be abandoned by modern business actors and replaced with digital marketing systems, as digital marketing systems have more extensive and cost-efficient marketing coverage.

The population of MSMEs dominates business in Indonesia. The existence of MSMEs proved to give a real contribution to Indonesian economy, for example in terms of providing employment and contribution to Product Domestic Brutto. *Kemenkop* (Ministry of Cooperatives and Small and Medium Enterprises) data shows that 99% of Indonesian business operators are MSMEs, and only 1% is a big business. Total employment absorbed by MSMEs reach 97,30% from total of national absorption rate. While the contribution of the MSMEs sector to the national economic growth is also very significant, by contributing 58.92% to Gross Domestic Product (Sindonews, 2016). The existence of MSMEs as the backbone of the Indonesian economy is expected to provide a deeper role in improving the nation's economy, despite the fact that currently MSMEs in general still have weaknesses that cause development is still not optimal, such as low human resources, poor product quality, less in mastery technology.

Business actors including MSMEs should follow the development of technology and information, one of them is to understand about digital marketing and try to apply it as part of marketing activities. This can be understood, because of the higher development of information technology and the level of community dependence on the use of smart phones and other digital devices. For that it is a necessity that every business must have to do digital marketing to be able to compete in the global and digital era.

The result of the survey of Internet Users Association of Indonesia (APJII), in 2011 the number of internet users in Indonesia as many as 43 millions people, in 2012 growing up to 59,6 million and in the last year 2016 increased amazingly to 102.8 million people. 80% internet users are people between 20 s.d 40 years old, and they include people who like shopping. The rapid increase of internet usage from year to year is caused by the ease of getting smartphones at prices that can be reached by all walks of life. Further survey results also note that most internet usage is for banking, business, information seeking, education and entertainment purposes. The most visited commercial content is online store, personal business and for social media are facebook, instagram and youtube.

Below are the statistics of internet users and penetration in Indonesia from year 2011-2016 based on eMarketer survey results.



Source: Results of eMarketer Survey, 2011-2016

Figure 1. Indonesian Internet User Statistics

The data above shows that the use of digital marketing in the form of social media and e-commerce in Indonesia is not a new thing anymore. According to Urban (2004) digital marketing is the use of Internet media and information technology to expand and improve the function of traditional marketing. The same opinion expressed by Sanjaya and Tiragan (2009), which states digital marketing is a marketing activity including branding that uses various web-based media such as blogs, websites, e-mail, adwords, or social networking. Seeing the rapid development of internet usage in Indonesia, digital marketing is a great opportunity that will leave the traditional and conventional marketing system based off line.

Internet users in Indonesia as much as 65% are on the island of Java, and one of them is the city of Kediri. Kediri city is one of the cities in East Java with the number of MSMEs approximately 30 thousand. There are several excellent products produced by MSMEs in Kediri, among others, tofu products and derivatives, batik, tenun ikat, food and beverages and handicraft. For the perpetrators of MSMEs in Kediri City, smartphone is not new things, because all have used smarphone as a means of communication and some have been used as a

means of promotion and transactions. Some MSMEs actors have been doing digital marketing either through social media or e-commerce. Social media used are facebook, instagram, whatsapp, blackbary mesengger, line and youtube. While e-commerce that has been used are Tokopedia, OLX, and Bukalapak. The question is how the implementation of the use of digital marketing and its impact on the sales volume of MSMEs products in the city of Kediri?

Research Purpose

Based on the background of the above problems, the purpose of this study is to determine the implementation of the use of digital marketing and its impact on the sales volumer of MSMEs products in the city of Kediri.

Benefits of Research

The results of this study are expected to provide benefits both theoretically and practically. Theoretically this research is expected to provide benefits for the development of science, especially in the field of digital marketing. Practically expected that the results of this study can provide input for the perpetrators of MSMEs in Kediri the importance of using digital marketing to increase sales volume.

Theoretical Frameworks

Marketing according to Kotler and Armstrong (2008) is an organizational functions and a series of processes to create communicating and delivering value to customers to manage customer relationships in ways that benefit the organization and stakeholders of the organization". Meanwhile, according to the AMA (2008) Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. Marketing is something that a business must do. Without doing marketing, then the product is not known by potential customers, so the company's goal to obtain maximum profit will not be achieved.

Kotler's marketing function (2008) includes: (1) providing information about products sold by the company; (2) influencing purchasing decisions; and (3) creating the economic value of a good. Thus it can be said that the key to the success of a business is how companies recognize the needs and wants of the target market and provide the expected satisfaction more effectively and efficiently than competitors.

In the development, marketing system experienced pergeseren from offline to online. Offline marketing is perceived to be ineffective and efficient to implement in today's era. Offline marketing systems require sellers and buyers to meet directly for a sale and purchase transaction, resulting in expensive marketing costs and limited marketing reach. In contrast to online marketing or better known as digital marketing where in conducting transactions do not need sellers and buyers should meet, because transactions can be done electronically. Definition of digital marketing by Sanjaya and Tarigan (2009) is a marketing activity including branding that uses various web-based media such as blogs, web sites, e-mail, adwords, or social networking. Meanwhile, according to Coveilli, Milley and Marcolin (2001), digital marketing is the use of the Internet and the use of other interactive technologies to create and connect dialogue between companies and consumers who have been identified.

Digital marketing can be done using social media and e-commerce. Social media is one form of development from the internet. Through social media, a person can connect with everyone who is in the same social media to share information and communicate. Social media has a more interactive nature when compared with traditional media forms such as radio and television. Through social media, we can directly interact with others, either through comments in 9 social media or by simply giving a mark like on every post someone. According to Andreas Kaplan and Michael Haenlein defining social media as a group of internet-based applications built on the foundation of ideology and web 2.0 technology and enabling the creation and exchange of user-generated content. Web 2.0 became the basic platform of social media. Social media comes in many different forms, including social networks, internet forums, weblogs, social blogs, micro blogging, wikis, podcasts, images, video, rating, and social bookmarking (Lesmana, 2012). Social media that is generally used is facebook, instagram, blackberry, whatsapp, youtube, e-mail, twiter, and others. E-commerce is the buying, selling and marketing of goods and services through electronic systems (Wong, 2010). Media electronic system that is referred by Jony Wong is television, radio, or computer network or internet. The commonly used e-commerce is tokopedia, bukalapak, sophie, OLX, and others.

According to Redtreeasia (2017) digital marketing is an attempt to market a brand or product through the digital world or the internet. The goal is to reach consumers and prospects quickly and on time. Digital marketing has several benefits (BisnisUKM, 2010), among others:

1. Not limited by time. Unlike an offline business, business marketing services via the internet can be accessed by consumers for 24 hours non-stop, because the internet has an automated system that can provide a quick response when there are orders and requests from consumers. So the demand for products from consumers, can be served anytime and anywhere as long as there is internet network.
2. Reach a wider market. Through internet business, products can be informed to all regions in the archipelago, even reaching overseas market.
3. Improve corporate image in the eyes of consumers. This can give more value to the business in the face of business competition.
4. Reduce marketing costs. Online marketing costs are relatively lower than offline marketing costs, because they have to make brochures, banners, banners, neon boxes, etc.
5. Enable business actors to establish relationships with consumers. With online marketing through the internet can be established interactive communication between consumers with business people, for example, through email marketing, suggestion box or coment room, and discussion forums between consumers.

Both offline and online marketing basically aim to maximize sales volume. Sales volume by Swastha (2008) is the amount of goods or services sold in exchange. According to Kotler (2000) sales volume is influenced by product quality, price, distribution channel and promotion. Companies need to maximize sales volumes, as sales volume affects earnings earned by the company and subsequently corporate earnings affect earnings. The result of Pradiani (2017) study concluded that the use of social media can increase the sales volume of processed products in Malang. Further research results identify social media is the most widely used in a row is Facebook, Whatsapp, Instagram, and Blackberry Messenger. The results of Udin's (2014) study conclude that e-commerce can be a solution in introducing and promoting herbal stores through online media, making it more widely known.

The task of business people, not to mention the MSME group is to provide the widest information to consumers about the marketed products, providing consumer convenience in

obtaining products and transaksi. For that marketing strategy that efficiency and effectiveness is the determinant of business success. Cloete et al. (2002) in Asing-Cashman et al. (2004) suggests that the adoption of e-commerce into small and medium-sized enterprises depends heavily on people's acceptance of technology and for that reason it is necessary to understand the factors leading to the individual acceptance of e-commerce technology.

Research Methodology

1. Research design and research subjects

This research uses descriptive observational research design. As the subjects are the perpetrators of MSMEs in Kediri as many as 30 are selected by purposive sampling. The criteria of selected research subjects are: (1) MSMEs in Kediri City; (2) have used digital marketing in marketing the product for at least 3 months; (3) and willing to be the subject of research.

2. Source and data collection techniques

Data comes from primary data sources obtained by conducting structured interviews, in-depth interviews and observations. With interviews obtained data about the characteristics of respondents, social media used, benefits and barriers using social media. The data is supplemented by the observation of the perpetrators of MSMEs and the digital media used. The study was conducted during June 2017.

3. Data analysis techniques

After the data collected, then the data processed and analyzed using descriptive statistics and qualitative analysis. Descriptive statistics are used to analyze data by describing or delineating the collected data as is without any purpose of drawing conclusions for generalization. The data obtained is shown in table form. Qualitative analysis is conducted to reveal facts, circumstances, phenomena, and circumstances that occur when the study goes and serve what it is (Sanusi, 2011)

Results and Discussion

Based on the data collected from interviews and observations, the following are presented information about the characteristics of respondents, social media used, the benefits and barriers to the use of social media and the role of social media in increasing the sales turnover of MSMEs products.

1. Respondents Characteristic

Respondents in this research are MSMEs actors who have used digital media for marketing their products. Characteristics of respondents consists of characters by type of business and duration of business.

Table 1 : Character Subject Research Based on Type of Business

No	Type of Business	Number of Respondents	%
1	Food and Bavarege	14	46,67
2	Batik tulis	4	13,33
3	Tenun	5	16,67
4	Creative Industry	7	33,33
Total		30	100

Table 2: Characteristics of Respondents Based on the Length of Business

No	Lengt of Business	Number of Respondents	%
1	1 – 5 years	13	43,33
2	6 – 10 years	8	26,67
3	11 – 15 years	6	20,00
4	>15 years	3	10,00
Total		30	100,00

2. Digital Media Used

Digital marketing used by MSMEs actors in Kediri is through social media and e-commerce. The following is data about social media and e-commerce used by MSMEs in Kediri:

Table 3: Social Media used

No	Social Media Used	Number of Respondents	%
1	Facebook	30	100
2	Instagram	30	100
3	Whatsapp	30	100
4	BBM	8	26,67
5	Line	16	53,33
6	Youtube	5	16,67

Table 4: E-Commerce Used

No	E-Commece Used	Number of Respondents	%
1	Tokopedia	30	100
2	Bukalapak	30	100
3	OLX	4	13,33

The table above shows the perpetrators of MSMEs in this study using digital marketing (social media and e-commerce) as a medium of information and communication activities of its business. Social media facebook, instagram, whatsapp, BBM, Line and Youtube are generally used to communicate with customers such as order, testimonial, and service complaints, while Tokopedia, Bukalapak and OLX e-commerce are used to display their goods digitally.

3. Benefits of Using Social Media

Table 5 : Benefits of Using Digital Marketing

No	Benefits	Number of Respondents	%
1	Means of communication with potential customers, consumers and customers	30	100
2	Means to introduce the product (brand building)	30	100
3	Knowing the needs and desires of consumers (market research)	24	80,00
4	Affect purchasing decisions (customer engagement)	20	66,67
5	Giving response to the consumer (Instant Feedback)	22	73,33
6	Monitoring customer progress	18	60,00
7	Increase market reach amount of sales	30	100
8	Efficiency and cost effectiveness of promotion	30	100

The perpetrators of MSMEs feel so much benefit obtained by using digital marketing, among others as a means to introduce products, communication with consumers, extend the reach marketing promotional costs. This is according to the results of research Pradiani (2017) which states that digital marketing is seen as the best media as a means of promotion of the most effective and efficient and able to increase significant sales volume. Similarly, according to Kartika (2013), states that social media member ease and opportunity for people to be able to connect online in the form of personal relationships, politics and business activities.

4. The role of Social Media in increasing sales turnover

Below is a statement of the perpetrators of MSMEs about the use of digital marketing that is considered most useful.

Table 6: Role of Digital Marketing In increasing Sales Turnover

No	The Benefits of Using Digital Marketing	Statement of MSMEs Perpetrators
1	Effective communication tools with potential customers, consumers and customers	"With social media, I can respond to customers without time and place restrictions, customers can contact me to order, submit complaints or expedition consultation materials whenever appropriate time customers want, recruit resellers from various cities can be reached only through social media and form a group Customers through Whatsapp or Line and BBM which is very easy to communicate with all resellers spread across the region in Indonesia "
2	Means to introduce the product (Brand building)	"By logging in to Whatsapp, Line, BBM, Facebook, Instagram groups further accelerate product introduction, with the help of hastag (#) eg"
3	Increase market reach and sales turnover	"With the social media, the customers that I get not only from Kediri region, my product can reach all over Indonesia and even get out of the country with the help of Shopee which provides automatic counting for overseas shipments and subsidized postage to the territory of Indonesia, the customer is given the ease And increased purchasing decisions as well as sales volume and turnover per month increased quite drastically after I promote the product through social media "
4	Efficiency and cost effectiveness of promotion	"Social Media is arguably the most inexpensive medium for promotion, just creating an account that is certainly connected with internet connection, very effective and efficient marketing capital, cheap, quick, easy compared to traditional marketing"
5	Knowing the consumers needs and wants (market research)	"After diligently stalking my account from similar products, I find it easier to know updates about what consumers now need and want, with hastags and trending topics also making me easier to analyze consumer needs and wants"

Based on the results of research shows that the perpetrators of MSMEs in the City of Kediri who are already using digital marketing already increased in order and sales of its products. Many benefits are felt after using digital marketing, including lower promotional costs, wider marketing reach, communication with consumers and customers more effective, and can know what consumers need and want. Interview results also show that the use of digital marketing is effective to increase product sales volume, as stated by the perpetrators of MSMEs that there is an increase in sales volume before and after using digital marketing.

Conclusion

Based on the above data analysis can be concluded that social media can be used to promote all types of MSMEs products. Of the 30 respondents of MSMEs used as samples, all using social media facebook, then instagram, whatsaap, and fuel. Social media is very useful for the perpetrators of MSMEs to introduce products to consumers, effective means of

communication with customers, monitor consumers/customers, respond to consumer complaints. Besides, by using social media transactions can be done where and whenever, payment transactions easy to do and of course can increase sales volume.

Suggestion

In the digital era as it is today, it becomes imperative for MSMEs actors to utilize the optimum development of technology and information. The perpetrators of MSMEs should be familiar with social media and e-commerce, because it is evident that social media and e-commerce can increase the sales turnover of MSMEs products.

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A Study on the Impact of Factors Influencing Online Shopping Behaviour of Consumers in Delhi

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Abstract

*Life in a metro is very fast and difficult as we need to manage money and time both. New technologies and advancements are coming in our way everyday so we need to upgrade ourself with technology and save our time. In the era of technology everyone of us running behind money and get the luxuries for their livelihood .But we are lacking somewhere to save our time because in metro cities most of our time goes in commuting and in their busy schedule they don't have time for their personal needs. Now a day's time is considered as money. So everyone in the stressed environment try to manage their time which is been wasted in travelling and traffic jams and money both which is being solved with the help of Online shopping upto some extent. Here we are examining the factors influencing the online consumer buying behavior in a metro (Delhi).It also helps in refreshing our moods; remove the tensions created at the work place and in the free time it acts as a stress buster and also gave us the knowledge about the new trends in the market. Online shopping eliminates the gap in to international market. This concept of Online Shopping given us the opportunity to analyze the impact of different factors influencing online shopping behavior of consumers and found that this is one of the medium which saves time and energy leads to convenience, 24*7 availability and variety of the products are the main factors which are influencing consumers to shop online. What seems relevant by the study is:*

- *Examining the influencing factors on online consumers buying behavior.*
- *Factors depriving the online consumer buying behavior.*

Keywords: *Online shopping, Consumer Buying Behavior saves time, 24x7 availability*

Introduction

This is the era of technology where the survival of fittest is the common policy. Developed countries have analyzed the influence of the internet. India being an developing country is trying hard to cope up with the advancement and the technological developments, This concept has arrived by an English Entrepreneur Michael Aldrich who invented online shopping in 1979. The first world wide server and browser created by Tim Berners-lee In 1990 opened for commercial use in 1991. Amazon.com launched its online shopping site in 1995 and E-Bay also introduced in 1995. This was the starting point of online marketing. India is a country where we are concern with our culture but also influenced by western cuture. The concept of nuclear families and working women's are common now a day in India. As every member of the family is involved in jobs so the couples less time to shop for their personal needs. This lifestyle has motivated the couples to shop online and save their time. Also the online retailers have improved their services. India has open for FDI in Retail Sector. India becomes the most potential market for online retailers because of the economic growth and awareness of consumers about online retailers. This gives the opportunity to online Retailers to get in touch with their customers and get the feedback about their services.

Advantages of Online shopping

- Save Time
- Save Fuel & Energy
- Comparison of prices
- 24/7 Availability
- Reduced waiting line
- Easy to search.
- Convenience
- Variety
- Send Gift
- Discounts & Offers

Disadvantages of Online Shopping –

- Internet Cost
- Shipping Cost
- No hang out with friends & Family
- Laziness
- Deceptive Pictures
- No Bargaining
- Risk in Payment
- Availability of Product
- Delay
- Personal Check
- No Instant Satisfaction

Objectives of the Study

With the backdrop, the present study mainly focuses on achieving the following specific objectives:

1. Factors influencing customers to purchase or shop online.
2. Factors contributing not to make the decision for online shopping.

Literature Review

Trust: The topic of online consumer behavior has been examined under various contexts over the years. Many factors have been researched by many researchers. Trust is a key factor that determines the success of business to consumer (B2C) e-commerce transactions. Gefen (2000) research indicated that consumer trust influences purchase intentions. Burke (2002) identified several critical factors that influence trust in the context of online shopping. Elliot & Speck (2005) evaluated the factors and two individual different variables on attitude towards a retail website. Result indicated that five website factors (ease of use, product information, entertainment, trust and currency) effect consumer attitude towards a retail website. Shergill & Chen (2005) focused on factors, which online New Zealand buyers keep in mind while online e-marketing. The study found that website design, website reliability/ fulfillment, website consumer service and website security/ privacy are the four dominant factors which influence consumer perception of e-marketing. Chen & Chang (2006) found that there is a critical role of trust as an enabler, especially in a relationship in which the consumer did not have direct control over the actions of a seller and in which marketers seek long-term relations with their

consumer. Rao & Mehndi (2010) signifies that trust is important for online buyers. Aghadaie, Sanaye & Etebari (2012) found trust as major factor in determining consumers' attitude on viral marketing. Al-Ziadet, Al-Majli, Al-Muala & Kahawaldesh (2013) found trust as important factor affecting Mu'tah University students' attitude towards E-commerce.

Demographics: For online buyers' gender, marital status, residential location, age education, and household income were frequently found to be important predictors of internet purchasing Mehta & Sivdas (1995); Fram & Grandy (1997); Sultan & Henrichs (2000). With the passage of time, the online buyer, once considered the innovator or early adopter, has changed. While once young, professional males, with higher educational levels, incomes, tolerance for risks, social status and a lower dependence on the mass media or the need to patronize established retail channels Mahajan, Muller & Bass (1990); Smith (2004) reported that e-marketing phenomena are governed by a number of factors such as consumer acceptance, behavior, purchasing characteristics, patterns and power. The findings indicated that gender and occupation had an influence only on attitudes concerning perceptions of the competitiveness of the internet. Ahmad & Zubi (2011) found demographics of customer as one of important factor to determine customer satisfaction for e-banking. Guo (2011) found genders and education plays major role to determine consumer purchasing behavior in cyberspace. Shalini & Kamalaveni (2013) correlates the demographics of customers and internet usage of online shoppers in in Coimbatore, Tamil Nadu. K. H. (2013) found influence of consumers' demographics on selection of product type while shopping online. Salonem, Narvanen & Soarijarvi (2014) found community from which customer belongs have impact on consuming fashion on line. Kar & Bhoi (2014) found direct relationship between demographics and users' adoption of social networking websites.

Website Design: Many researcher including Li & Zang (2002) found website design plays important role in determining attitude towards online shopping. Shergill & Chen (2005), focused on factors, which online buyers from New Zealand keep in mind doing online shopping. The study found that website design, website reliability /fulfillment, website customer service, and website security/privacy are the four dominant factors which influence consumer perception of e-marketing. Armesh, Salarzehi, Yaghoobi, Heydari & Nikbin (2010) found site design have impact on online marketing of computer industry in Malaysia. Guo (2011) found design of online store as an variable to determine consumer purchasing behavior in cyberspace for domestic and foreign scholar in China. Ahmed & Al-Zu'bi (2011) found design have a positive significant influence on customer satisfaction in e-banking. Metehan & Yasemin (2011) found website quality positively related to trusting beliefs in Turkey. Javadi, Dolatabadi, Nourbaksh, Poursaeedi & Asadollohi (2012) found having a friendly website helps the customer for shopping and have positive influence on attitude towards online shopping. Al-Qeisi & Al Abdallah (2013) extent TAM model to website quality in internet banking adoption in Jordan. According to Adnan (2014) website design is a key factor that effect online purchasing behavior of Pakistani consumers. Tripathi & Tripathi (2014) found website is one factor that plays major role in success of Flipkart.

Product Information: Rastogi (2010) finds 54% of consumer says availability of online information about product and services is excellent. Tripathi & Tripathi (2014) found "more than 80% of respondents prefer online shopping as they get variety of product of good quality at one place. And 30% respondent prefer Flipkart because of availability of wide variety of product.

Perceived Ease of Use: According to Heijden (2003) perceived ease to use directly influenced the attitude towards purchasing online. Elliot & Speck (2005) finds it to be one of the factors that effect consumer attitude towards retail websites. Adapa (2008) found perceived ease of use as one major

factor in adoption of online shopping. Hasri, Islam & Daud (2011) found ease-of-use as one major determinant of customers' buying intention on online shopping. Fang, Chiu & Wang (2011) ease of use is a significant positive predictor of customers' repurchase intentions. Ahmad & Al-Zu'bi (2011) found ease of use as one of variable to determine perceived convenience for determining customer satisfaction in Jordan for e-banking customer. Aghdai, Sanayei & Etebari (2012) found ease-of-use as main factor to in influencing attitude towards viral market. Aggarwal (2012) found easy availability of internet is one factor responsible for growth of internet shopping in India. Al-Ziadat, Al-Majali, Al-Muala & Khawaldeh (2013) found perceived ease-of-use affecting university students' attitude towards e-commerce at Mu'tah University. Sharma & Sitlani (2013) found convenience including ease of use as positive factor influencing consumer attitude towards online shopping among higher education student in Indore. Adnan (2014) found ease of use have positive correlation with consumer online behavior in Pakistan. Jain, Goswami & Bhutani (2014) found that there is significant positive relationship between ease of use and attitude towards online shopping. Tripathi & Tripathi (2014) found ease of use as major factor in success of Flipkart.

Convenience: Bhatnagar, Misra & Raom (2000) reported that convenience and the risk perceived by the consumers are related to the independent variables (attitude and behavior) positively and negatively respectively. Choon (2010) found convenience is positively related to the online purchase intention of the customer. Rastogi (2010) concludes convenience as one factor for bright future of online shopping in India. Guru (2011) found that the major reason for the customer to go for online is convenience, and non-availability of products in market. Ahmad & Al-Zubi (2011) found convenience as main factor to determine satisfaction in e-banking. Chris & Alma (2012) found that convenience is a significant variable for determining consumer behavior towards online shopping.

Ease of Return: Kalakota & Whinston (1996) found consumer attitude is also determined by post-purchase phase, where as pre-purchase phase is also important. Guru (2011) found ease of return as a major criterion for choosing a product online. Javadi, Dolatabadi, Nourbaksh, Poursaedi & Asadollohi (2012) found convenient return policy have positive effect on attitude towards online shopping.

Word of Mouth (WOM): Word of mouth is an informed mode communication between private parties concerning the evaluation of goods and services, Singh (1990). Aghdaie, Sanayei & Etebari (2012) found word of mouth plays important role in determining consumers' trust in TAM. Tripathi & Tripathi (2014) found 90% of respondent will recommend Flipkart to their friends.

Cost of Product: Since the beginning of trade and marketing, price of product plays a major role in consumers' purchasing decision. Hasslinger, Hodzic & Opazo (2007) found that price trust and convenience are identified as most important factors. Price was considered to be the most influencing factor for a majority of students. Armesh, Salazehi, Yaghoobi, Heydari & Nikibin (2010) found that there is significant correlation between customer satisfaction and cost of product in online computer market in Malaysia. Rastogi (2010) found about 38% respondent feels that, they can get product at lower price in online shopping. Abzari & Ghujali (2011) found that price has impact on internal marketing for citizens' behavior. Gua (2011) found Price of Product as influencing factor of consumers' purchasing behavior in cyberspace. Lui Cheuk Man (2012) found that subjective factor is not important in effecting the consumers' online purchase decision and behavior. While the three factors, including price, product quality, and web trust, are found to be significant to effect the consumers' online purchase behavior. Among all the factors, product quality has the lowest level of online shopping satisfaction. Tripathi & Tripathi (2014) found 15% of consumer prefers Flipkart because it is price efficient.

Research Hypothesis

H0: There is no significant relationship between credit risk and convenience.

H1: There is a significant relationship between credit risk and convenience.

Research Methodology

Methods of Data Collection

A combination of Interview method and Questionnaire method is used to collect data from respondents.

Sample Design

Under sample Design the method of Random Sampling is been used to collect data from the respondents.

Sample Size

Sizes of 200 respondents are taken for the collection of the data

Data Analysis and Interpretation

In data Analysis and Interpretation method of Chi Square, Ranking methods are used to analyze the data.

Data Analysis

Demographic Profile of Respondents

(i) 30 % of the respondents are male and the rest are female.

(ii) 25% of the respondents are below the age group of 25 yrs, where as 35% fall into the category of 25 -35 yrs, 35% are the respondents who are between the age group of 35-45 yrs and 5% are the respondents falling in the category of 45-55.

(iii) Nearly 60% of the respondents are married and the rest are unmarried i.e 40%.

(iv) 55% of respondents are qualified with Masters Degree where as remaining 45% are only Under Graduates.

(v) Majority of respondents fall into the income bracket above 5 Lakhs p.a i.e 50%p.a. 30%fall in the category of 2.5-5lacs P.A, 20% are below the package of 2.5 Lakhs.

Demographic Factors	Category	No. of Respondents	Percentage
Gender	Male	60	30%
	Female	140	70%
	Total	200	100
AGE	Below 25	50	25%
	25-35	70	35%
	35-45	70	35%
	45-55	10	5%
	Above 55	0	0
	Total	200	100
Marital Status	Married	120	60%
	Unmarried	80	40 %
	Total	200	100
	Post graduation	110	55%
Income per annum	Below 2.5 lakhs	40	20%
	2.5-5 lakhs	60	30%
	Above 5 lakhs	100	50%
	Total	200	100

Part A

Table- 1 Factors Depriving customers to purchase or shop online.							
Parameters	Strongly Agree	Agree	Neutral	Dis-agree	Strongly Dis-agree	Total	Rank
Cost of Internet	35	65	60	20	20	675(11.91)	5
Shipping Cost	25	60	70	15	30	635(11.20)	4
Deceptive Pictures	35	35	50	30	50	575(10.15)	7
No Bargaining	150	15	35	00	00	915(16.15)	1
Risk of Credit Card Purchase	100	50	30	10	10	820(14.47)	3
Delay in Shipping	70	50	60	10	10	760(13.41)	4
No hang out with family and friend	125	50	20	05	00	895(15.79)	2
Instant Satisfaction	10	10	50	20	110	390(6.88)	8
Total	550	335	375	110	230	1600	

The above table shows that different factors depriving the consumers to shop online were given weighted average started from strongly agree to strongly disagree and the weights were V-I respectively. This table indicates No Bargaining is the one of the factors which demotivates the customer to go for Online Shopping. As it has highest ranking 16.15%. Followed by the No hang out with Family and Friends 15.79% and Risk of Credit card purchase is on the Third position with 14.41%. Finally Delay in Shipping ,Shipping Cost, Deceptive picture and No Instant Satisfaction stands at Fourth ,Fifth, Sixth and Seventh position respectively with 13.41%,11.91%,11.20%,10.15% and 6.88%.

Table:2 Factors Influencing customers to shop Online							
Parameters	Strongly Agree	Agree	Neutral	Dis-agree	Strongly Disagree	Total	Rank
Save Time, Energy and Fuel	110	50	30	10	00	860(13.78)	1
24X7 Availability	100	50	40	10	00	840(13.46)	2
Discount and Offers	100	30	30	20	20	770(12.33)	5
Ease of Search	25	50	50	50	25	600(9.61)	7
Convenience & Reduce Waiting Line	110	50	30	10	00	860(13.78)	1
Comparison of Prices	100	40	20	20	20	780(12.5)	4
Variety of Product	105	55	20	10	10	835(13.5)	3
Send gift online	65	35	50	30	20	695(11.13)	6
Total	715	360	270	160	95	6240	

The above table shows that different factors motivating the consumers to shop online were given weighted average started from strongly agree to strongly disagree and the weights were V-I respectively. This table indicates Convenience & Reduced Waiting line and Time Saving are the most important factors which motivates the customer to go for Online Shopping. As it has highest ranking 13.78. Followed by the 24*7 Availability, Variety of Products, Comparison Of Prices, Discounts & Offers, Send Gift Online, Ease Of Search stands at Third, Fourth, Fifth, Sixth and Seventh position respectively with 13.38%, 12.5%, 12.33%, 11.13%, 9.61%.

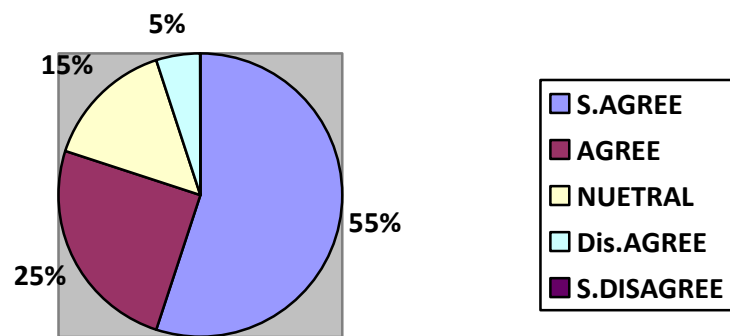


Chart Showing Influencing Factors of Purchase

Above chart depicts that majority of respondent's ie.55% of customers is influenced to purchase because of the convenience they have in purchase online.25% says that they shop online because its 24*7 availability and 15% respondent consider it as it saves time and energy,5% say that they shop online so that they can easily compare the prices of the competitors products available in the market.

Level of Relationship between Credit Risk and Convenience

H₀: There is no significance Relationship between Credit Risk and Convenience in Online Shopping

H₁There is Significant Relationship between Credit Risk and Convenience in Online Shopping

Parameters	O	E	O-E	(O-E) ²	(O-E) ² /E
Strongly Agree	50	40	10	100	2.5
Agree	75	40	35	1225	30.625
Neutral	25	40	(15)	225	5.625
Disagree	30	40	(10)	100	2.5
Strongly Disagree	20	40	(20)	400	10
Total	200				51.25

The above table shows that there is a significant level of inclination of Respondents towards Credit Risk .As that is $51.25 > 9.488$.

Hence, Null Hypothesis (H0) is rejected and Alternative Hypothesis (H1) is accepted at 4 DOF &5% level of Significance.

Findings

Based on the Analysis following findings are compiled:

1. Majority of Customers is Females & they fall in the category of 25-45 yrs of age.
- 2.50% of the customers fall in the category of income above 5 lacs.
3. Reasons for main the purchase online by the respondents are Convenience and Reduced Waiting line, 24*7 availability and variety of products.
4. Major of the population agrees that there is a strong relationship between level of Risk and Convinience.
5. Depriving factors for respondents were No Bargaining, No Hang out with family and friends, Risk of Credit Card purchase.
6. Factors influencing and factors depriving to shop online both have its own significance in the minds of the customers as both have their own pros and cons.

Suggestions

Online Shopping is mainly convenient for the customers who want to save time. It depends on how much risk a customer is ready to bear on online purchase. Customers get more discounts and schemes on online purchase rather than Offline Shopping. So keeping in mind all these facts we would recommend the following suggestion for Online Purchasers:

- 1.Proper Selection of the Site who is selling the products i.e it must be authenticated.
2. Customer must compare the prices of the products available online so that they get the Best price of purchase.
3. Customers must read the terms and conditions given on the website.
4. Online shops should not disclose the customer's information to anyone.
5. Customers must prefer cash on delivery mode for purchase which will reduce the credit card risk.
6. Companies should form the strategies to fetch the more number of people to shop online.
7. Online Retailers should also provide guarantees to the customers that they would get the equal chance to interact with actual party before the purchase.

Conclusion

The study shows that online shopping is getting popularity among the females and maximum usage by age group of 25-45 years of age. Professional females generally prefer to buy products mostly from online shopping. The main influencing factors in the study was convenience,24*7 availability, time

saving ,comparison of prices, Discount and offers, send gifts online. The main obstacles have been identified on study No Bargaining, NO hang out with Family, Risk of Credit Card, Delay in shipping, Cost of Internet, Shipping Charges.

Chi square results shows the response between Credit Risk and Convenience has a significant impact on online shopping. This shows that trust and Confidence is an important factor in online shopping to reduce credit risk.

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Women as Transformational Leaders: The Emerging Face of Leadership in Today's Organizations.

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Abstract

Women in today's organizations are capable enough to change as well as challenge the existing trends and thus infusing new style of leading the organizations. The growing impact of women in the workplace has kept the leadership style of women on the research agenda. The trends are changing with the increase in the number of women at the workplace. This paper examines the literature relating to the different leadership styles adopted by women in order to explain the relation between women and transformational leadership. Women are playing an important role in the evolution of leadership. They are more likely to be transformational leaders in comparison to men who are found to be transactional and task-oriented. Given the superiority of the transformational style over the transactional style alone, why are women less likely to be occupying the most senior positions in the organizations? This paper tries to bring out the various problems faced by the women holding senior positions and the hurdles that they crossed to get promoted. It also tries to study the impact of such kind of leadership on the performance of the companies and the other benefits related to the same. Organizations need to accelerate this shift to 21st century leadership wherein women are ready to steer the companies through volatile market environment and stiff competition by addressing the various obstacles to success, promotion and retention of highly capable women.

Key words: Transformational Leadership, Glass Ceiling, Styles of Leadership, Transactional and Task Oriented.

Introduction

Today's smart and modern companies are aware of the catalyzing role of women leaders and are taking steps now to gain advantage so as to gain a competitive edge over the others. Women Leaders are capable of integrating feminine thinking into the company's business plans, strategies and culture. In order to grow the business, these women must be accepted as equals among their peers. For this to happen, the very model of what is considered good leadership has to incorporate feminine as well as masculine attributes. The history of women in leadership roles showcases lot of struggle and challenges. Today, there is growing participation of women in the workforce around the globe as doctors, engineers, scientists, sociologist, teachers, and students. CEO's, board room directors and decision makers in companies have been increasingly sensitive to the issue of women executives in the work place. They remain hesitant in changing the corporate profiles of their top management to reflect a greater diversity of thinking and innovative mix of professionals. CEO's and the HR leaders opinioned that the reason for cited above is to the lack of availability of experienced women executives for top management positions. But the truth is that they are hesitant to accept the equation and provide a platform to perform equally. Women executives agree that there is lack of "a level playing field", and biasedness overshadows the performance assessment. Further traditional mind sets and corporate culture is restricting the women in

moving out of their “comfort- zones”. There is a myth in corporate that women executives cannot lead both social and working life successfully and they give utmost priority to the family only and it negatively impacts the performance graphs in their career ladder. In fact juggling and leading both the life is a tricky one for them, but they are proving themselves and have become successful.

Leadership research has expanded thus throwing light on women's limited advancement in management. As a result, leadership styles have been studied extensively in various contexts. Research has indicated that, although many women hold management positions, few succeeded to top management positions. Most studies associated with the issues that hinder career advancement of women, have focused on either the intrinsic variables within the female herself or the extrinsic variables, such as economic, cultural and sociological complexities. But the attainment of top management positions for females is complex and involves many variables.

Moreover, the research about leadership styles and gender has often conflicting results, which do or do not support the assumption that there are stereotypical masculine and feminine styles. However, major findings show an integrative women's leadership model characterized by task commitment, personal sacrifice, goal orientation, commitment to personal relationships and with employees and an emphasis on teamwork. This leadership style lays a foundation for future studies of women's leadership in all types of industries as well as in other fields. Therefore, the aim of this paper is to theoretically discuss females' leadership style and their potential role as transformational business leaders. In this respect, the present paper is structured in five sections. The first section briefly reviews the literature related to transformational leadership in organizations. The second one explores the transformational role of women. The third section discusses a few exemplary women transformational leaders in context to India, whilst the fourth section talks about some of the problems faced by women in getting the right platform. Finally, the last section attempts to summarize the main points of the literature as well as to give future directions for future research on the field.

Literature Review

Transformational leadership: Modern organizations are faced with the challenge of global competition, as stated by Smith (2005), thus these organizations are into 360 degrees of restructuring and reengineering. Leadership in organizations is hard to define: they may be vertical, horizontal, diagonal. It may move across functional boundaries as well as across companies and industries, according to larger needs and opportunities. Thus, organizational leadership now is even more complex and requires more of responsible and sensitive individuals to manage employees. Moreover, networks and alliance are of utmost importance, not only for individual leaders as they manage their employees but also for firms as they attempt retain the loyalty of their customers. In this respect, a new kind of leadership has emerged; the transformational leadership (Bass, 1985 and 1990), Burns developed two constructs of leadership: the transactional and the transformational. These two leadership forms are opposing and each represent an extreme. However, when measuring leadership with the Multifactor Leadership Questionnaire, every leader displays a frequency of both the transactional and transformational factors, but each leader's profile involves more of one and less of the other. Although this specific paper is concerned with the latter construct – transformational leadership – the basic ideas behind the transactional form deserve mentioning. Transactional leadership occurs when the leader and the follower makes an exchange of valued things, e.g. votes, money, goods, or even hospitality for a willingness to listen to ones troubles. This type of leadership is hence a bargaining process. However, when the transactional leader emphasizes what your country can do for you, the transformational

leader asks what you can do for your country (Bass, 1999). Transformational leadership occurs when leaders and followers engage in a mutual process, raising one another to higher levels of motivation. In doing so, the purposes of the leader and the follower become one. Transforming leaders are also suggested to actively develop followers into leaders (Avolio and Gardner, 2005). Transformational leadership presupposes a “self” that is connected to friends, family, and community whose welfare may be more important to the leader than his/her own welfare. Transformational leadership incorporates four sub-dimensions: (1) charisma or idealized influence; (2) inspirational motivation; (3) individualized consideration; and (4) intellectual stimulation.

Idealized influence, that is, being influential about ideals, involves leadership that is envisioning, confident, sets high standards for emulation, often has a spiritual dimension, and holds high moral values in the influence process. This renders a leader, whose behaviour sets a moral example, and thereby gaining respect and trust among his/her followers.

Inspirational motivation is closely connected to the idealized influence and involves leadership with a clear vision that appears appealing and inspiring to followers. Leaders with high inspirational motivation tend to be more optimistic about the future. This in turn results in followers with a strong sense of purpose and meaning. The leader’s ability to communicate the common goals and vision in an understandable, precise, powerful, and engaging way is here central (Bass and Steidlmeier, 1999). Compared to other forms of leadership, the transforming leader is also a very charismatic person who is able to dazzle his/her surrounding (Avolio and Gardner, 2005).

In individualized consideration the transforming leader treats the follower as an individual and provides coaching, mentoring and growth opportunities (Bass and Steidlmeier, 1999). Finally, a leader who is able to intellectually stimulate has an open approach to processes of situation evaluation, vision formulation, and patterns of implementation. This openness further helps the followers to be more constructive and creative.(Bass and Steidlmeier, 1999). Related to the above is also the issue of fairness. Transformational leadership is seen among the followers as more procedurally fair compared to other leadership forms, contributing to creating trust in the leader and strong organizational commitment (van Knippenberg, De Cremer and van Knippenberg, 2006). Further, in order to get followers to accept changes in the organization, leaders can exercise their authority via fair procedures. This relationship is especially strong among those followers whose identification with the organization is high (Tyler and De Cremer, 2005). As suggested by Avolio and Gardner (2005), transformational leadership is particularly suited for organizational environments characterized by uncertainty, inclusion, and an ethics.

Exploring the Transformational Role of Women

A new kind of leadership has emerged; the transformational leadership (Bass, 1985 and 1990), which seems to be gender-related (Maher, 1997). This type of leader does not only guide and motivate her employees, but also inspires them. This kind of leader has a profound and extraordinary effect on her employees (Wofford, et al, 1998). Therefore, the question that emerges is what makes someone a transformational leader. Or, to pose it in a more specific way, are there any factors influencing the transformational leadership? This paper attempts to explore whether gender is such a factor. In fact, what this paper is interested in is related to what extent the leadership style of female managers is more closely associated with transformational leadership.

For about 30 years, literature on women and management stressed females' managerial abilities as equivalent to those of males (Chapman, 1975). But in the mid-1980s, general discussions about the place of women in management (the equality discussion) took a turn. A

women's unique feminine skills play a vital role in organizational management. Moreover, as the hierarchically bounded middle management job is replaced by the boundary less project-management job, parity between males and females may be greater. Differences between male and female pay and participation rates may diminish as the traditional first-line supervisor's job is supplanted by the boundary-spanning team leader role. There is also some suggestion (Arthur and Rousseau, 1996; Ferguson, 1984; Gilligan, 1982) that women may also benefit from the fact that managing and organizing in the new context favours the female style over the male. Men traits and competences such as toughness, self-interest and domination makes them unable to perform in fluid context. Women are able to get things done by co-operation and a shared influence, by building relationships and connections with others, both inside and outside the boundaries of jobs, departmental lines and chains of command. In a business world of flatter structures, and self-managed project teams, the individual is less likely to be at centre stage, directing others and making decisions, but instead needs to share both responsibility and the limelight. This requires them to be open, egalitarian focused on and responsive to others, supporting and empowering, influencing without dominating. All these are traditionally identified in western culture as feminine traits (Ferguson, 1984). The traditional feminine role is said to be centered around on performing a process rather than focusing on outcomes. The women's difference on management style found their initial support in research on the psychology of women (Gilligan 1982; Chodorow 1978; Miller 1976). These works show that traditional views of gender differences have not been culturally neutral; rather, qualities associated with males have been rewarded and those associated with females have been devalued. Yet, because value systems are social and cultural constructions, it is possible to conceptualize female characteristics as positive-even though different-rather than as inferior to male characteristics.

Clearly, the appeal of these ideas stems from their implications for revaluing women and feminine qualities in various kinds of activities, including approaches to management. For instance, Loden (1985) is the first one arguing, that under the female's difference umbrella, women's managerial styles could be what was needed for solving American productivity problems. Similar arguments followed by other academic scholars (Bowen and Hisrich, 1986; Grant, 1988; Helgeson, 1990; Bass and Stogdill, 1991). In these writings, what was once criticized as female patterns in need of overcoming for success in management is now positioned as special and useful for organizations. For example. Grant (1988) argues that women seem to be the most radical force available in bringing about organizational change, thanks to qualities gained in experiences with their families and communities. In Grant's view, women's skills at communication and cooperation, their interests in affiliation and attachment, and their orientation toward power as a transforming and liberating force to be used for public purposes rather than for personal ambition and power over others are critically needed human resource skills in contemporary organizations. Moreover, Rosener (1990) described "interactive leadership" as characteristic of some of the female executives that she studied. Patterns unique to women's socialization made them comfortable with encouraging participation and facilitating inclusion, sharing power and information, enhancing the self-worth of others, and energizing and exciting others about their work. Furthermore, Bass (1991) has founded that women show more evidence of transformational leadership than men, supporting the view that women have more highly developed interpersonal skills than men. However, the evidence suggests that there are fewer differences than expected, especially when studies control for the effects of age, work role and achievement.

More recent work by Buttner (2001) argues that while research on women's leadership style has shown that men and women lead in similar ways, there are also some demonstrated differences in style by gender. In addition, Ardalán (2003) supports that women executives,

no longer looking to "break the glass ceiling" are commanding leadership positions and writing their own rules, creating their own management style and redefining what it takes to get to the top in business. Although women hold almost half of the managerial and professional positions in the workplace, they account for only 3% of the top positions among Fortune 500 companies. But those numbers are bound to increase as more and more women discover they have what it takes to be a leader. Traditional top-down hierarchical organizational structures, generally lead by men, are giving way to a more collaborative, team-oriented approach that emphasizes communication, networking and yes, balance. Ardalan (2003) continues arguing that today, company executives, whether female or male, not only need to keep their eye on bottom-line results, but must also be highly attuned to the needs, abilities and dynamics of employees. Business leaders must have the adaptability to manage a diverse global workforce in an ever-changing business environment. Companies are recognizing the contributions female executives offer in the workplace, but it seems employers still expect more from women in leadership roles. They need to be strong decision makers, but are valued for their ability to engineer consensus among team members. Women executives must also exhibit "softer" qualities such as a sense of humor and the "personal touch" yet are expected to be clear and effective communicators with the ability to motivate personnel and get things done. And, in most cases, women executives still run the home front creating a balancing act between work and family life (Ardalan, 2003). However, it is still an exciting and challenging time to be a woman in the workforce. The perception of what it takes to be an effective executive is changing as well as the appropriate management skills. Women are no longer focused on the "glass ceiling" (Schneider, 2000), but are creating their own paths to success.

Few Exemplary Women Transformational Leaders in context to India

- 1. Kiran Mazumdar-Shaw CMD, Biocon Ltd** -In January, her company's partnership with Mylan helped launch a biosimilar and a targeted therapy to treat certain types of breast cancers in India, a first of its kind in the world. In June, she became the fourth Indian to be awarded the Global Economy Prize for Business by the Kiel Institute for the World Economy in Germany. When it comes to active women chairpersons in India, Kiran Mazumdar-Shaw has one of the highest recall values. Mazumdar-Shaw founded biotechnology firm Biocon in 1978 with an initial investment of Rs 10,000 in a garage. She calls her tenure as chairperson eventful. "The high point of my chairmanship has been the listing of Biocon in 2004 when we were valued at \$1 billion, a sharp jump from \$100 million a year before. The low point was to see the share price of Biocon tanking 20 per cent when one of our insulin deals with Pfizer was called off. It took us over a year to recover from this event," she says. Mazumdar-Shaw says she wants Biocon to be seen as a significant biotechnology player globally. "Recently, we have appointed a new CEO and Joint Managing Director. Based on the current scenario, I still have 10 more years of active professional life," says Shaw, 61. Besides work, Mazumdar-Shaw is associated with multiple institutions such as the Confederation of Indian Industry, Bangalore Political Action Committee, and the Indian Institute of Management-Bangalore. She was nominated for the 11th edition of the Most Powerful Women(MPW) in Indian Business Awards,2014 put together by Business Times and knowledge partner Egonzehnder.
- 2. Naina Lal Kidwai, Country Head, HSBC India** -She was earlier heading only banking operations of HSBC India. Today, she has a much larger role, heading HSBC's entire Indian operations, which include banking, insurance, asset management, securities, BPO, etc. Kidwai was also the first woman president of

industry lobby group FICCI till December 2013. She was nominated for the 11th edition of the Most Powerful Women (MPW) in Indian Business Awards, 2014 put together by Business Times and knowledge partner Egonzehnder.

3. **Kiran Bedi, ex-cop-** It's hard to pick one area in which Kiran Bedi has had the greatest impact. It could be how she changed perception about the Indian cop, giving the force the power to reform and not just punish or perhaps it was her way of raising resources through her two NGOs- the Navjyoti India Foundation and the India Vision Foundation- which work in the areas of education and healthcare. It might have been something as simple as using her position to speak up against injustice. But Kiran Bedi's devotion to her country is undeniable. She was the winner of L'Oreal Paris Femina Women Awards 2014 for social impact that transformed the lives of many and she still inspires many.
4. **Kirthiga Reddy, Facebook's India Chief-** Before she took over the reins at Facebook India, the social media giant had just eight million Indian users. Today, under Kirthiga's leadership, that number is up to 93 million users. It's no wonder Facebook's India Chief is driven to have CEOs and business leaders look at it as a mass media, and not just social media. She says "it takes three key things-to have big dreams about the kind of impact you want to make, the courage to seize opportunities, and the right team of people to work towards that vision. She was the winner of L'Oreal Paris Femina Women Awards 2014 for leadership.

Reasons why women aren't leading in sufficient numbers are (Forbes/Leadership 2013):

1) The differences between men and women are still not fully understood or valued: It's an indisputable fact – women and men are different in many ways. The differences in women's style, approach, communication, decision making, leadership values, focus and "energy," are not at all understood or valued. Many organizations still make women "wrong" (consciously or subconsciously) for their priorities and styles that clash with the dominant culture. Further, the emphasis many women leaders place on connection, empathy, emotional cue-taking, consensus-building, risk-taking, mutuality, and questioning are often misconstrued as a "less-than" leadership style. More multicultural and diversity training must occur for women and men to wholly embrace their differences, and understand that it is diversity and difference that makes them stronger and more competitive.

2) Family Life vs Work Life: Women are still performing the majority of domestic and child care responsibility in the home, even when there are two spouses working full-time. As such, and as long as women are bearing the children in our species, women will not view child rearing and child care in the same way as men do, and will prioritize the responsibilities around it differently.

3) Extreme work demands: The extreme demands of many 24/7 work corporate environments today represent an impasse to many women who wish to prioritize life outside of work more highly. Women are not less ambitious than men, it is the COST of ambition – and the **struggle women face** in pursuing their professional ambitions — that is at the heart of why we have so few women leaders today, and why women are achieving less and not reaching as high as men in corporate world.

4) Marginalizing of women has become a practice: As much as we don't want to admit it, women are still being diminished, sidelined, suppressed, and thought less of because of being

women and because they are different from the leadership norm . Further, women are pushed aside regularly when they make their family priorities known or demand time off after having a child. We can deny this all we want, but it is happening all across the globe – women are still considered “less than” in terms of leadership capability in many organizations. This will change in 50 or 100 years, and is changing radically now in the entrepreneurial world.

Research Methodology

The study is mainly based on the secondary source in form of various research papers, websites and eBooks. On the basis of secondary data the argument in this paper has been developed. The researchers have placed their own observations regarding the same.

Findings and Analysis

As today's business world is faced with the challenge of global competition, it requires effective managers, who pay regard not only to bottom-line results, but also to internal communication and motivation. This kind of leadership has been called as the transformational leadership (Bass, 1985 and 1990). In this respect and due to the fact that during the last two decades, women have entered the field of management in greatly increasing numbers, the basic difference between male and female managers, is that women, typically, exhibit transformational leadership behaviors, centering on relationships, communication and social sensitivity. Thus, we can support the view that the increasing importance of transformational leadership in organizational performance confers favor on the position of women in the labor market. As Peter York (1999) argues the future of managing organizations around the globe tends to be a lot more female. His argument reflects clearly the importance of women in today's business world. The Taylorist period of management is over. The humanistic period has been well-introduced. The old (Taylorist) style of management required a more autocratic style of leadership. This style was most common among male managers, who adopted a more mechanistic character and attitude towards employees. Women were poorly represented in the ranks of management and largely ignored in leadership. Male managers were more likely to be confident to monitor and coordinate subordinates. This autocratic style of leadership had resulted many times a dysfunctional way of managing people. Now-a-days the most effective management style seems to be one in which the manager/leader shares authority and power with his/her subordinates. This style increases employees' job satisfaction, promotes their interests and leads them to effective performance. This also resulted a new status for female managers. Arroba and James (1998) point out that women have innate attributes that can be seen as great advantage in the age of human oriented management. These features include intuition, sensitivity, observation and a willingness to engage with feelings. In other words, in the new era of humanistic leadership female managers are keener to delegate power than men. They can share responsibility promoting employees' involvement and participation in decision-making process. Finally, they are much more capable than men in understanding people needs and allowing them to satisfy their expectations and prospects through their jobs.

While there are enough examples in India of women leaders in politics, the social sector and arts, the corporate world needs to catch up. Traditionally, top jobs have been the preserve of men and there is an internal resistance to having women competing for them. To create an equal and just workplace, companies will have to be more flexible and men also must change their age-old attitudes. On their part, women corporate executives will have to overcome their fears to take up more top jobs. Several women including Meher Pudumjee, Vidya Murkumbi and Urvi PIRAMAL have already broken into this male bastion and are setting the precedents for

both genders. Jindal believes women can excel in whatever they do, mainly because they are good at multitasking. "There are times when people perceive them as soft targets and might take advantage of them," she says. "But if they remain steadfast in their approach and firm in their dealings they can win any battle."

Conclusion

Women in an organization are still facing barriers on career advancement, gender stereotyping and other threats from within or out of the organization. There is a hairline difference between female feticide and gender diversity or gender stereotyping because killing the honest motives of life of human being is very much synonymous with the killing of lives. This scenario should be changed and only the modernization of thought process of the management of organizations can change it with the help of positive societal changes. Every organization should prioritize talents over anything else for the growth of themselves which in turn, helps the society to grow. Every organization should focus on "human resource" rather than "man resource" or "woman resource" separately. Everything should be balanced and nothing can be grown being unbalanced. In the end, creating a pathway for more women in corporate leadership will require change on all levels — *individual, organizational and global*. But we must start with you and me, today. What one step can YOU take – either as a female committed to achieving more leadership authority, or as a female or male leader with the power and influence to bring about true change in your organization.

Future Research

Female managers can dominate in the era of modern global business management. Nevertheless, very little empirical work has been done so far to investigate the situation (Bourantas and Papalexandri, 1991). Most knowledge about the problem is based on casual observation, individual case analyses and haphazard evidence. Therefore, further research is needed in order to identify the extent to which female managers are more capable to perform the role of the transformational leader in comparison to their male counterparts. Moreover, further research should take into account the different contexts under which male and female managers need to exercise their leadership skills. One kind of such contexts can be the national business environment that managers work. As Panigyrakis and Veloutsou (1998) point out the issues of environmental uncertainty and role ambiguity among women in public relations requires additional research. Further the study of various factors impacting a particular leadership style in context to women leaders need to be worked upon which can be industry specific.

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The Future of Punjab's External Trade

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Abstract

From the very beginning, Punjab has always been considered a prosperous state. The foremost reason for its strong hold on Agriculture products and commodities has been the Green Revolution in early 1960s followed by industrialization that took place in prominent territories in Punjab. Apart from its agrarian benchmark, the other key industries contributing to Punjab's economy are Bicycle, Textile, Hosiery and Garments, Chemicals, Tractors and Auto Components, etc. Besides its initiatives in manufacturing, it has also witnessed strong presence in Information Technology and IT - enabled Services. The state government has also supported sectorial developments by giving lucrative incentives to boost the trade and investments in the economy. To support this, the government also held Progressive Punjab Summit 2013-14 that saw the participation of top most Business Leaders of both domestic and foreign companies been on robust state investments. The state has been also contributing to the External Trade of the country. The objective of this Research Paper is to analyze the state contribution to the national economy of India and its progression towards external trade and business.

Keywords: *Industrialization, Trade and Investments, External Trade*

Introduction

Punjab is known for its rich heritage, culture and religion and acknowledged worldwide for its self-reliance and glory. Since last decade, Punjab has shown tremendous growth in the GSDP, i.e. Gross State Domestic Product that shows the total value of manufacturing of goods and services for period of a single year. In the year 2004-05, the Agriculture and allied industries contributed 32.7% in 2004-05 that reduced to 30.3% in 2011-12 by taking into account that total productivity is increasing with CAGR of 13.8%. On the other side, the manufacturing and industrial output contribution has increased from 24.7% to 26.8%, which is significant in terms of growth of all the sectors given with 16.4% CAGR. Tertiary sector, or Services, has shown growth in its percentage contribution from 42.6% to 42.9% with CAGR of 15.2% as shown in Figure 1 below. The average Growth rate of GSDP of Punjab is 15% from year 2004-05 to 2012-13, and its total GSDP for 2012-13 was USD 54 bn.

Need for the Study

Because of increase in external trade within countries, the individual states have also started participating in foreign transactions of the industries so that it has its geographical advantage. The Agrarian Economy of Punjab is amongst states trading highest number of transactions for agricultural commodities with the foreign countries and the maximum support given by the government in this primary sector of the state. The study will help the investors to

evaluate the industrial performance of Punjab and its growth rate in comparison to national growth rate. Also it will be of help to the industrialists to critically analyse the contribution of government policies for the benefits or losses to their companies.

Literature Review

Gurpreet Kaur, et al, (2013) analyzed that Punjab agriculture plays an important role in state's economy and contributes a considerable share of wheat and rice to the central pool, and it stands at second rank at all India level in terms of food grain production. Singh, Davinder, et al, (2013) show that the effluents released out of textiles units are not only degrading human health, but are also a cause for deforestation. K.K. Sharma, (2013) has studied the cost competitiveness of textile industry in Punjab. Navneet Gera, (2012) observes that a great deal of work has been done by Indian trade and industry and has achieved significant role in terms of GDP, Exports, Employment and generation of foreign exchange. Role of government has been supportive to textile and clothing industry whereas, post MFA, it has not been good in comparison to China. Gautam Rajkumar, et al, (2012) observed that units from all surveyed industries irrespective of age and turnover believed that liberalization had resulted into more competition, increased quality consciousness, difficulty in marketing, dumping of cheap goods by other countries, reduction in profit margin and high level of consumer satisfaction. But the units of Food and Leather products have seen transformation in business after Liberalization. Chaudhry, Azam, et al, (2012) analyze that more export sector firms enter highly concentrated industries and firm entry increases significantly by as a result of depreciation in the trade-weighted real exchange rate, However the impact of changes in EU and US tariff is not significant. Gautam, Rajkumar, et al, (2011) observe that small scale industry in Punjab is facing quality issues at both domestic and international markets, so these units should focus on quality standards at both domestic and global levels. Banga, Gagandeep, et al, (2011) consider that the main forces that derive the external trade of sports goods and its allied industries are the quality, cost and demand of sports industrial products in the market. Mehra, Anjana, et al, (2011) analyze the growth prospects of textile industry in Punjab between 1991-2008 in respect to post liberalization period and reveal the fact that growth of textile industry in Punjab had declined since post liberalization era.

Objectives

1. To study the sector-wise growth potential of exports from Punjab.
2. To analyze the government policies over export performance in Punjab.

Scope of the Study

The study has been conducted on Punjab state of India. The secondary research is conducted to evaluate the export performance of the state as the markets are flourishing across national boundaries and companies can earn lucrative margins while selling their products overseas.

Research Methodology

The study is based on secondary sources of data collected from authentic resources for conducting the research.

Sector-wise Exports Growth of Punjab

- 1) **Wheat and Rice Exports from Punjab:** Having its fertile and productive soil, Punjab is lauded as "Granary of India" and "Bread Basket of India". In 2009, the state

government announced its agro-industrial policy to facilitate the association between agriculture and industrial sectors so as to organize the agriculture sector and to increase the farmers' remuneration. So, government offered special packages and benefit schemes for the industries entering into agro business. The state has got 1.2% of geographical area of the country and contributes 18% to country Rabi crop of Wheat and 11% to Kharif crop of Rice. Punjab's total food production, in 2016-17, was 274 MTs. Wheat, being its major produce, contributed approximately 160 MTs of total production outlay. State also contributes its two major agri-commodities, i.e., Wheat and Rice to center for three purposes. First being the procurement of these commodities by FCI and distribute in the country. Second purpose is to export the grains procured by FCI from the state, and third is to contribute to the social development programs of the centers like Mid-day meal schemes etc. Its wheat and rice contribution to the central pool was 38% and 22% respectively in year 2016-17. Also, the total area coverage under wheat in Punjab was 35 Lakh Hectare for Rabi in 2016.

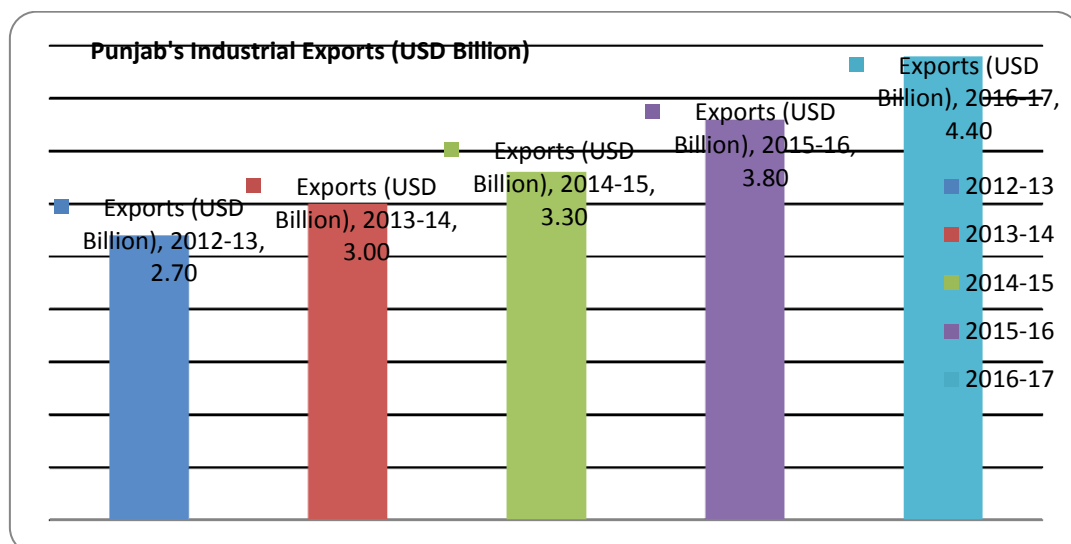


Figure 2: Punjab's Industrial Exports

Source: Punjab Small Industries & Export Corporation limited

2) Textiles and Cotton Exports from Punjab

Textile industry in Punjab has its important significance as it contributes to government's forex revenues with its international operations. Since liberalization till 2005, the industry was suffering from Quota system, that troubled the industry, but, after the ending of quota system, the industry started growing and became cost competitive at international level. The textile hub of Punjab is situated at the center of the state in Ludhiana. Since years city is also known as Manchester of India for its tremendous contribution of Textiles in the economy of the country and the world at large. The sector revived back after financial setback in year 2008 and weakening of the rupee helped the exporters to bag export orders from its traditional markets of United States and Europe. In year 2015-16, Yarn and Textile products were among the principal export items that were traded overseas from Punjab and fetched revenues worth USD 2.02 bn (Consolidated for Yarn, Textiles, Hosiery and Garments). Since 2015, the textile industrialists have been raising concern before the government to put a ban on exporting raw material, i.e., raw cotton, as this

hampers the price of the raw material in the domestic market and further makes Indian garments manufacturers uncompetitive to sell their products in international markets due to increase in input costs. The cotton exporters find it more lucrative to sell the raw cotton in global market than in the domestic because the international price is US\$ 99.85 per pound in comparison to US\$ 87 in domestic market. These pricings also fetch fair value for the cotton growers.

Further to boost trade, investments and exports in this sector, the state government established Textile Park on 100 acres land worth investment of Rs 600 crores in Trident Complex, Barnala under the name of Lotus Integrated Texpark. The establishment can fetch the investments worth Rs 850 Cr under PPP model between state government and Trident Group under centrally sponsored textiles policy. Apparel Training and Design center will also be established to train 1000 young designers including 25% women. Ten companies have given their nod for SITP (Scheme for Integrated Textile Park) to invest in the park, and seven out of ten have already been approved for investing Rs 850 cr. The textile park has also got an added advantage for its close proximity to Malwa Belt that is known for cotton production. The state government is also planning to start three new Textile Parks after witnessing the success of Lotus Park. Also production of raw cotton is one of the sectors where Government of India has authorized the production using Genetically Modified Technology through which the productivity can be improved by hybridization.

The industry has further seen robust growth against ongoing crisis in Sri Lanka, Bangladesh and Indonesia that is putting up intense competition for the Indian industry as a result of global meltdown effect over capacity plants running in China that increased their operational cost during downturn.

The sole challenge that the textile manufacturers are facing is about the industrial effluents that are so toxic, not only for human beings habitated in nearby areas, but also for contaminating the natural ground water. The government should make policies to support the small scale textile manufactures to set up common effluent plant to re-treat the water and should focus on efficient disposal mechanism for waste management.

3) Sports Goods Exports:

As regards sports industry in Punjab, Jalandhar is the city of Punjab known for producing and exporting sports products worldwide. In year 2015-16, the total exports of sports goods from Punjab were US\$ 346 mn. Jalandhar sports industry had its foundation in Sialkot, Pakistan and, after partition in 1947, the Hindu Craftsmen in Sialkot shifted to Jalandhar, and established the Industry. Sports industry is a highly labour intensive sector that gives employment to weaker section of the society. The state is responsible for manufacturing hundreds of sports goods consisting Inflatable Balls, Hockey Sticks and Balls, Cricket Bats and Balls, Footballs, and Carom, etc. There are about 1200 sports goods manufacturers in Jalandhar, majority of them being SMEs, catering to 55% of the Export market from India, and the rest is captured by Meerut and other cities. It provides direct employment to 10,000 workers and indirect employment to 40,000 workers. The industry is highly impressive for global outsourcers like Adidas, Reebok, Nike, Puma and other big sports brands of the world. Year 2015-16 was a 'Year of Gloom' for Jalandhar sports industry as the companies were facing three different types of crisis. First being the global slowdown in the market for which Adidas postponed its purchase and discontinued its orders with manufacturers in Jalandhar. Second major setback was Euro Zone Crisis,

and Europe is one of the prominent markets for sports goods manufacturers in Jalandhar. Third biggest problem that the industry is faced regarding government policy. This related to 2.3% Excise duty on General Sports Industry and 12% Excise duty on Leather Products that is one of the major inputs for the industry.

4) Bicycle Industry in Ludhiana

Another industry having strong manufacturing base in Ludhiana is Bicycle and its spare parts industry. The city is home to 4000 (approx.) Micro, Small and Medium Enterprises manufacturing complete bicycles and spare parts. The industry is directly and indirectly giving employment to 2.50 lakh people and having capacity to produce 40,000 – 50,000 units of bicycles everyday. The industry faces intense competition from low cost Chinese goods as the customers in this segment are highly price conscious irrespective of the quality of products. So, the export-driven sector has become highly import driven. In 2015-16, total imports of cycle spare parts were US\$ 486 mn and complete bicycle of US\$ 34 mn. Around 200 units shut down their operations because of their incapability to compete with cheap Chinese markets. Even domestic manufacturers are import low priced Chinese products, instead of assembling in their units and, afterwards, either re-export or sell it at expensive prices in domestic market. So, Rs. 6000 Cr Ludhiana industry is shattering. Even the manufacturers have put forward their suggestions to the government to increase the import duty on bicycles and cycle parts so that increasing tariffs hinder importers to import cheap Chinese products, and will help revive the domestic cycle industry. Currently, the import duty on Cycle parts is 20% and on complete cycle is 30%. The setback further exaggerated with the imposition of 2% Central excise duty. So, this further weakened the grooming industry of Punjab and, in Budget 2015, the manufacturers proposed to the government for Zero percent excise duty.

5) Automotive and Auto Component Exports

As Bicycle industry is suffering from crisis because of some government policies and external factors followed by compressing margins, the companies in Punjab are shifting their businesses to Auto Parts and Components as the margins are high and its flourishing export market. Some of the major players in Light Commercial Vehicles, Auto Parts and components are International Tractors, Punjab Tractors, GNA Group, Swaraj Engines, Vinod and Company and Pabla Bearings. The manufacturers consist of OEM Producers and also cater to replacement markets. The state is also strong in tractor production caters to 15% of total tractor production in the country. Sonalika, Swaraj and Punjab Tractors are leading tractor manufacturers. Sonalika is one of the aggressive company in this field it has already doubled its capacity of its Hoshiarpur plant from 20,000 units per annum, and is targeting towards 70 international markets, and is having its assembly lines in Nigeria, Cameroon, Algeria, Brazil, Germany and Argentina. The company aims to sell 1,00,000 tractors per annum. The industry is showing robust growth in the state.

6) Service Exports from Punjab

Besides Manufacturing, services exports from Punjab is also flourishing day-by-day comprising IT knowledge trade and Tourism followed by Banking industry. As witnessed in above, tertiary sector contributed app 43% in GSDP in FY 2015-16 and increasing at rapid pace.

7) Software Exports:

Though software and IT industry was an industry rooted in Southern states of the country, Punjab has also taken up in this industry and is proliferating aggressively. During financial year 2015-16, the software export from Punjab was worth Rs. 1,942 crore followed by Rs. 2,140 crore in FY 2016-17, and, the industry had already achieved Rs. 2000 crore mark. Also the industry is employing 30,000 professionals in the state. The added advantage for this sector was the establishment of Software Technology Park of India in Mohali.

8) Tourism:

Cross- boundary movement of people in Punjab is for numerous reasons like Business visits of overseas customers in Punjab followed by Leisure tours to places like Chandigarh and Amritsar, and NRI visits. We have the following database of No. of Tourists who visited Punjab since 2013 upto 2016.

Table 1: No. of Tourists in Punjab

No. of Tourists in Punjab	
Year	No. of Tourists (in mn)
2013	5.50
2014	10.70
2015	16.56
2016	19.12

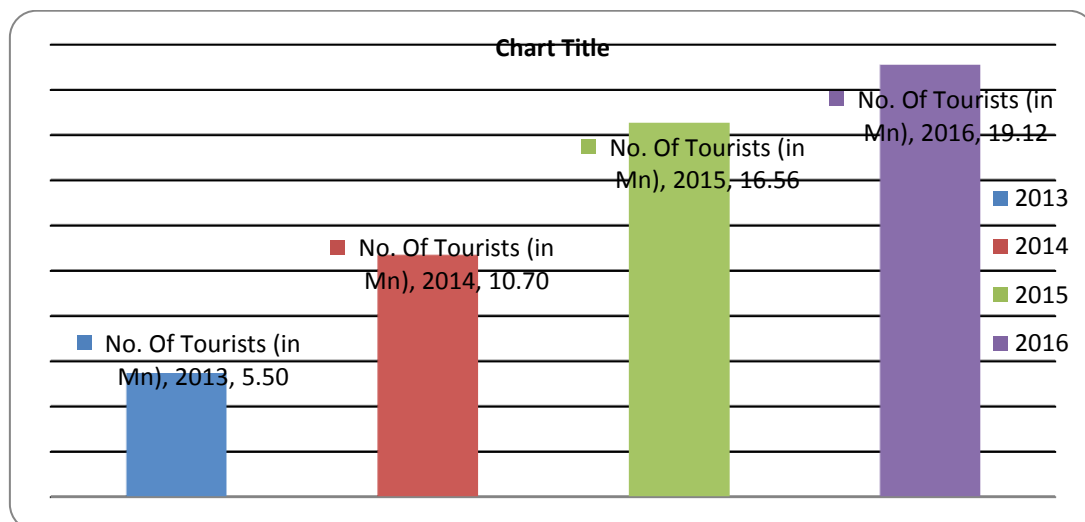


Figure 3: Number of Tourists in Punjab

Source: <http://www.punjabtourism.gov.in/statisticssurveys.aspx>

The above table shows consistency in increase in tourism over a period of four years. The government is providing many incentives to promote tourism in the state under its Tourism Policy such as Tax Incentives, Single Window Clearance systems and provision of loans for tourism oriented projects.

Conclusion

So it is quite evident that Punjab has witnessed a balanced set of Industrial Growth. If one industry is showing futuristic growth prospects, another industry is suffering from crisis. The main causes of crisis are external uncontrollable environmental factors, like change in industrial trends, exchange rate fluctuations, poor monsoons for agri-based products, etc, and another set of crisis is because of policy paralysis in the government. Manufacturing is not the only industry growing, but also in Banking, Tourism IT and ITeS . The, government should aggressively promote the Progressive Punjab Investment plans so as to boost the investments from the state, country and overseas.

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Happiness at Workplace: Case Study of Simplex Infrastructure Ltd.

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Abstract

In words of Aristotle “different men seek after happiness in different ways and by different means, and so make for themselves different modes of life”. Psychological literature has shown that becoming happier doesn’t just make one “feel good”. Happier people are more sociable, energetic, cooperative and better liked by others. In becoming happier we boost our engagement with work and with other people and our physical and mental health. Even though genetics plays a role in experience of happiness, it has been proven that barring extreme, many of life experiences are in our control and we can change happiness levels by choosing activities and strategies we pursue. Healthy usage and development of strengths and virtues are key to good life- a life in which one can use one’s signature strengths to bring authentic happiness. Thus based on these research findings the authors carried out a pilot study to measure the happiness scores of employees (supervisors) and identify the factors that were contributing to happiness at work and also those factors (organizational and personal factors) that organization needed to pay attention to and develop appropriate activities and strategies to enhance the overall organization happiness score. Further, the study also aimed to identify the relationship between employee years of experience and individual level of happiness.

Keywords: Workplace, Happiness, Quality of Worklife, Professional life.

About the Organization

Simplex Infrastructures Ltd. is a diversified company established in 1924 and executing projects in several sectors like Transport, Energy & Power, Mining, Buildings, Marine, Real Estate etc. Simplex is one of the construction leaders in India for nearly 90 years executing projects with consistent quality assurance, cost control and adherence to milestones in a safe environment as per the customer requirements. It promotes the culture of sharing rich and varied experience with staff members, as also with clients and thereby benefits and helps the growth of the construction fraternity and society at large. The Company has been closely associated with the country’s infrastructure building with over 2600 completed projects spanning almost all the gamut of construction industry.

Introduction

The entire history of humankind has been the search for well-being, happiness and a good life. Abraham Maslow worked towards actualization of one’s potential and others like; Swami Vivekananda searched for peace in spirituality according to Barbara (2005). Fredrickson suggest that positive emotions lead to novel behavior and that over time, such actions lead to knowledge and social relationships. Compared to people in the other conditions, participants who experience positive emotions show heightened level of creativity, inventiveness and a big picture focus. Happiness as defined in literature, that is, in terms of frequent positive affect, high life satisfaction, and infrequent negative affect. These three constructs are primary components of subjective wellbeing or happiness (Sheldon & Kasser, 1998, 2001;

Sheldon & Lyubomirsky, 2004). Existing evidence suggests that genetics account for approximately 50% of the population variation (Braungart, 1992. Lykken & Tellegen 1996) and circumstances account for approximately 10% (Argyle, 1999; Diner et al, 1999). As much as 40% is left for intentional efforts that can enhance happiness.

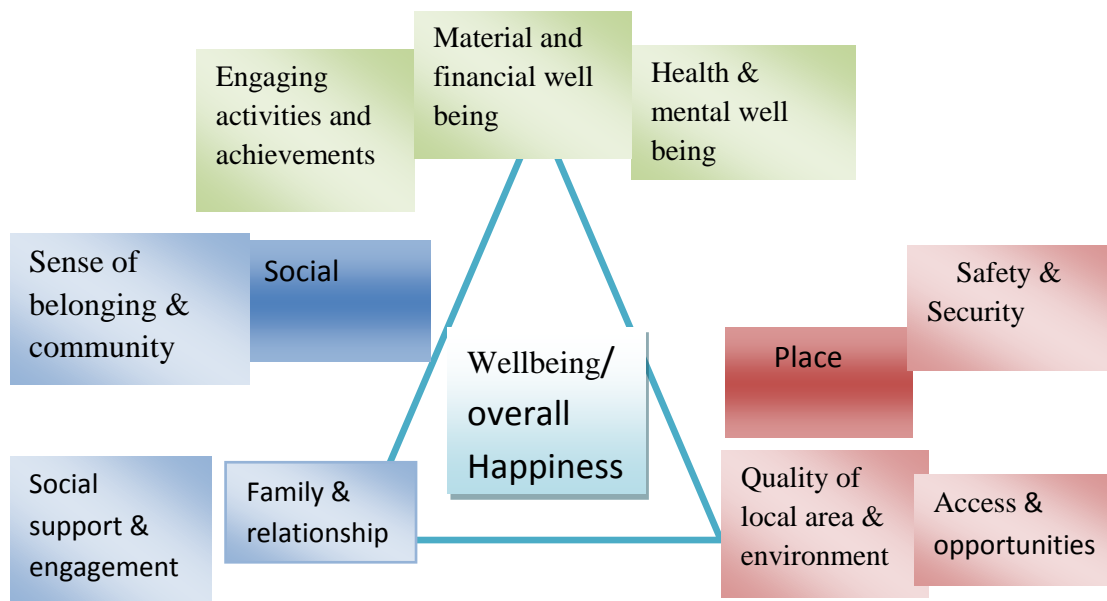
It's been seen some types of behavioral activity like; exercising regularly or trying to be kind to others, are associated with wellbeing(Keltner & Bonano, 1997) as some type of cognitive activity, such as reframing situations in more positive light or pausing to count one's blessings(Emmons & McCullough,2003; King 2001;Seligman 1991) and some kind of volitional activity, such as striving for important personal goal (Sheldon & Houser- Marko , 2001) or devoting effort to meaningful causes (Synder & Omoto, 2001).

However, Hedonic treadmill acts as an inhibitor to sustaining gains of happiness and a source of pessimism; it suggests that any gains in happiness are only temporary, because humans quickly adapt to change (Brickman & Campbell, 1971). Although new circumstances may temporarily cause people to become happier or sadder, they rapidly adjust and effect of happiness then diminishes or disappears completely. However, McCrae and Costa (1990) have shown close relationship between Big Five traits specially neuroticism and extraversion to Wellbeing. People tend to maintain a level of worry, rumination and guilt, as well as their level of social engagement, enthusiasm and self- confidence.

Sheldon & Elliot (1998, 1999) has shown that well being increases are most likely when a person chooses and attains self-concordant goals that fit to the intrinsic values, interests and motives of an individual. Also, Diener et al. (1991)-certainly moments in people's lives characterized by experiences of positive emotions- such as joy, interest, contentment, love, and the like-are moments in which they are not plagued by negative emotions such as anxiety, anger, despair. Consistent with this, the overall balance of people's positive and negative emotions has been shown to predict their judgments of subjective wellbeing. Researchers have documented that people experiencing positive affect show patterns of thought that are unusual (Isen et al., 1985), flexible (Isen & Daubman, 1984) providing correlation towards positive affect leading to broadening ones cognition. Hence, many Organizations world over are taking initiatives to create work outcomes for employees that lead to experience of positive emotions and happiness. Goal setting is done in a manner that work goals are aligned to intrinsic motives of their employees and enabling them a sustained level of happiness at work.

Models used in Measuring Happiness: Cross-Nation Study:

In the last few years, there has been an explosion of interest in producing measures of wellbeing and life satisfaction. Initiatives to develop sets of progress indicators are being run around the world, in rich and poor countries, at local, national and regional level, and by many different types of organizations including governmental agencies, non-profit foundations, academic institutions, and community groups. United Nations created the Human Development Index to track and compare the wellbeing of nations, using GDP, health and educational Achievement indicators. Bhutan adopted the much talked about Gross National Happiness Index. The Index has been developed to promote the principles of Gross National Happiness, establish benchmarks and track the policies and Performance of the Kingdom of Bhutan.

Fig-1 Comprehensive Model of Wellbeing

Source: The Hierarchical structure of Well Being, Gallagher, M.W; Lopez, Shane j; Preacher, Kristopher. J (2009), Journal of Personality 77 (4)

Importance of Factors that influence happiness: results of poll conducted (2013) by young Foundation (U.K)

1 Health 2. Family & Relationships 3. Religious / Spiritual Life, 4. Money and Financial situation, 5. Work Fulfillment 6. Community & friends, 7. Place to Live.

Therefore, this model concludes that, people tend to rate non-monetary aspects of their lives above their financial situation. Once basic needs have been met, increases in income are not mirrored by equivalent increases in wellbeing.

- This study is important as it has proven that work is a critical aspect of life that fuels wellbeing and boosts quality of life and there is a correlation between job satisfaction and life satisfaction. The Good Work Project found that job satisfaction is associated with opportunity for personal control and skill use; externally generated goals; variety; job security and income; physical security; supportive supervision; opportunity for interpersonal contact and social status. Professions that are repetitive and with limited opportunity for personal control are characterized by lower levels of job satisfaction. The experience of work – or lack of work – can be a key challenge to quality of life. A study from the University of Michigan found that people who are experiencing joy or contentment are able to think more broadly and creatively than people with negative emotions.
- Happier people miss work less often and receive more positive evaluations from bosses.
- Teams with sunny moods who encouraged each other earned higher profit and better customer-satisfaction ratings.
- According to a survey (November, 2013) by online career and recruitment solutions provider Monster Worldwide and GfK, an independent global market research company, over half of Indian workers (55 per cent) love or like their jobs a lot,

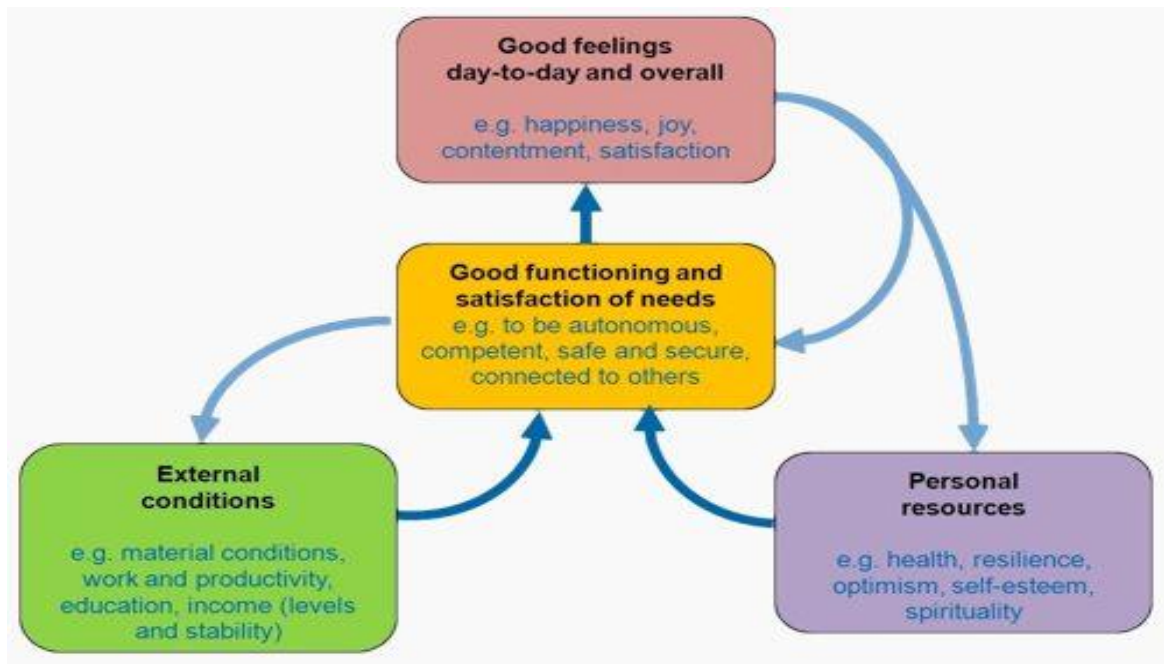
placing India at third position in international happiness ranking, behind Canada (64 per cent) and the Netherlands (57 per cent). The international survey that polled more than 8,000 workers in Canada, France, Germany, India, the Netherlands, the UK and the US, said nearly one in five (18 per cent) love their jobs so much that they would work for free. Moreover, only 5 per cent of Indian workers admit they actively dislike their jobs and no Indian worker said they hate their jobs — the lowest percentage of all countries surveyed. The survey further said money does not buy happiness as those with medium level pay packets are happier than those with huge salaries. Three in five (60 per cent) of those with middle incomes say they like or love their job as compared to just over half (52 per cent) of high earners. Lowest earners are the least content with less than half (47 per cent) saying they are happy at work. Meanwhile, on the other end of the happiness spectrum, US respondents with 15 per cent giving their jobs a big thumbs down, followed by UK (12 per cent), Germany (10 per cent), France (9 per cent), Canada and the Netherlands (both at 7 per cent).

Objectives of the pilot study

1. To measure overall happiness level of employees (Supervisor level) of Simplex Infrastructure Ltd.
2. To measure work related factors of happiness and identify their relative importance with respect to most to least supportive factors.
3. Identify areas (individual and organizational) that can enhance the employee happiness.

Research Model

The model of present study is based on new economic foundations work with the UK Government Office in the area of wellbeing. The Happiness at Work Survey is based on a model of wellbeing developed for the UK Government Office of Science's "Foresight Programme". The model suggests that happiness and wellbeing are influenced by, and influence, multiple interconnecting factors. It is by developing a better understanding of these interdependencies that individuals and organizations can identify the changes that will create a happier and more productive workplace. The model describes how an individual's external conditions – such as their income, employment status, housing and social context – act together with their personal resources – such as their health, resilience and optimism – to allow them to function well in their interactions with the world and therefore experience positive emotions. The model shows how different aspects of our well-being interlink and how improvements in one area, for example, emotions felt while performing job and management system influence other parts of an individual's experience.



Source: www.nef.consulting.co.uk

Fig 2 : New Economic Foundations Happiness model

Research Methodology

A random sample of 25 male supervisors working at different project sites participated in this study. The demographic distribution varied in age (range from 24-47 years) and work experience (4 months -7 years). The participants work with different project teams. Valid NEF (New Economic Foundations) Questionnaire was administered using pencil-paper methodology. Responses to all questions, except those about demographic details are rated using seven point Likert type scale, for example; responses ranging from extremely happy to extremely unhappy. Questionnaires to all respondents were administered at one point in time to minimize situational effect on respondent feedback. Data has been gathered using an in-depth questionnaire which is intended to record responses as experienced at that moment. The NEF questionnaire explores four main work factors leading to happiness among employees at workplace, such as: Experiences at work, level of functioning at work, personal resources and organization system (main happiness factors) and each area has been probed further into other four important work related sub factors of happiness: -For example factor - Experience of Work is divided into sub factors- Positive/negative feelings, worthwhile work and engaging work. The objective of study was also to measure overall happiness score of employees (site supervisor) at group level. Therefore, the research method is descriptive and empirical in nature.

Result Summary

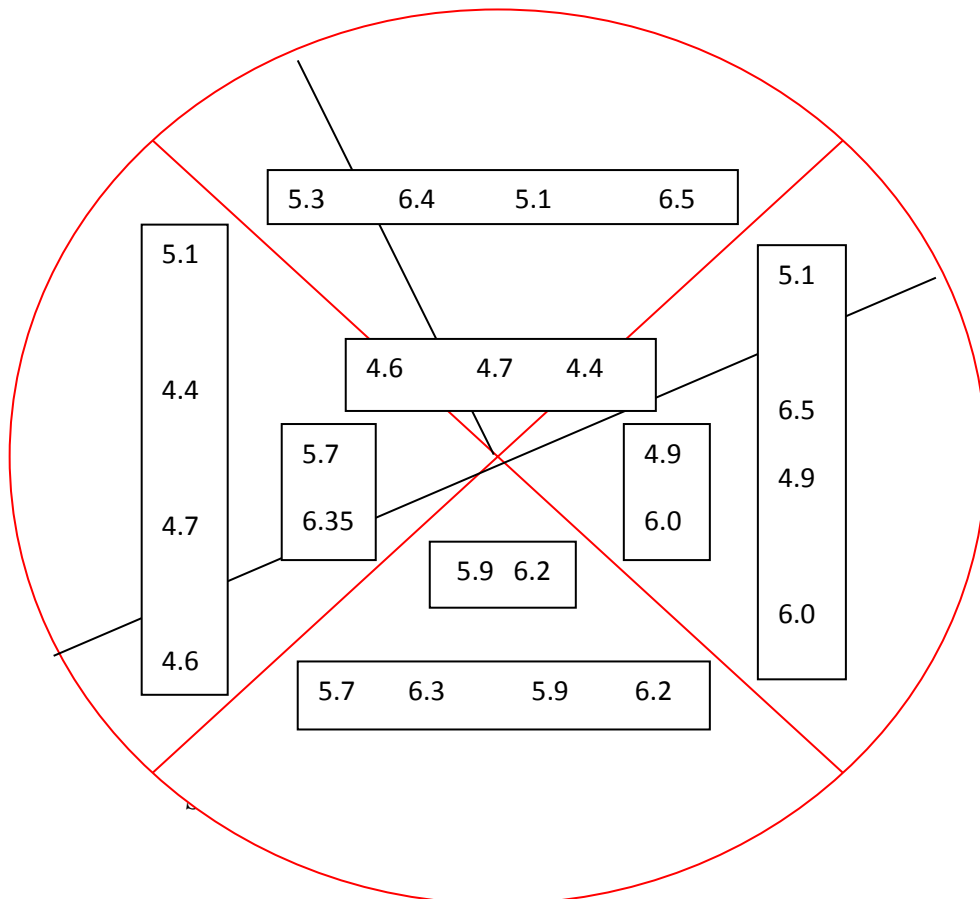
To arrive at individual happiness score, researcher has first calculated values for each four sub factors as given in the NEF model fig.1) Experience of Work 2) Functioning at Work 3) Organizational System 4) Personal Resources. Scores were calculated on the basis of cluster of questions exploring four sub factors within each main factor. For example Factor

Functioning at Work factor is evaluated on the basis of responses given to questions about level of positive/ negative feelings generated at work i. e whether employee feels proud of the work one is doing, how much happiness and enjoyment one gets from work , to what extent work leads to stress and questions related to level of engagement i. e level of motivation experienced at work , so that employee feels absorbed in work and wants to do his best, feels ones work is worthwhile and satisfying.(As shown in table–1)Cumulative scores of responses to questions of each sub factor have been calculated using simple mean method. Further to arrive at main factor score we averaged the mean score by number of sub-factors. Example:

Mean Score of main factor Experience of work = positive feelings (6.3) + negative feelings (4.6) + Engagement (5.5) + worthwhile work (6.5) /4 = 5.7

Mean = sum of all elements/Number of elements

Exhibit 1. Individual Happiness Scores



To further understand how each sub factor is impacting the happiness level of the respondents. The range of scores has been classified into very low, low, average, high and very high. Hence, if 1 be the minimum and 10 is the maximum score. The class interval = $10 - 1/7$ i.e 0.6 and find the median class interval to classify the scores.

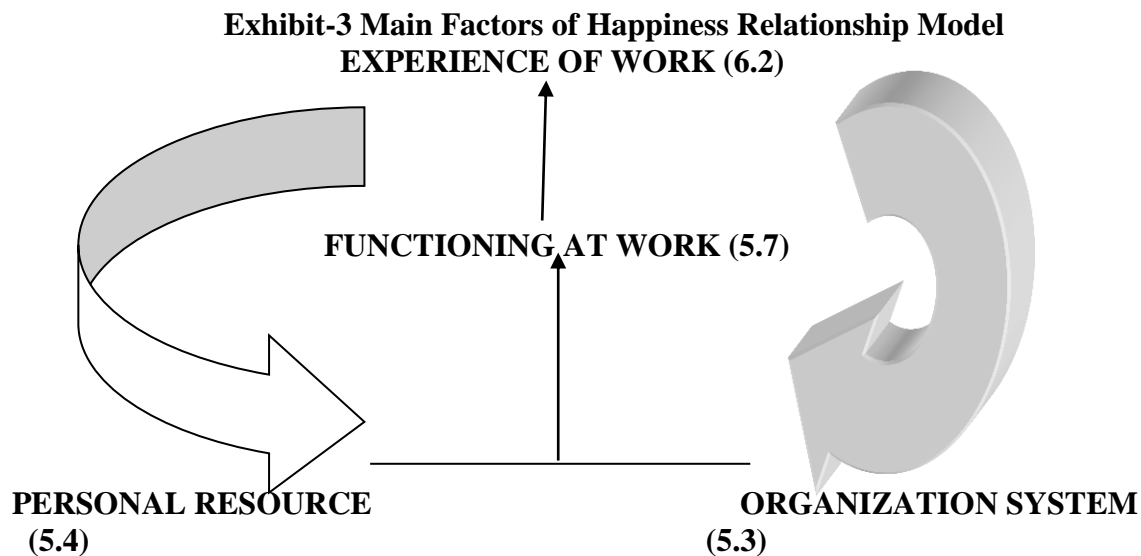
Individual happiness score Distribution

1	-	1.6	
1.7	-	2.3	
2.4	-	3.0	-----very low
3.1	-	3.7	
3.8	-	4.4	
4.5	-	5.1	----- low
5.2	-	5.8	----- Median interval
5.9	-	6.5	
6.6	-	7.2	
7.3	-	7.9	----- High
8.0	-	8.6	
8.7	-	9.3	
9.3	-	10	----- very High

The individual happiness score distribution as shown in Exhibit -1, reveals that 40% of the respondents lie in low happiness scale, 16% in the median and 44% of the group high level of happiness scores.

Exhibit-2			
Happiness depleting sub factors for SIMPLEX	Mean* Scores	Happiness enhancing sub factors for SIMPLEX	Mean* Scores
• Job design	3.9	Job importance	6.7
• Sense of Control	4.3	Job Engagement	6.5
• Work-life balance	4.9	Experience Positive feelings	7.26
• Confidence	5.0	Positive Relationships at work	6.2
• Happiness(personal)	5.1	Feeling of overall Progress	6.5
		Vitality	6.4

*(source: scores as per results shown in exhibit -1 and table-2)



Source: Table -2, column A. Reference: nef Happiness survey model (2014)

The relationship model (exhibit-3) displays the mean scores of each of the four main factors impacting work happiness and interdependence of each factor in promoting overall employee wellbeing/happiness.

As may be inferred from the model, low scores of Organization System (5.3) are impacting the overall employee capacity to function at work. Score of Experience of work factor being higher is supporting the personal resource factors. However, Functioning at Work factor and Organization System factor are mutually dependent. Therefore, interventions made in direction of improving constructive feedback, team management, job design, Trust (Organization System aspects) would eventually reflect in higher experience of Work scores. Group enjoys high level of sense of organization pride and positive feelings at work (Experience of Work scores-6.2) among its employees and more so among employees with longer years of service. The coefficient of correlation between number of years of service and individual happiness scores is 0.49 which is positive, hence longer the tenure, creates more experience of happiness at work, however other factors like low trust, weak team management, relationships, difficulty in work life balance (issues related to personal resource and organization system factors) also need to be addressed.

Efforts made to enhance the employee's level of Experience of Work will further have positive impact on relationship and thereby individual happiness & confidence building. In spite of present economic climate and infrastructure industry facing low demand and growth problems simplex has shown a mean score of employee happiness, equal to 5.62 on a scale of ten, the reason may be its Goodwill and brand image, that people feel proud to work for the company and also because of regular training initiatives taken for all levels of employees.

Suggestions

With right interventions at individual, team and organizational level the group happiness scores can be further improved.

Individual: Enhancing Confidence, Health, Work-life Balance, and Developing Strategies for coping work stress, hardship or trauma and engaging in happiness generating activities like expressing gratitude.

Team: Improving team member relationships, utilization of talents available in the group and constructive feedback to supervisors.

Organization: Improving job design issues like; workload and target balancing, creating newer two way communication processes, enhancing managerial skills like - listening, coaching skills.

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Annexure

- a)Excel sheets –Table 1 (Individual main factor cumulative score)
- b) Table- 2(total sub factor score, Group happiness score)
- c) Meaning /Explanation of Main factors and their Sub factors as meant by researcher in questionnaire.

Annexure-c

Meaning of Main factors and their sub factors

1. Experience at work

Sub factors: 1a.positive feelings: experienced as one feels happy while doing work, work is enjoyable and brings organization pride.

1b.negative feelings experienced: due to stress, boredom and frustration at job.

1c.engagement: feeling of being absorbed and motivated at work.

1d.worthwhile work: feel work satisfaction.

2. Personal Resources: It includes work life balance. How happy, healthy and resilient one is. It is the strength of ones relationships and physical health.

Sub factors 2a. Vitality – feeling energetic and sense of well being

2b. Happiness: being happy in personal lives

2c. Confidence: Resilience to overcome problem that come up in life.

2d. Work life balance: clash between responsibilities at work and home

3. Organization System: is about where we work and its impact.

Sub factors 3a. Job design- feeling towards pay, job security, goals

3b. Management System- Feedback, level of trust, Team management

3c. Work Environment- The surroundings and physical conditions that one works in and culture/values that support or hinder to do good work.

3d. Social value- Feeling that work is connected to something socially meaningful.

4. Functioning at Work: is about what we are doing and how things are going to work. It encompasses being able to express ourselves with others as well as doing a good job.

Sub factors 4a. Self Expression- able to be creative at job, able to do what one is best at

4b. Sense of Control- feeling of being in control over important elements of job

4c. Sense of Progress- learning new skills

4d. Work Relationship- Well Being at work and home. Having good friends and positive relations with team members.

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