Burn-out and Emotional Intelligence Quotient : A Study Amongst Health Professionals in Eastern India

R. Chakrabarty* and Zeenat Sayeed*

* Department of Business Management, University of Calcutta, Kolkata

Abstract

Today's workstation operates in a complex scenario comprised with people from different cultures, generations and genders. Pressure is mounting owing to the ever-increasing complexity in the work culture. Roles and environments that require a high level of communication and conflict resolution skills witness chronic stress, which finally leads to burn-out. To be successful in the current scenario is one big question. Confirmed by the earlier researches, intelligence quotient (IQ) has become a diluted norm to measure the standard of success in the contemporary era. It is now being recognized that when it comes to success, non-cognitive skills like empathy, intuitiveness etc. play a much greater role as compared to cognitive sciences. In the world we live in, it is vital that we have a high level of emotional resilience, otherwise, we could fall prey to stress, fatigue, burn-out, failure and sickness in many areas of our life. Do non-cognitive skills help in reducing the burn-out phenomenon? Empirical data is needed to support initiatives of change and innovation within the highly complex and ever-growing medical profession. Present study was undertaken to investigate the relationship of Emotional Intelligence quotient (EQ) with burn-out stress syndrome (Boss) as proposed by Christina Maslach and her colleagues. It was further intended to examine the effect of age, length of service and salary on Emotional Intelligence quotient and the components of Burn-out (emotional exhaustion, depersonalization and reduced sense of personal accomplishment). Maslach Burn-out Inventory and the General Emotional Intelligence Test were administered to 700 randomly selected medical professionals including doctors and nurses working in private and public hospitals in Eastern India. A clear relation between emotional intelligence quotient and emotional exhaustion and personal accomplishment was detected at .01 level

of significance. A negative correlation was found between emotional intelligence quotient and emotional exhaustion, whereas a positive correlation was found between emotional intelligence quotient and personal accomplishment. When subjected to lie test the results remain the same except for depersonalization. Coefficient of correlation between EQ and depersonalization was significant but weak and negative before applying lie test but after lie test was applied the correlation close down to non-significant. Findings are discussed in the light of theoretical formulations and implications for medical industry. Based on these findings, special training programmes can possibly help to avoid burn-out among medical staff.

Key Words

Intelligence, Burn-out.

INTRODUCTION

The notion of "emotional intelligence" has been around for a quarter of a century. Measure of Emotional Intelligence is termed as Emotional Quotient (EQ). Some authors have used the term EQ for EI for the ease of reference. It was Reuven Bar-On, a psychologist who came up with the idea of "emotional quotient" in 1980. Ten years later the term "Emotional Intelligence" was coined by Dr. Peter Salovey at Yale and his colleague Dr. John Mayer in 1990. They defined it as "the ability to monitor one's own and others' feelings and emotions, to discriminate among them, and to use this information to guide one's thinking and action." The credit for its establishment in the main stream goes to Goleman when in 1995 his book, "Emotional Intelligence : Why it can matter more than IQ" became a best seller overnight. He defined Emotional Intelligence as "a master aptitude, a capacity that profoundly affects all other abilities, either facilitating or interfering with them." These days, even economists believe that emotions and reason are very much related. Nobel Economics laureate Herbert Simon has pointed out that traditional economics is misguided in ignoring the role of human emotions in its assumptions about how people make decisions. Roberta Muramatsu and Yaniv Hanoch were inspired by his remarks to study the "functional role of emotions within the human decision machinery" (Journal of Economic Psychology, 2004). Essentially, they conclude that, not only do emotions help people make smart judgments... but also that suppressing emotions impair our ability to make smart judgments. We have used the "General Emotional Intelligence Scale" (GEIS) of Albert Mehrabian to quantify the emotional intelligence scores of the sample collected. GEIS is composed of two components :

 (1) Emotional Intelligence

 (2) Emotional Thinking.

1. Emotional Intelligence

Almost all the researchers and authors (e.g., Salovey & Mayer, 1990; Goleman, 1995; and Martinez-Pons, 1998-99) have defined EI in terms of (1) Emotional empathy, (2) Attention to and discrimination of one's emotions, (3) Accurate recognition of one's own and others' moods, (4) Mood management or control over emotions. In summation, emotional intelligence refers to the capacity for recognizing our own feelings and those of others for motivating ourselves and for managing emotions well in ourselves and in our relationships.

2. Emotional Thinking

It is defined as excessive influence of emotions on thought processes that can result in selective, imbalanced, or distorted cognition of situations and relationships and relates to low emotional control or inadequate mood-regulation. It focuses on the individual differences in emotion-cognition relations.

Persons with higher GEIS scores, compared with those with lower scores were found to show higher self-esteem, higher optimism, lower depression, lower emotional thinking, higher integrity, honesty, higher achievement, success orientation, higher adaptive coping (deal adaptively with everyday life stressors), higher affiliation, sociability, friendliness, higher disciplined goal orientation, higher social competence, higher self-actualization, higher IQ, and enhanced creativity.

Burn-out is a syndrome of emotional exhaustion, depersonalization and reduced personal accomplishment that can occur among individuals who work with people in some capacity. A number of conceptualizations of the phenomenon have been made. Healthcare workers are often prone to burn-out. Cordes and Dougherty (1993), in their study of employees within this industry, found that workers who have frequent intense or emotionally charged interactions with others are more prone to burn-out. Maslach & Leiter (1937) define burn out as : the index of the dislocation between what people are and what they have to do. It represents a disease that spreads slowly but continuously over time. Thus, burn-out is a psychological syndrome that involves a prolonged response to work stressors (Maslach et al., 2001). Shiron (1989) in a comprehensive review of literature on burn-out stated that the major conclusion which may be drawn from past validation efforts is that the unique content of burn-out has to do with the depletion of an individual's "energetic resources". Freudenberger (1974) was the first to introduce the term burn-out, to describe a specific type of occupational exhaustion that was observed in professions related to medical care. Later, the use of the term was expanded to professions in the field of education until it was finally used for

professions related to any services that involved interactions with the public. The novel "A Burn-out Case" by Graham Green became popular, yet it did not give much popularity to the term, burn-out. The actual credit to popularize the concept of burn-out and to legitimize its status as a critical social issue goes to Freudenberger, Christina Maslach and Ayala Pines and colleagues at the University of California at Berkley.

In the recent years, burn out has become one of the major issues of concern in various professional fields in relation to the rapidly developed research regarding stress and its hazardous consequences both in personal as well as in career life. Understanding the correlates of the burn out of managers is important because burn out has several negative consequences, including poor performance, turnover, alcohol and drug abuse, somatic symptoms, and abusive behavior (Cordes & Dougherty, 1993; Lee & Ashforth, 1996; Maslach et al., 1996). To understand the correlates of burn out, researchers have found it useful to distinguish between different dimensions. The most prevalent and accepted conceptualization has three dimensions: (1) emotional exhaustion, (2) depersonalization, and (3) reduced personal accomplishment (Cooper, et al., 2001; Cordes & Dougherty, 1993; Maslach et al., 2001). A key aspect of the burn out syndrome is increased feelings of emotional exhaustion as emotional resources are depleted; workers feel they are no longer able to give of themselves at a psychological level. Another aspect of the burn out syndrome is the development of depersonalization, that is, negative, cynical attitudes and feelings about one's clients. This callous or even dehumanized perception of others can lead staff members to view their clients as somehow deserving of their troubles (Ryan, 1971). The prevalence of this negative attitude toward clients among human service workers has been well-documented (Wills, 1978). The development of depersonalization appears to be related to the experience of emotional exhaustion, and so these two aspects of burn out should be correlated. A third aspect of the burn out syndrome, reduced personal accomplishment, refers to the tendency to do negative evaluation of one's competence and success. Workers may feel unhappy about themselves and dissatisfied with their accomplishments on the job. The dimensions are related in a developmental sequence, so that emotional exhaustion elicits depersonalization that, in turn, may prompt diminished accomplishment.

The hospital sector was chosen as the empirical setting for this study for several reasons. Firstly, hospital is a labour intensive organization. A survey of hospital board meetings revealed that governing board members spent 40% of the time talking about money, 20% about building improvement and equipment, 15% about medical-staff problems, 10% about patient services, 10% about public relations,

and only 5% about miscellaneous subjects including human resources even when the significance of employee contact with human beings in the hospital is greater than in any other occupational area. Secondly, health service settings have long been the subject of research on burn out (Cordes & Dougherty, 1993; Maslach et al., 2001). Thirdly, there is an endless battle everyday in hospitals due to lack of emotional intelligence, continuous outbursts, exaggerated emotions including threats and harassments resulting in increasing numbers of dissatisfied patients who voice their displeasure to hospital and health sector managers (Blendon et al., 2004). There are other organizational factors, which add to further dissatisfaction among the professionals working in hospitals. Some of them are : low doctor-patient ratio, lack of feedback mechanism, red-tapism, bureaucracy, lack of essential equipments, non-transparent promotional system, trade unions etc. Thus, the hospital sector is characterized by increasing demands for services; increasing perceptions by medical staff that resources are insufficient to meet these demands (Schoen et al., 2005); a distinct moral dimension to resource allocation decisions as some patients and clients are not provided the clinical care they require (Daniels, 2006); For these reasons, we expected to observe variability in emotional intelligence and burn out that would allow us to test the objectives. There is an urgent need for remodelling of hospital personnel in the emerging medical marketplace owing to the following factors : Continuous rise in population is gradually increasing the pressure on hospitals. The information and awareness about healthcare has increased considerably in the last decade resulting in frequent utilization of the health care services often for even minor ailments. Various health plan options are available and that gives the freedom of selection of hospitals for the services. Availability of various health plan options has compelled the administration to improve the services for their survival and growth. In the modern scenario, people who go totally ballistic are no longer tolerated, unless they are so extremely bright that people have to put up with them and the makeover needs a sound information on the relationship of emotional intelligence and burn out of the medical staff.

Therefore, the present study was conducted to examine the levels of emotional intelligence (as measured with the General Emotional Intelligence test by Albert Mehrabian) and the three components, viz. emotional-exhaustion(EE), depersonalization(DP) and personal accomplishment(PA) respectively (as measured with the Maslach Burn Out Inventory). The purpose of our study is to develop an understanding of how emotional intelligence is associated with the burn out factor of the medical staff. It was also intended to examine the effect of age, length of service and amount of salary on the three components of burn out and emotional intelligence.

METHOD

Design : For the first study Emotional intelligence quotient (EQ) and burn out components were calculated individually by their respective scoring methods. The scores of emotional intelligence quotient were subjected to lie-test. Comparative analysis of the mean scores of emotional intelligence quotient, emotional exhaustion, depersonalization & personal accomplishment before applying the lie-test and after subjecting to lie-test was done. Next a correlation study design was used to examine the levels of emotional intelligence and the three components, viz. emotional-exhaustion, depersonalization and personal accomplishment respectively and to establish a relationship between them. To fulfil the third objective the entire sample was divided into two groups separately on the basis of age, work experience and salary on job. The groups were framed on the basis of age, i.e. Medical staff (doctors and nurses) up to 30 years were taken as young and treated as Group-1, whereas Medical staff (doctors and nurses) above 30 years were taken in Group-2. Two more groups were formed on the basis of work experience, i.e. Medical staff (doctors and nurses) up to 10 years work experience were kept in Group-3 while Group-4 included Medical staff (doctors and nurses) with above 10 years work experience. Similarly, Medical staff (doctors and nurses) earning up to 10K were taken in Group-5 while those earning above 10K were placed in Group-6.

Sample : The sample comprised 700 Medical staff including doctors and nurses from both private as well as public sector hospitals in Kolkata as the study group. The doctors and nurses were from almost from all the parts of eastern India and therefore we have taken it as a case study for whole of Eastern India. In order to control the individual differences in responses to psychological tests the whole sample was subjected to Lie-test. After administrating the Lie-test on the whole sample we got 445 samples accepted on the Lie-scale. The rest 255 were discarded after Lie-test.

Demographic characteristics of the participants are given in Table 1.

INVENTORY

Following tests were used :

1. The General Emotional Intelligence Scale (Mehrabian, 2001) : There are a number of inventories to measure emotional intelligence quotient (EQ). In this study we have adopted - "The General Emotional Intelligence Scale". This scale is used to calculate the EQ scores of the sample collected. The GEIS questionnaire includes 45 questions comprising of two components :

Table 1

Frequency Distribution of the Participants by Demographic Characteristics

Characteristics	Medical Staff (n=700) Before Lie Test		Medical Staff (n=445) After Lie Test	
	No.	%	No.	%
Gender				
Male	270	38.6	175	39.3
Female	430	61.4	270	60.7
Marital Status				
Married	302	43.1	163	36.6
Single	398	56.9	282	63.4
Children Status				
Present	220	31.4	118	26.5
Absent	480	68.6	327	73.5
Dependents				
Present	256	36.6	149	33.5
Absent	444	63.4	296	66.5
Family Status				
Nuclear	483	69.0	329	73.9
Joint	217	31.0	116	26.1
Residential Status				
Owned	474	67.7	319	71.7
Rented	226	32.3	126	28.3
Chronic Disease				
Present	117	16.7	59	13.3
Absent	583	83.3	386	86.7
Age				
G-1 (Up to 30 years)	436	62.3	317	71.2
G-2 (Above 30 years)	264	37.7	128	28.8
Work Experience				
G-3 (Up to 10 years)	487	69.6	336	75.5
G-4 (Above 10 years)	213	30.4	109	24.5
Salary				
G-5 (up to 10K)	437	62.6	288	64.7
G-6 (Above 10 K)	263	37.4	157	35.3

(1) Emotional Intelligence : It constitutes 37 questions and represents approximately 80% of all items of the GEIS.

(2) Emotional Thinking (scored in reverse) : This is an extremely important and novel aspect of low emotional intelligence. It constitutes the final 8 items of the GEIS and make up approximately 20% of the GEIS. It is scored in reverse and correlates negatively and highly with the larger emotional intelligence.

Acquiescence Bias : The 45-item GEIS scale is designed to reduce "acquiescence bias" (the tendency of some people to agree with most statements put to them and the tendency of others to generally disagree with any statement. 22 of the total items (nearly one-half) are called positively worded/scored items. Agreement to such items shows higher emotional intelligence.

23 of the remaining items are called negatively worded/scored items. Disagreement to such items shows higher emotional intelligence. The technique of balancing positively worded items against negatively worded items helps to control the unwanted effects of "acquiescence bias".

Scoring Method

The instructions to complete the questionnaire are clearly mentioned on top of the questionnaire. Respondents usually took 20 minutes to answer all 45 items of the scale. 9-point scale is used to report the degree of their agreement or disagreement with each item.

+4	Agree very strongly		+4	Agree very strongly
+3	Agree strongly		+3	Agree strongly
+2	Agree moderately		+2	Agree moderately
+1	Agree slightly		+1	Agree slightly
0	Neutral		0	Neutral

Application of the Lie-scale : The respondents to our inventory were all different in terms of age group, work experience and job-profile .The tendency of faking or lying is more visible when the traits being assessed are highly positive or negative. So, we made use of lie-scale to control the response bias, and to assess and control the individual differences in responses to psychological test.

Response Bias : Some persons may, generally, agree with most statements put to them, whereas others may show a tendency to agree less with any statement. "Response bias" refers to the degree to which an individual agrees with most statements put to him /her. In the lie-scale, effects of response-bias are controlled because nine of the total questions are worded such that agreement shows higher

scores on the scale. These are called positively worded or positively scored items. Remaining 11 of the 20 items are worded such that disagreement shows higher scores on the scale. These are the negatively worded or negatively scored items.

Format of the Lie-scale : There are 20 questions. Participants used a true-false choice to show their agreement or disagreement with each item. Time taken to complete scale is about 2-3 minutes.

2 Maslach Burn out Inventory (MBI), developed by Maslach and Jackson (1986) consists of two parts :

1. Human Service Demographic Data Sheet : This part deals with the knowledge about the respondents' personal information, i.e., age, family, size, family type, marital status, education and degree of religiosity etc.

2. Human Service Survey : Designed to measure the three components of Boss. It consists of 22 statements to be rated on a six-point scale. High score on emotional exhaustion and depersonalization indicate high feeling of burn out and high scores on personal accomplishment indicated the lesser feelings of the same. The scores on each of the sub-scales are considered separately and not to be combined into a single total score. This measure was chosen because it is the most established measure of the three dimensions of burn out. It exhibits adequate internal consistency reliability (a > .72; Jackson et al., 1986; Lee & Ashforth, 1993). Several confirmatory factor analyses showed that the factor structure of the responses corresponds to the conceptual model (Lee & Ashforth, 1993; Maslach & Jackson, 1981). This measure exhibits convergent validity with co-worker and spouse ratings and with the interpersonal demands of the job; discriminant validity with constructs such as social desirability, job satisfaction, and depression; and criterion validity with outcomes such as somatic symptoms and turnover (Lee & Ashforth, 1996; Maslach & Jackson, 1981).

Procedure

After tool selection and getting permission from the authorities of the various hospitals, data collection work was started. It was started with the rapport formation with the respondents during which they were given adequate information regarding the project. The subjects were assured of the confidentiality of information revealed by them. Following the ethics of data collection in research, it was made sure that subjects were willing to answer the questionnaires. Both MBI and Emotional Intelligence quotient were administered in a single session and it was strictly according to the standard procedure laid down in their respective manuals. Scoring was also according to the scoring procedure specified in manuals.

Table 2

Differences Between Medical Staff (BLT) & Medical Staff (ALT) in Mean Scores for the three Dimensions of Job Burn Out and Emotional Intelligence Quotient

Dimensions	Medical Staff (BLT) (N=700)	Medical Staff (ALT) (N=445)	t-value	p-value
Emotional Intelligence Quotient Mean (SD) Significant	-.2192 (.69404)	-.3232 (.74193)	2.4058	0.0163
Emotional Exhaustion Mean (SD) Not Significant	14.9743 (9.42750)	16.0899 (9.91091)	1.9131	0.0560
Depersonalization Mean (SD) Significant	6.2071 (5.45353)	7.5213 (5.72159)	3.8992	0.0001
Personal Accomplishment Mean (SD) Not Significant	32.1614 (9.67059)	31.0292 (9.78699)	1.9221	0.0548

[BLT = Before lie-test; ALT = After lie-test]

Result of Table 2 : As per the operational definition, EE, DP, PA constituted the three aspects of job burn out. Analysis of the data showed that the medical staff before lie-test experienced a higher degree of EI [-.2192(.69404)] as compared to the medical staff after lie-test [-.3232 (.74193)]. In terms of EE, the mean score after lie-test [16.0899(9.91091)] was higher as compared to before lie-test [14.9743(9.42750)] but this was not statistically significant. The mean score for DP was higher after lie-test [7.5213(5.72159)] as compared to before lie-test [6.2071(5.45353)]. The mean score of PA after lie-test reduced to [31.0292(9.78699)] from the mean score [32.1614(9.67059)] before lie-test. However, this difference was not quite statistically significant.

Discussion

Concentrating only on the result accepted on lie scale it is observed that medical staff including doctors and nurses in Kolkata show high degree of personal accomplishment, low degree of emotional exhaustion and a moderate degree of depersonalization. The medical staff has almost an average (-.3232) emotional

intelligence quotient as it comes within 0 & -.5 range. Though the status of EQ and burn out is good but efforts should be made to make it much better by bringing the level of depersonalization from moderate to low and improve the EQ level through induction and training programmes. Thus, the medical staff on account of high PA feels happy about themselves and satisfied with their accomplishments on the job. This gives an indication that the education standards in West Bengal are stringent and high. So when the medical professionals be it doctors or nurses acquire the status of medical professionals they automatically inherit a sense of high personal accomplishment. The medical staff's low level of emotional exhaustion is 16 which falls on the border of the low scale range (0-16) indicating that their emotional resources are well intact. Moderate level of depersonalization indicates a moderate amount of negative attitude towards clients, i.e. patients.

When EE & DP were subjected to correlation, it was found that they are highly and positively correlated as confirmed by earlier studies.

Table 3

Correlation Between EE & DP of Medical Staff (BLT) & Medical Staff (ALT)

Characteristics	Dimensions	Groups	r	p-value
EE	DP	Medical (BLT)	.584	p<. 01
		Medical (ALT)	.580	p<. 01

Result of Table 3 : It reveals that if EE is low then DP must also be low. But in this study EE is low and DP is moderate. It can be due to the pressure of irrelevant queries and anxieties by patients on the medical staff. We propose that the DP level of the medical staff not only depends on Emotional exhaustion of the self but also on the understanding of the clients (patients).

Table 4

Significant Relationships Between EQ and Dimensions of Burn Out Syndrome of Medical Staff (BLT) & Medical Staff (ALT)

Characteristics	Dimensions	Groups	r	p-value
EQ	EE	Medical (BLT)	-.152(**)	p<. 01
		Medical (ALT)	-.130(**)	p<. 01
EQ	DP	Medical (BLT)	-.096(*)	p<. 05
		Medical (ALT)	-.027	NS
EQ	PA	Medical (BLT)	.408(**)	p<. 01
		Medical (ALT)	.427(**)	p<. 01

Result of Table 4 : Emotional exhaustion (EE), the first component of BOSS was negatively and weakly correlated ($r = -.152$, $p < .01$) before lie-test. After lie-test the numeric value of r increased to($r = -.130$, $p < .01$) but the results remain the same i.e. negative and weak correlation was found.

Depersonalization is the second component of Boss. Emotional Intelligence and depersonalization were weakly and negatively correlated with each other before lie-test. But when lie-test was applied the correlation became non-significant.

Table 5

Significant Relationships Between Demographic Characteristics and EQ and Dimensions of Burn Out Syndrome of Medical Staff (BLT) & Medical Staff (ALT)

Characteristics	Dimensions	Groups	r	p-value
Age	EQ	Medical staff (BLT)	.147(**)	p< 0.01
		Medical staff (ALT)	.120(*)	p<.05
	EE	Medical staff (BLT)	-.008	NS
		Medical staff (ALT)	.028	NS
	DP	Medical staff (BLT)	-.110(**)	p< 0.01
		Medical staff (ALT)	-.077	NS
	PA	Medical staff (BLT)	.060	NS
		Medical staff (ALT)	.053	NS
Work-Experience	EQ	Medical staff (BLT)	.132(**)	p< 0.01
		Medical staff (ALT)	.114(*)	p<.05
	EE	Medical staff (BLT)	-.021	NS
		Medical staff (ALT)	.014	NS
	DP	Medical staff (BLT)	-.115(**)	p< 0.01
		Medical staff (ALT)	-.085	NS
	PA	Medical staff (BLT)	.073	NS
		Medical staff (ALT)	.079	NS
Salary	EQ	Medical staff (BLT)	.187(**)	p< 0.01
		Medical staff (ALT)	.243(**)	p< 0.01
	EE	Medical staff (BLT)	-.159(**)	p< 0.01
		Medical staff (ALT)	-.157(**)	p< 0.01
	DP	Medical staff (BLT)	-.101(**)	p< 0.01
		Medical staff (ALT)	-.146(**)	p< 0.01
	PA	Medical staff (BLT)	.117(**)	p< 0.01
		Medical staff (ALT)	.203(**)	p< 0.01

Personal accomplishment (PA) is the third dimension of Boss. On this dimension high scores indicate high sense of personal accomplishment (less feelings of burn out) and low scores indicate reduced sense of personal accomplishment (greater feeling of burn out). Before lie-test the coefficient of correlation between PA and EQ (r =. 408, p<. 01) was significant, strong and positive. After lie-test r increased to .427 p<. 01, however, the correlation remained significant, strong and positive.

Result of Table 5 : It shows the correlation between Emotional Intelligence quotient, Emotional exhaustion, depersonalization, personal accomplishment and the demographic characteristics, viz. age, total work experience and salary of the medical staff before applying lie-test and after administrating the lie-test.

For medical professionals, there was weak but significant and positive correlation between age and Emotional Intelligence quotient. The slight difference signifies that while a majority of older people are higher in EQ, there are many young people with higher EQ scores than their older counterparts. If emotional intelligence is a critical competence in the current scenario, then younger people must be considered as an important source of human capital and their contributions must not be taken for granted. Work experience and salary also showed significant, positive but slight correlation with Emotional intelligence.

Emotional exhaustion and depersonalisation showed slight but significant and negative correlation with salary. Personal accomplishment showed slight but positive and significant correlation with salary. Correlation came non-significant between the three components of burn out and age and work experience after applying lie-test.

The second objective of the investigation was to study the effect of age, duration of service and salary on emotional intelligence and the three components of burn out stress syndrome (i.e. on EE, DP and PA). For this a two-group design was used.

Total sample was divided into two groups on the basis of age, i.e. those up to 30 years were taken in Group-1 (G1) and others above 30 years were taken in Group-2 (G2).

Those who had work experience up to 10 years were taken in Group-3 (G3) and those who had work experience above 10 years were taken in Group-4 (G4).

On the basis of salary, those who earned up to 10 K were taken in Group-5 (G5), whereas those who earned above 10 K were put in Group-6 (G6).'t' test was applied to test the significance of mean differences and results are reported in Tables 6A, 6B and 6C respectively.

Table 6-A
Mean, SD of EQ, EE, DP& PA Scores of Younger (G1 = up to 30 years) & Older (G2 = above 30 years) Medical Professionals and 't' values before and after lie-test

		Groups	Mean	SD	t	df	p-value
EQ	BLT	G1 (436)	-.2914	.65626	3.5678	698	0.0004
		G2 (264)	-.0999	.73821			Significant
	ALT	G1 (317)	-.3960	.65562	3.2947	443	0.0011
		G2 (128)	-.1428	.89941			Significant
EE	BLT	G1 (436)	15.0298	8.70785	0.2001	698	0.8415
		G2 (264)	14.8826	10.52561			Not Significant
	ALT	G1 (317)	15.6467	9.17661	1.4866	443	0.1378
		G2 (128)	17.1875	11.49649			Significant
DP	BLT	G1 (436)	6.7729	5.25893	3.5568	698	0.0004
		G2 (264)	5.2727	5.64756			Significant
	ALT	G1 (317)	7.7950	5.40911	1.5902	443	0.1125
		G2 (128)	6.8438	6.40305			Not Significant
PA	BLT	G1 (436)	31.2729	9.76606	3.1437	698	0.0017
		G2 (264)	33.6288	9.34542			Significant
	ALT	G1 (317)	30.5205	9.94878	1.7295	443	0.0844
		G2 (128)	32.2891	9.29241			Not Significant

Table 6-B
Mean, SD of EQ, EE, DP & PA Scores of Less Experienced (G3 = up to 10 years)& More Experienced (G4= Above 10 years) Medical Professionals and 't' Values

		Groups	Mean	SD	t	df	p-value
EQ	BLT	G3 (487)	-.2721	.66099	3.0685	698	0.0022
		G4 (213)	-.0982	.75199			Significant
	ALT	G3 (336)	-.3870	.66920	3.2174	443	0.0014
		G4 (109)	-.1266	.90678			Significant
EE	BLT	G3 (487)	15.2033	9.22165	0.9718	698	0.3315
		G4 (213)	14.4507	9.88441			Not Significant
	ALT	G3 (336)	16.2083	9.86709	0.4422	443	0.6586
		G4 (109)	15.7248	10.08195			Not Significant
DP	BLT	G3 (487)	6.5031	5.39466	2.1768	698	0.0298
		G4 (213)	5.5305	5.53933			Significant
	ALT	G3 (336)	7.8214	5.57534	1.9486	443	0.0520
		G4 (109)	6.5963	6.08447			Not Significant
PA	BLT	G3 (487)	31.9671	9.86738	0.8035	698	0.4219
		G4 (213)	32.6056	9.21209			Not Significant
	ALT	G3 (336)	30.6071	9.83508	1.6001	443	0.1103
		G4 (109)	32.3303	9.56465			Not Significant

Table 6-C

Mean, SD of EQ, EE, DP & PA Scores of Low Income Earners (G5 = Under 10K) and High Income Earners (G6 = Above 10k) in Medical Field and 't' Values

		Groups	Mean	SD	t	df	p-value
EQ	BLT	G5 (438)	-.3104	.60852	4.5610	698	Less than 0.0001
		G6 (262)	-.0666	.79542			Significant
	ALT	G5 (288)	-.4521	.60091	5.1009	443	Less than 0.0001
		G6 (157)	-.0868	.90306			Significant
EE	BLT	G5 (438)	15.8584	9.49156	3.2298	698	0.0013
		G6 (262)	13.4962	9.14789			Significant
	ALT	G5 (288)	16.8750	10.12801	2.2739	443	0.0234
		G6 (157)	14.6497	9.36090			Significant
DP	BLT	G5 (438)	6.5411	5.51195	2.0998	698	0.0361
		G6 (262)	5.6489	5.31812			Significant
	ALT	G5 (288)	7.8993	5.67164	1.8929	443	0.0590
		G6 (157)	6.8280	5.76592			Not Significant
PA	BLT	G5 (438)	31.3402	9.92516	2.9207	698	0.0036
		G6 (262)	33.5344	9.08310			Significant
	ALT	G5 (288)	29.7778	10.00345	3.7054	443	0.0002
		G6 (157)	33.3248	8.96233			Significant

Results of Tables 6A, 6B & 6C : It is evident from Table 6A that the mean scores of younger (Group-1) and older (Group-2) differed significantly on emotional intelligence. The younger professionals showed low EQ as compared to their older counterparts. This is in synchronization with the findings that older individuals receive higher emotional intelligence test scores (Mayer et al., 2002) than younger individuals. The findings further strengthened the fact that emotional intelligence is a developing ability; people will improve in these competencies simply through life experience. This reinforces the claim that emotional intelligence is learnable. However, G1 and G2 did not differ for the three components of burn-out, viz. emotional exhaustion, depersonalisation and personal accomplishment. This means age has no impact on the level of burn out or individual characteristics like age cannot be treated as a causal factor to burn out. This is in opposition to the result of Maslach et al., 2001 that older individuals experience less burn out than younger individuals.

A person's experience on job had significant effect on Emotional Intelligence quotient. Those who had more experience (Group-4) had greater EQ as compared to the professionals with less experience. The groups did not differ for emotional exhaustion, depersonalisation and personal accomplishment. This also emphasizes

on the fact that personal or individual characteristics do not affect burn out.

Salary has significant effect on EQ, EE and PA. People who earned more (Group 6) scored more on Emotional intelligence quotient. Emotional exhaustion was less in Group 6 as compared to people earning less salary. Personal accomplishment was more in professionals who earned more as compared to who earned less. The groups did not differ for depersonalisation. This shows that factors related to the organisation, e.g. salary in this case does not affect the components of burn out.

Thus, emotional intelligence quotient will vary with age, experience and salary. Among components of burn out emotional exhaustion and personal accomplishment will vary with salary.

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A Study of Stress & Cope-up Strategies of Service Sector Employees

Suparn Sharma* and Jyoti Sharma**

* School of Economics, Shri Mata Vaishno Devi University, Katra (J&K)
** School of Business, Shri Mata Vaishno Devi University, Katra (J&K)

Abstract

Stress is often termed as twentieth century syndrome born out of man's race towards modern progress and its ensuring complexities. At one point or the other everybody suffers from stress. Stress has become a part of day-to-day living of every individual. On the one side, stress provides the means to express talents and energies, and pursue happiness; while on the other it can also cause exhaustion and illness, either physical or psychological. The present paper has been designed to study the anatomy of stress in the service sector of India. An attempt has been made to find out the cause and effect relationships between the impact of stress and their coping mechanisms and demographic variables. The study has partially rejected the null hypothesis with respect to factors such as attending of club / social activities, balanced diet and exercise and going for a walk which differentiates significantly between relatively high and relatively low level of stress experienced employees. Stress-management skills work best when they are used regularly, not just when the pressure is on. Knowing how to de-stress and doing it when things are relatively calm can help one get through challenging circumstances that may arise. But at the same time management of stress is only possible when one is able to know factors which lead to stress.

"Nothing gives one person so much advantage over another as to remain always cool and unruffled under all circumstances."

– Thomas Jefferson

Stress is often termed as twentieth century syndrome born out of man's race towards modern progress and its ensuring complexities. At one point or the other everybody suffers from stress. While the college students may experience stress in meeting the academic demands, the people on the job and businessmen may suffer stress to reach office in time and to complete the projects on time. Even the household ladies may experience stress in managing the home affairs and to look for the maid/servant. Stress, thus, has become a part of day-to-day living of every individual. A stress condition can be real or perceived, however, the brain doesn't differentiate between real and imagined stress. It reacts the same way to both causes of stress by releasing stress hormones equal to the degree of stress felt. Basically, stress is one's reaction to events and it can be positive or negative depending upon how that person reacts. It could happen while watching a horror movie or when one is apprehensive of some imminent danger. It is the general wear and tear of the body machine that takes place due to extra demands put on it either physically or mentally. One can define stress as body's non-specific response to any demand made on it. Stress is not by definition synonymous with nervous, tension or anxiety. There are, basically, two types of instinctive stress response, namely, Fight or Flight Response and General Adaptation Syndrome. Flight or Fight Response is the short-tem response to any uncertain event causing sudden biological changes, such as, high blood pressure, sweating etc. On the other hand, General Adaptation Syndrome is the long-term effect of exposure to stress with causes of it. Long-term stressful situations can produce a lasting effect on the people.

Hans Selye, who introduced the concept 'stress' for the first time in life sciences in 1936, has defined it as any external event or any internal drive which threatens to upset the organismic equilibrium. In literature, stress has been used to refer to the highly energized psycho-physiological state when an organism is faced with a situation that threatens or places unusual physical or psychological demands on it (Pestonjee, 1999). Furthermore, stress is a relative term and the one may feel stress while working under one type of circumstances but other may not experiencing stress while working under the same type of circumstance. Thus, the reasons for stress may differ from person to person. But at the same time people should not consider stress necessarily as harmful. On the one side, stress provides the means to express talents and energies, and pursue happiness; while on the other it can also cause exhaustion and illness, either physical or psychological. So, an optimum amount of stress can always act as an energizer or motivator and propel people to apply the efforts and complete the work. But a high level of stress can be a serious threat to the personality traits of the individual and can cause physiological and social problems. The problem aggravated due to stress is only

because of this reason that in most of the cases one is not clear about the reasons of stress even though he/she is experiencing it.

Many studies have been conducted at the national and international level to measure the cost, and extent of stress to the individuals and consequently to the organization, its related causes and coping mechanisms used to overcome it. Brooke (1973) reported that qualitative changes in the job create adjustment problem for employees. The interpersonal relationships within the department and between the departments create qualitative difficulties within the organization to a great extent (http://www.indianmba.com/Faculty_Column/FC231/fc231/.html). While Cobb (1975) opined that the responsibility load creates severe stress among workers and managers. A source of stress that is employee job involvement was studied by Singh & Singh (1984) and was found to be positively related to occupational stress. The employee perception of insecurity in job was negatively related to occupational stress too. For women group political pressure and poor peer relations were reported to be important sources of stress. Caplan (1985) found that the characteristics of employees like need for high achievement or recognition can intervene and affect their well-being. According to CBI survey, 1993 an average employee spends 1.5 years of his working life absent from work due to stress related illness, almost 10 per cent of the workforce suffers from work related stress at one point of time, and about 7 million working days are lost each year due to workforce stress (http://www.lhc.org.uk/members/pubs/books/hl/hl02_01.htm). Schuler (1982) proposed a model of stress in order to facilitate understanding and dealing with stress. Schlenker and Gutek (1987) found this impact of stress in a large social service agency. They stated that work role loss was associated with lower job satisfaction; lower work related self-esteem, and higher level of intention to leave the job but at the same time they found that employees were not likely to report work related depression or lower life satisfaction as the discontent was focused on the new jobs but not on life in general or involvement and identification with the profession. Satisfaction with the job itself accounted for Depersonalization and Emotional Exhaustion (Koustelios, 2001), while satisfaction with the job itself and satisfaction with promotion were significant predictors for the Personal Accomplishment. Pestonjee (1999) explained that optimum level at which stress is functional is different for different persons and is dependent on a variety of factors like the personality of an individual, self-esteem, his educational background, authority to make decisions, control over various organizational and environmental variables and so on. Ganaraj (2001) made an attempt to study the role of environmental factors and individual characteristics in the stress process and found that in individual facet internal locus of control was found to be related to lower

levels of stress. He also observed negative significant relationship between stress & job performance. Research in this area by Sparks et al. (2001) has found that compressed work time schedules, flexible work hours increase satisfaction with the work environment and the work schedule itself. Domenighetti et al. (2003) measured the prevalence of some factors which determine the stress and insecurity perceived by employees in the banking and other economic sectors and found existence of significantly worse health indicators with respect to those of employees working in other sectors. MIND survey, 2005 estimated on the same line that between 30-40 per cent of all sickness & absence from work are attributable to mental and emotional disturbance. Similarly, Hitti (2005) focused on work stress and metabolic syndrome. A cluster of abnormalities can lead to diabetes and heart diseases. However, Chirayath (2006) conducted a study to find out the relationship between personality and stress resistance ability in employees and found that there is existence of high degree of positive correlation between stress resistance and work related stress and in case of non-executive, there is a positive but negligible correlation between stress resistance and work related stress. Kumar (2006) while making an attempt to investigate and compare the level of stress experienced by the employees of nationalised and non-nationalised banks reported existence of significant difference between them. Sparks et al. (1997) researched on this phenomenon and found that the trend for restructuring and downsizing in many organizations has led to an increase in perceived job insecurity, particularly for white collar workers.

The present paper has been designed to study the anatomy of stress in the service sector of India. The selection of sector is due to the general perception that stress has normally been associated with growth and speed. The speed, with which service sector is thriving, has put a lot of pressure on its employees. So, they are the most victims of this growth and experiencing its consequences in positive and negative both ways. The specific objectives of the study are to find out the factors responsible for the stress in the service sector, to know about the symptoms of the stress present among the employees of the service sector, to have an insight about the various coping mechanisms used by the employees of the service sector. Further, an attempt has also been made to find out the cause and effect relationships between the impact of stress and their coping mechanisms and demographic variables.

The whole paper has been divided into four sections. Section-I discusses the database and research methodology and a brief description about the sample. The various factors responsible for stress and coping up mechanisms used by the service sector employees have been carried out in Section-II. However, Section-III

is designed to analyse the impact of demographic variables and the cope up mechanism on the levels of stress experienced by employees; and the summary, conclusions and recommendations are carried out in Section-IV.

SECTION - I

DATABASE AND RESEARCH METHODOLOGY

The study is based mainly on primary data collected from employees, who are working in banking and insurance sector of Jammu region, with the help of a well-drafted pre-tested structured interview schedule. The term "stress" has multiple dimensions, but for the present study this term has been restricted to dimensions, such as, excessive working hours, physically demanding work, psychologically demanding work, scheduling incompatibilities, poor relationships with peers, poor relationship with superiors, improper working conditions, unclear objectives, unclear expectations, family problems, financial difficulties and relationships at personal level. As this research study is exploratory in nature, so a sample of 100 employees was drawn from banking and insurance sector of Jammu region.

The two levels of stress, i.e. employees experiencing high and low level of stress, were generated as follows: the weighted response score in respect of all the statements relating to a particular aspect of their experiences regarding symptoms of stress for each and every response (on the basis of battery of statements measured on five-point likert type scale ranging from strongly agree to strongly disagree presented below) was calculated. For this 5, 4, 3, 2, 1 codes have been assigned to positive statements designed to measure the symptoms of stress among employees. In the below mentioned scale there is no negative statement.

The statements used to find it out are mentioned below :

Statements*

1. I often feel tired and lack of energy.
2. My appetite has become poor than usual.
3. I feel helpless and hopeless.
4. I have poor concentration.
5. I find difficulty in getting sleep at night.
6. I drink/smoke too much (if applicable).
7. I feel extremely lost, sad, irritated for no apparent reason.
8. I am suffering from health related problems.

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* For the present only these factors have been taken to measure the level of stress. There may be many more factors relating to stress.

9.   My heart is ever filled with monotonous, repetitive thoughts/ worries about problems or day's events.
10. I do not receive affection or there is a feeling of being hounded, trapped or cornered.
11. I am short tempered and often feel angry or irritated.
12. I sigh, yawn and sweat a lot.

Table 1

Socio-economic Profile of Respondents

Socio-economic Indicators	Frequency	Percentage
Age		
Less than 30 years	30	30.00
Between 31-40 years	25	25.00
Between 41-50 years	26	26.00
Above 50 years	19	19.00
Total	**100**	**100.00**
Education		
Below Graduation	07	07.00
Graduation	44	44.00
Post-graduate	26	26.00
Any Other	23	23.00
Total	**100**	**100.00**
Marital Status		
Married	69	69.00
Unmarried	31	31.00
Total	**100**	**100.00**
Salary		
Less than Rs. 10,000	11	11.00
Rs. 10,000-15,000	25	25.00
Rs. 15,000-20,000	30	30.00
Above Rs. 20,000	34	34.00
Total	**100**	**100.00**
Gender		
Male	71	71.00
Female	29	29.00
Total	**100**	**100.00**

13. I wake up generally at night.
14. I lack enthusiasm and often feel gloomy.
15. I am unable to speak my mind/feelings to my peers, members of family, boss etc.
16. I am reluctant to meet new people and attempt new experiences.
17. I suffer from blurred vision and ringing in ears.
18. I feel that I am not adequately rewarded or valued for my abilities and commitment.
19. I am unable to organize my time effectively.
20. I suffer from feeling that I can seldom do anything right.
21. I find it difficult to make decisions.

It was planned to apply cluster analysis to condense the above respondents into a few categories. But due to the inadequacy of sample size for the application of that technique, it could not be used. Thus, the two levels of respondents, i.e. with relatively high level of stress and relatively low level of stress were identified with the help of simple average method. Consequently, the weighted response scores of the above mentioned scale were aggregated across all the respondents in the sample and the mean score thereafter was determined. It came out to be 3.5. The respondents experiencing score higher than the average score were classified as having relatively high level of stress, whereas the ones having score less or equal to the average were classified as experiencing relatively low level of stress. In this way, 47 employees were found in the relatively high stress category and 53 employees in the relatively less stress category. So, an almost equal number of employees were at both relatively high and relatively low level of stress.

An employee is considered as a sampling unit for the study. The socio-economic characteristics of employees, such as, age, gender, marital status, education, monthly income, which has significant impact on the level of stress experienced by them and the coping mechanism used to overcome the same, has been presented in Table 1.

SECTION - II

ANATOMY OF STRESS

Stress nowadays has become the epidemic as just about everyday men, women, children, and even foetuses suffer from stress. This section attempts to explore the factors relating to stress (whether work related or personal) and the various coping mechanisms used by the employees in the banking (both public as well as private) and the insurance sector (both life and general). The reasons for

stress are divided into two categories, i.e. work related and personal. The employees were asked to rate their response on the causes for stress. Codes 5, 4,3,2,1 have been assigned to the positive statements and 1, 2,3,4,5 to negative statements. The mean average of responses was calculated and is presented in Table 2.

Table 2

Factors Responsible for Stress*

S.No.	Statements	Mean	SA	A	NANDA	DA	SDA
Work Related							
S1	Excessive Working Hours	4.21	45 **45.0**	40.0 **40**	06 **6.0**	9.0 **09**	0 **0.0**
S2	Physically Demanding Work	2.48	06 **6.0**	40.0 **25**	12 **12.0**	27.0 **30**	22 **10.0**
S3	Psychologically Demanding Work	4.06	40 **40.0**	40.0 **40**	08 **8.0**	10.0 **10**	02 **2.0**
S4	Scheduling Incompatibilities	3.57	25 **25.0**	35.0 **35**	20 **20.0**	12.0 **12**	8 **8.0**
S5	Poor Relationships with Peers	3.09	15 **15.0**	30.0 **30**	22 **22.0**	15.0 **15**	18 **18.0**
S6	Poor Relationships with Superiors	3.67	30 **30.0**	35.0 **35**	15 **15.0**	12.0 **12**	8 **8.0**
S7	Improper Working Conditions	3.85	36 **36.0**	35.0 **35**	15 **6.0**	15.0 **8**	6 **8.0**
S8	Unclear Objectives	4.08	40 **40.0**	38.0 **38**	12 **12.0**	5.0 **5**	2 **2.0**
S9	Unclear Expectations	3.57	28 **28.0**	31.0 **31**	19 **19.0**	14.0 **14**	8 **8.0**
Personal							
S10	Family Problems	3.55	31 **31.0**	30.0 **30**	15 **15.0**	11.0 **11**	13 **13.0**
S11	Financial Difficulties	3.00	14 **14.0**	28.0 **28**	22 **22.0**	16.0 **16**	20 **20.0**
S12	Relationships at Personal Level	4.01	36 **36.0**	38.0 **38**	19 **19.0**	5.0 **5**	2 **2.0**

* In this case there is no negative statement.

Table 2A

Presentation of Statements in a Descending Order according to the Cut Off Point of Mean, i.e. 3.6

Statements	Mean Score
Statements having Agreement Level higher than Overall Mean Score, i.e. 3.6	
Excessive Working Hours	4.21
Unclear Objectives	4.08
Psychologically Demanding Work	4.06
Stressful Relationships	4.02
Improper Working Conditions	3.85
Poor Relationships with Superiors	3.67
Statements having Agreement Level lower than Overall Mean Score, i.e. 3.6	
Scheduling Incompatibilities	3.57
Unclear Expectations	3.57
Family Problems	3.55
Poor Relationships with Peers	3.09
Financial Difficulties	3.00
Physically Demanding Work	2.48

Table 2 explicates that employees consider excessive working hours, psychologically demanding work and unclear objectives as the major reasons responsible for stress, as all these statements have mean score above 4. However, their perception regarding statements, such as, scheduling incompatibilities, poor relationships with superiors, unclear expectations, and family problems have mean score between 3.5 and 3.7, which divulges that maximum number of employees held these factors responsible for stress but still the signs of agreement with these factors are less as compared to previous ones. Whereas in service sector the work demands less physical efforts due to which employees do not perceive it as a reason responsible for stress (mean score is 2.48). However, mean score of statement financial difficulties equal to 3.0 explains that they are unable to frame any clear-cut opinion regarding this as reason responsible for stress.

In Table 2A the reasons for stress are segregated into two parts according to the cut off point, determined on the basis of mean score of mean response of all statements of respondents, which came out to be 3.6.

Table 2A reinforces that long working hours with more psychologically

Table 3
Cope-up Mechanisms to Overcome Stress*

S.No.	Statements	Mean	SA	A	NANDA	DA	SDA
S1	I listen to music.	4.07	29	59	4	6	2
			29.0	59.0	4.0	6.0	2.0
S2	I attend club or social activities.	2.77	8	16	26	44	7
			8.0	16.0	26.0	44.0	7.0
S3	I take out some time for myself during the day.	3.15	6	41	18	32	3
			6.0	41.0	18.0	32.0	3.0
S4	I meditate.	2.46	6	20	17	27	30
			6.0	20.0	17.0	27.0	30.0
S5	I go for a massage.	2.52	3	18	19	48	12
			3.0	18.0	19.0	48.0	12.0
S6	I try to laugh a lot during the day.	3.02	07	30	25	34	04
			7.0	30.0	25.0	34.0	4.0
S7	I go for a walk.	3.45	22	35	20	12	11
			22.0	35.0	20.0	12.0	11.0
S8	I take anti-anxiety/anti-depressant drugs.	2.02	03	09	15	33	40
			3.0	9.0	15.0	33.0	40.0
S9	I keep a time planner.	3.50	25	35	20	9	11
			25.0	35.0	20.0	9.0	11.0
S10	I try to prioritize my work.	3.54	11	54	14	20	01
			11.0	54.0	14.0	20.0	1.0
S11	I take planned breaks from work.	3.04	04	35	23	37	01
			4.0	35.0	23.0	37.0	1.0
S12	I delegate responsibilities.	3.09	05	36	25	31	03
			5.0	36.0	25.0	31.0	3.0
S13	I spend sometime with my pet.	2.86	06	29	21	33	11
			6.0	29.0	21.0	33.0	11.0
S14	I eat a balanced/well-managed diet.	3.09	05	50	34	11	0
			5.0	50.0	34.0	11.0	0.0
S15	I try to sleep 7-8 hours a day at least 3-4 days a week.	3.10	07	39	16	33	05
			7.0	39.0	16.0	33.0	5.0
S16	I have the habit of writing stress diary.	2.19	02	10	17	47	24
			2.0	10.0	17.0	47.0	24.0
S17	I do exercise.	3.27	05	49	20	20	06
			5.0	49.0	20.0	20.0	6.0
S18	I listen to others' views & provide effective & timely feedback.	3.62	09	63	13	11	04
			9.0	63.0	13.0	11.0	4.0

* In this case, there is no negative statement.

demanding work as compared to physical work make them exhausted at the end of the day. It also turns out their relationships at personal and professional level stressful.

COPING MECHANISM FOR STRESS

People use different coping mechanism to overcome their stress. Although many of these measures are used by employees in normal routine, yet its usage increases more frequently when they are in stress. Table 3 explains the responses of employees regarding the different types of strategies used by employees to reduce their stress level.

Table 3 A

Presentation of Statements in a Descending Order according to the Cut Off Point of Mean, i.e. 3.1

Statements	Mean Score
Statements with Agreement Level higher than Overall Mean Score, i.e. 3.1	
I listen to music.	4.07
I listen to others' views & provide effective & timely feedback.	3.62
I try to prioritize my work.	3.54
I keep a time planner.	3.5
I go for a walk.	3.45
I do exercise.	3.27
I take out some time for myself during the day.	3.15
I try to sleep 7-8 hours a day at least 3-4 days a week.	3.10
Statements with Agreement Level lower than Overall Mean Score, i.e. 3.1	
I eat a balanced/well-managed diet.	3.09
I delegate responsibilities.	3.09
I take planned breaks from work.	3.04
I try to laugh a lot during the day.	3.02
I spend sometime with my pet.	2.86
I attend club or social activities.	2.77
I go for a massage.	2.52
I meditate.	2.46
I have the habit of writing stress diary.	2.19
I take anti-anxiety/anti-depressant drugs.	2.02

The mean response for cope-up strategies used by employees to overcome the stress spells out that the most common strategy used by them is listening music. That is why nowadays one can hear soft music in almost every organization so that the employees enjoy their work and feel energetic. However, the mean score for strategies, such as, listening to others' views, setting priorities for work, keeping a time planner states that these are not much favoured strategies by employees to overcome their stress. Furthermore, regarding the practices, such as, exercising, taking out some time for oneself from busy schedule, and taking proper rest, taking planned breaks from work, and using social circle to overcome stress, the employees are not able to frame any clear opinion. However, employees disagree with the techniques of stress reduction, such as, taking anti-depression drugs, or writing of stress diary.

The various strategies for stress reduction are segregated into two parts according to the cut off point, determined on the basis of mean response of all the statements of respondents came out to be 3.1 (Table 3 A).

It emphasizes that due to work pressure in the competitive world they cannot afford to spare some time for their leisure purpose with which they can overcome their stress problem. They try to use those strategies for stress reduction which do not take much of their time and at the same time it can reduce their stress level also. That is why for methods, such as, going for massage, attending social activities, meditations and writing of stress-diary, less level of agreement has been observed. However, for strategies, such as, listening to music, setting of priorities for work and keeping a time planner, more level of agreement was revealed.

SECTION - III

REGRESSION ANALYSIS

In this section to find out the relationship between their level of stress and demographic variables & coping mechanisms, regression analysis was carried out taking demographic variables and the cope-up mechanism as the independent variables and the levels of stress as the dependent variable. An attempt was made to test whether the demographic variables and the different coping mechanism have any significant impact on the stress level experienced by the employees of the service sector. The null hypothesis set for this was :

H_0 : There is no significant difference between employees experiencing relatively high and relatively low level of stress with regard to their demographic factors and various cope-up strategies used by them.

The list of independent variables used for this is delineated below.

List of Independent Variables

Label	Statements
S1	I listen to music.
S2	I attend club or social activities.
S3	I take out some time for myself during the day.
S4	I meditate.
S5	I go for a massage.
S6	I try to laugh a lot during the day.
S7	I go for a walk.
S8	I take anti-anxiety/anti-depressant drugs.
S9	I keep a time planner.
S10	I try to prioritize my work.
S11	I take planned breaks from work.
S12	I delegate responsibilities.
S13	I spend more time with my pet.
S14	I eat a balanced / well-managed diet.
S15	I try to sleep 7-8 hours a day for at least 3-4 days a week.
S16	I have the habit of writing stress diary.
S17	I do exercise.
S18	I listen to others' views and provide effective & timely feedback.
S19	Marital Status
S20	Age
S21	Education
S22	Salary
S23	Gender

The correlation matrix of all the independent variables with dependent variable was calculated. To avoid the problem of multicollinearity from the correlation matrix only variables which are highly correlated with dependent variable were taken into account. Consequently, six variables were identified. These variables were used in the regression analysis. The variables found to be highly correlated were :

S2   : I attend club and social activities.
S4   : I meditate.
S7   : I go for a walk.
S14 : I eat balanced / well-managed diet.
S17 : I do exercise.
S19 : Marital Status.

Direct regression analysis was carried out to find out the relationship between the variables. The results are presented in Table 4.

Table 4

Estimation of Relationship Between the Variables

Model	Coefficient of Determination (R^2) =0.726	
	Regression Coefficients	t-values
(Constant)	0.464	1.370
S2	0.179	4.148*
S4	-0.062	-1.344
S7	0.114	2.306**
S14	0.181	2.989*
S17	0.138	2.937*
S19	-0.09	-2.67**

Note : * Significant at 1 per cent level of significance.

      ** Significant at 5 per cent level of significance.

The analysis reveals that with explanatory power of the regression model i.e. R^2 is equal to 0.726, the coefficients, namely, S2, S14 and S17 are significant at 1 per cent level of significance, whereas S19 and S7 are significant at 5 per cent level of significance. The variables S7, S2, S14, and S17 have positive coefficients which explain the existence of positive relationship between the usage of these coping strategies and the level of stress. Thus, S2 has emerged as one of the most significant determinant of model followed by S14, S17, S19 and S7. The variable S19, i.e. Marital Status has negative coefficient which explicates that married people are at relatively low level of stress as compared to unmarried people. So, the null hypothesis set for the study has been rejected with respect to factors such as attending of club / social activities, balanced diet and exercise and going for walk and Marital Status which differentiates significantly between relatively high and low level of stress experienced by employees.

<div align="center">

SECTION - IV

</div>

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Stress has become a part of day-to-day living of every individual in the present modern era. The reasons for stress may differ from person to person. The study has found that the main causes of stress among the employees in the service sector are psychologically demanding work, stressful relationships and

excessive working hours. Further, it was also found that the extent of stress was exhibited by the symptoms like lack of energy or enthusiasm, health related problems, repetitive thoughts in the mind, unable to speak one's mind, feeling that no adequate reward or value for abilities & commitment is given. The most frequent strategy used by employees of service sector to overcome the problem of stress is listening to music. Further, taking anti-depression drugs is the least agreed strategy used by employees. Further, the null hypothesis set for the study has been partially rejected with respect to factors such as attending of club / social activities, balanced diet and exercise and going for walk which differentiates significantly between relatively high and relatively low level of stress experienced employees. These are the most agreed strategies used by employees to overcome their level of stress. The foregoing analysis leads to the conclusion that in an age of highly dynamic and competitive world, man is exposed to all kinds of stressors that can affect him on all realms of life. Thus, the growing importance of interventional strategies is needed at both the levels, i.e. organization and individual. So, efforts are needed at both fronts. At the organizational level, they should formulate preventive and remedial strategies to keep their employees away from the exposure of all types of stress. In this connection, provision should be made for planned breaks in between the normal working schedule hours to re-energize their employees and to get rid off monotonous routine work. Furthermore, such type of work environment should be created where employees can maintain the balance between the professional and personal life with the principle that no home work at office and no office work at home. This will help in maintaining scheduling compatibilities.

In addition, at the individual level three pronged approach to manage stress should be adopted. It includes behavioural/practical techniques, relaxation techniques and cognitive/thinking technique. The behavioural approaches to stress management include exercise and eating a healthy and balanced diet which include selections from the basic food groups. It also includes scheduling time for leisure and pleasure, which provides for a more balanced, and fulfilling life. Anticipating and preparing for recurrent stressors by managing time, setting priorities and limits, delegating responsibility and not procrastinating are helpful stress reducing strategies. These are effective stress management tools because their utilization is within our control. The relaxation approaches to stress, another approach of stress management, includes techniques used to relax mind with meditation and visual imagery. The third approach to stress management, which

is effective, focuses on many stress management programmes like identification and controlling of negative feeling with realistic approach of perceiving life, and replacing of negative and rigid thoughts with positive, flexible, and realistic thoughts for behaving rationally and productively.

To recapitulate, it can be said that the cost of stress is not only direct but also it leads to much indirect cost. Therefore, the management of stress in this fast pace of life is very essential. The most helpful method of dealing with stress is learning how to manage the stress that comes along with any new challenge, good or bad. Stress-management skills work best when they are used regularly, not just when the pressure is on. Knowing how to de-stress and doing it when things are relatively calm can help one get through challenging circumstances that may arise. But at the same time management of stress is only possible when one is able to know factors which lead to stress.

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Car Industry in India – An Analytical Study of Factors of Importance

B. B. Goyal* and Meghna Aggarwal*

* University Business School, Panjab University, Chandigarh

Abstract

With the growing income levels and availability of more disposal income in India, the trend of acquiring cars is on the rise. To tap the demand owing to this growing trend, many Indian and global companies have entered the fray. These days, for the car buyers in India, a wide variety of cars is available, both indigenously manufactured and imported, to select from. As cars range from ordinary ones to super luxurious, therefore, the selection of a particular car depends upon various factors and the attributes. The present study is an attempt to find the relative importance of various factors that attract the customers while selecting a particular car in its segment. The study reveals that there is a marked difference in the attributes available amongst the various segments of car and that the consumers' choice for a car is also influenced by these attributes. The car manufacturers need to properly understand the relative importance of various attributes for the different segments of cars.

INTRODUCTION

The first motor car on the streets of India was seen in 1898. Then for the next fifty-two years, cars were imported to satisfy domestic demand. Between 1910 and 1920, the automobile industry made a humble beginning by setting up assembly plants in Mumbai, Calcutta and Chennai. In 1946, Premier Automobiles Ltd. (PAL) manufactured the first car in the country by assembling 'Dodge Desto' and 'Plymouth' cars at its Kurla plant. Hindustan Motors (HM) started as a manufacturer of auto components and then graduated to manufacture of cars in 1949.

In 1952, the GOI set up a tariff commission to devise regulation to develop

indigenous automobile industry. After the commission submitted its recommendations, the GOI asked assembly plants, which did not have plans to set up manufacturing operations, to shut their operations. As a result General Motors, Ford and other assemblers closed operations in the country. This decision marked a turning point in the history of the Indian car industry. The GOI also had a say in what type of vehicle each manufacturer should make, imposed control on the production capacity, distribution and controlled the fixation of prices for cars and dealers commission. This triggered the start of a legal battle in 1969 between the car makers and GOI. Simply put, the three decades following the establishment of the passenger car industry in India and leading up to the early 1980s, proved to be the 'dark age' for the consumers, as their choice throughout this period was limited to two models, viz. Ambassador and Padmini. It was only in the mid-eighties that the car makers were given a free hand to fix the prices of cars, thus, abolishing all controls relating to the pricing of the end product. A series of liberal policy changes were announced marking another turning point for the automobile industry. Thereafter Maruti Udyog was the first company to enter the fray.

The de-licensing of automobile industry in 1993 opened the gates to a virtual flood of international automakers. The automobile sector experienced a sea change in the car segment with a number of foreign entrants like Toyata, Honda, Ford, Hyundai, GM etc. Some of these companies have a local assembly. Indian companies like Tata, Mahindra and Mahindra, HM and Maruti are being given a tough run for their money by the foreign players. The global automakers like Honda, Suzuki, General Motors and Hyundai, have already launched their premium SUVs in the market to broaden their portfolio and create product excitement in the segment estimated at about 10,000 units annually. Tata Motors' 'Nano' is also ready to enter the fray and is expected to bring altogether a new revolution in the Indian car industry.

NEED AND SIGNIFICANCE OF THE STUDY

Consumer decision making has become an increasingly important research topic that spans many different domains. Scholars have been working diligently to understand choices in the context of purchase and consumption decisions.

Now, the car market in India is exhibiting buoyancy. The attitude that owning a car is expensive and it is a luxury item is slowly going away from the minds of the middle class families. With the recent introduction of a small car, 'Nano', priced at around Rs. 1 lakh may bring a new sway in the passenger car industry

Car sales in India in 2005-06 were 8, 82,094 units against 8, 20,179 units in 2004-05. The growth of domestic passenger car market was 7.5 per cent. Car exports

during 2005-06 stood at 1, 70,193 units against 1, 60,670 units in 2004-05. Sales figures are expected to grow for the next 10 years. This makes India an extremely attractive market for car giants.

The middle class is one of the most dominant segments in the Indian economy. They mostly purchase cars in the economy segment (up to Rs. 0.45 million). These cars can be termed as small cars. The cars falling in this category are : Maini Reva, Maruti Alto, Maruti Esteem, Maruti Zen Estilo, Tata Nano, Maruti 800, Alto, WagonR, Swift, Tata Indica, Hyundai Santro and Fiat Palio etc. The cars falling in the medium segment are : Ambassdor, Maruti Swift, Maruti Versa, Maruti WagonR, Maruti Zen Classic, Maruti Baleno, Maruti SX4 and in the luxury segment are : Chevrolet Aveo U-VA, Hyundai Verna, Maruti Zen Estilo, Tata Indica Xeta, Honda Civic, Mitsubishi Lancer Cedia, Rolls Royce Phantom V 12, Mercedes Benz, Lamborghini, Porsche, Volvo S80, BMW X3, BMW X5.

The various factors of customer satisfaction for a car vary from segment to segment. By knowing about these factors, the manufacturers can, thus, lay more emphasis on improving the important variables to satisfy their customers and broaden their customer base.

RESEARCH OBJECTIVES

The study has been undertaken keeping in mind the following objectives :
- To identify the important factors for the purchase of a car for its different segments.
- To analyze the correlation of various factors for each segment of car.

NULL HYPOTHESIS

1. For the purchase of a car in a segment, all factors are equally important.
2. There is no correlation amongst the different factors for the purchase of a car.

RESEARCH DESIGN

The study is an exploratory one. In order to get the viewpoints of various respondents, a questionnaire was developed and the same was personally administered to them. Convenience sampling method was used for selecting the respondents. In all, 277 respondents were selected which comprised of 67 respondents from the Luxury cars, 93 from medium cars and 117 respondents from small cars. Secondary data was collected from newspapers, magazines, journals and internet.

The data obtained was subjected to factor analysis, mean, standard deviation

and bi-variate correlation. SPSS version 11.5 has been used.

UNIVERSE OF THE STUDY

Due to time and financial constraints, the universe of the study was limited to Ludhiana city only.

REVIEW OF LITERATURE

Anderson and Mittal (2000) observed that the customer satisfaction programs do not always deliver anticipated results. Disenchanted, some have labelled satisfaction measurement a "trap" and argued for abandoning customer satisfaction as a means for optimizing customer retention and profitability. The authors argue that doing so may be a mistake because the satisfaction-profit chain is conceptually solid. However, to achieve results, an important step is to recognize that the links in the satisfaction-profit chain are asymmetric and non-linear.

Mittal and Lassar (1998) observed that satisfaction is driven more by "technical quality". For a "high contact" service, the pattern of influence is exactly the reverse. Of significant importance to service managers, the paper explains the dynamics of loyalty versus satisfaction and derives their managerial implications.

Dominique (1995) observed that while many Western corporations are gradually catching up on product quality, some of the best Japanese firms are again aiming at changing the rule of the competitive game by adding extra value to their products and re-focusing corporate efforts on customer service.

Vredenburg and Wee (1986) examined that most consumer satisfaction/ dissatisfaction research is focused either on identifying product classes and personal/ usage characteristics associated with dissatisfaction, or is focused on modelling the psychological processes underlying the phenomenon. Findings from a large scale Canadian survey of 982 cases of recent automobile buyers show that while there are some differences in the determinants of consumer satisfaction among four different car models, the dealer-related factors exert the greatest effects.

Humphrey (2003) felt that the automotive industries of emerging markets were transformed in the 1990s by trade liberalization and large investments by global assemblers. The impact of these investments was decisively influenced by government policies aimed at promoting local production and assembly of vehicles and by changing assembler-supplier relationships in the global auto industry. The cases of Brazil and India show how the assemblers created new linkages between operations in emerging markets and their global operations through the adoption of follow design and follow sourcing policies. These policies

were hard to implement in practice, but they decisively transformed the components industries in both countries.

Donnelly and Morris (2002) observe that, until recently, the European car industry has focused its efforts almost entirely within the boundaries of its domestic markets. Since the rise of the Japanese car industry and those of emerging economies such as Malaysia and Korea, the Europeans have found that the levels of competition in the world market have intensified. They examined how European car companies have responded to global challenges both at home and abroad. The main responses of the European producers in the home market, albeit late, have been to reduce costs, shed labour, rationalise plants, raise productivity and improve their relationships with suppliers in attempts to boost efficiency.

Venugopal (2005) observed that in June 1993, the Government of India opened the automobile sector for entry to foreign auto-manufacturers. One of the first foreign entrants was Automobile Peugeot of France, which set up a joint venture in 1994 with Premier Automobiles Limited, a domestic auto assembler, to manufacture and market the Peugeot 309 in India. In the same year, an Indian truck manufacturer, TELCO, embarked on a project to manufacture and market its passenger Indica, without foreign collaboration. Though resource-constrained in several ways, the Indica was a success, while the Peugeot 309 failed. The emergent model from the study suggests that new product success in emergent markets is strongly linked to market selection and product positioning, (which in turn emanate from 'sense and response capabilities') and integrative capabilities (internal and external) that are driven by strategic intent.

Iyer and Badami (2007) examined that by providing affordable mobility to millions of people; two-wheeled motor (M2W) vehicles play a vital role in urban transport in India and other low-income Asian countries. At the same time, these vehicles contribute significantly to urban transport impacts and energy consumption, and are characterized by high emissions and traffic mortalities per passenger-kilometer. Given the importance of technology in the popularity of these vehicles and their transport impacts, this paper discusses the evolution of M2W vehicle technology in India, and contributory factors including market forces, environmental regulation, and industry R&D efforts.

DATA ANALYSIS

(a) Factors Important for Purchase of Luxury Cars

In order to know about the various factors considered important for the customers to purchase a luxury car, the responses obtained were put to factor

analysis and the results so obtained were subjected to Kaiser- Meyer- Olkin (KMO) measure of sampling adequacy and Bartlett's Test of Sphericity. From Table 1, it is noted that the approximate chi-square value is 338.737 with df 153, which is significant at 0.000 level.

Table 1

KMO and Bartlett's Test for Luxury Cars

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.528
Bartlett's Test of Sphericity	Approx. Chi-square	338.737
	df	153
	Sig.	0.000

Table 2

Total Variance Explained

Component	Initial Eigen Values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumu-lative %	Total	% of Variance	Cumu-lative %	Total	% of Variance	Cumu-lative %
1.	3.369	18.714	18.714	3.369	18.714	18.714	2.128	11.822	11.822
2.	2.205	12.252	30.965	2.205	12.252	30.965	2.069	11.493	23.314
3.	1.611	8.950	39.916	1.611	8.950	39.916	1.885	10.474	33.788
4.	1.583	8.794	48.710	1.583	8.794	48.710	1.830	10.168	43.956
5.	1.415	7.862	56.572	1.415	7.862	56.572	1.628	9.045	53.001
6.	1.228	6.822	63.394	1.228	6.822	63.394	1.514	8.413	61.414
7.	1.111	6.175	69.569	1.111	6.175	69.569	1.388	7.711	69.125
8.	1.050	5.831	75.400	1.050	5.831	75.400	1.130	6.275	75.400
9.	0.879	4.882	80.282						
10.	0.693	3.847	84.129						
11.	0.587	3.260	87.390						
12.	0.489	2.716	90.106						
13.	0.466	2.587	92.693						
14.	0.385	2.137	94.830						
15.	0.294	1.632	96.462						
16.	0.248	1.380	97.842						
17.	0.217	1.203	99.045						
18.	0.172	0.955	100.000						

Extraction Method : Principal Component Analysis.

The value of KMO statistics (0.528) is also large (> 0.5). Hence, all factors are not considered equally important for the purchase of a luxury car. Therefore, null hypothesis is rejected.

An eigen value represents the amount of variance associated with the factors. Hence, only the factors with a variance greater than 1.0 are included. It is evident from Table 2 that the first eight variables represent the 75.400% of variance. Therefore, only these eight factors are retained and the other factors are not included in the model.

Table 3

Rotated Component Matrix (a)

Factors	Components							
	1	2	3	4	5	6	7	8
Mileage	.816	-.044	.051	-.077	-.186	.138	-.067	.003
Price	.033	-.101	-.029	.843	-.041	.010	.191	-.090
Maintenance Cost	.139	.080	.587	.615	-.160	.024	-.153	.039
After Sale Service	.382	-.008	.783	-.064	-.047	-.123	.140	-.123
Shape	.816	-.027	-.022	.183	.067	-.031	.229	-.033
Acceleration	.543	.133	.128	.514	.067	.127	-.357	.145
Engine Capacity	-.311	-.011	.768	.093	.132	.242	-.007	-.034
Horse Power	.393	.373	.246	.243	.446	-.116	-.353	.129
Model	.040	.858	-.092	.073	.006	-.086	.067	.017
Accessories	-.029	.794	.102	-.190	-.011	.155	.134	.002
Luggage Capacity	-.116	.520	.034	.316	.187	.312	-.265	-.182
Fuel Capacity	-.140	.317	.130	-.114	.681	.107	-.059	.082
Loan Facility	.171	.194	.363	.387	.470	.163	.328	.068
Terms of Payment	.102	.081	-.097	.195	.079	.768	.260	-.196
Brand	.042	.040	.173	-.094	.020	.786	-.044	.214
Easy Handling	-.052	-.304	-.184	-.045	.781	.002	-.007	-.173
Safety Measures	.001	-.023	-.095	-.038	-.033	.038	.097	.945
Availability of Spare Parts	.062	.125	.076	.099	-.026	.122	.847	.112

Extraction Method : Principal Component Analysis.   Rotation Method : Varimax with Kaiser Normalization.

Factor Loadings

Factor loadings are simple correlations between the variables and factors. The most commonly used method is the varimax rotation procedure. This is an orthogonal method of rotation that minimizes the number of variables with high loadings of a factor, thereby enhancing the interpretability of the factors. Orthogonal rotations result in factors that are uncorrelated.

(a) Rotation Converged in 8 iterations

Principal Component Analysis under the rotation method (Varimax with Kaiser Normalization), rotation converged in 8 iterations. The following eight components (Table 3) may be extracted :

Component 1 : Mileage, Shape, Acceleration.
Component 2 : Model, Accessories, Luggage capacity.
Component 3 : Maintenance cost, after sales service, Engine capacity.
Component 4 : Price, Maintenance cost, Acceleration.
Component 5 : Fuel capacity, Easy Handling

Table 4

Descriptive Statistics

Factors	N	Mean	Std. Deviation
Mileage	67	3.19	1.480
Price	67	3.39	1.414
Maintenance Cost	67	3.73	1.473
After Sale Service	67	3.36	1.367
Shape	67	3.15	1.459
Acceleration	67	3.79	1.343
Engine Capacity	67	3.54	1.449
Horse Power	67	4.12	1.376
Model	67	4.10	1.233
Accessories	67	3.93	1.374
Luggage Capacity	67	4.07	1.363
Fuel Capacity	67	3.37	1.506
Loan Facility	67	3.90	1.447
Terms of Payment	67	3.07	1.428
Brand	67	2.88	1.354
Easy Handling	67	2.79	1.188
Safety Measures	67	2.73	1.286
Availability of Spare Parts	67	3.18	1.242

Table 5
Correlation Matrix

Factors	Mileage	Price	Maintenance Cost	After Sale Service	Shape	Acceleration	Engine Capacity	Horse Power	Model	Accessories	Luggage Capacity	Fuel Capacity	Loan Facility	Terms of Payment	Brand	Easy Handling	Safety Measures	Availability of Spare Parts
Mileage	1	.007	.191	.287 (**)	.499 (**)	.341 (**)	-.205 (*)	.137	-.036	-.030	-.022	-.155	.087	.065	.102	-.140	.036	.022
Price		1	.444 (**)	.045	.207 (*)	.291 (**)	.000	.038	.037	-.110	.063	-.126	.301 (**)	.128	.056	.040	-.108	.132
Maintenance cost			1	.432 (**)	.160	.461 (**)	.367 (**)	.278 (*)	.066	.020	.237 (*)	-.009	.349 (**)	.046	.082	-.223 (*)	-.039	-.006
After Sale Service				1	.284 (**)	.198	.345 (**)	.210 (*)	-.005	.055	-.055	.008	.234 (*)	-.068	.073	-.112	-.125	.149
Shape					1	.387 (**)	-.153	.278 (*)	.092	-.115	-.089	-.081	.237 (*)	.191	-.022	-.043	.006	.177
Acceler-ation						1	.012	.587 (**)	.032	.041	.257(*)	.017	.261 (*)	.158	.094	-.104	.028	-.050
Engine Capacity							1	.172	-.049	.051	.194	.164	.316 (**)	.185	.188	-.031	-.068	.055
Horse Power								1	.296 (**)	.189	.286 (**)	.234 (*)	.394 (**)	-.012	.016	.108	-.007	-.137
Model									1	.559 (**)	.338 (**)	.175	.168	.082	.017	-.161	.047	.037

Table 5 (Contd.)

Factors	Mileage	Price	Maintenance Cost	After Sale Service	Shape	Acceleration	Engine Capacity	Horse Power	Model	Accessories	Luggage Capacity	Fuel Capacity	Loan Facility	Terms of Payment	Brand	Easy Handling	Safety Measures	Availability of Spare Parts
Accessories										1	.205 (*)	.233 (*)	.186	.103	.256 (*)	-.149	-.037	.177
Luggage Capacity											1	.355 (**)	.211 (*)	.277 (*)	.087	-.028	-.135	.019
Fuel Capacity												1	.275 (*)	.057	.126	.273 (*)	.021	.004
Loan Facility													1	.253 (*)	.210 (*)	.137	-.015	.297 (**)
Terms of Payment														1	.342 (**)	.045	-.063	.291 (**)
Brand															1	.003	.129	.031
Easy Handling																1	-.117	-.128
Safety Measures																	1	.154
Availability of Spare Parts																		1

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

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

Component 6 : Terms of payment, Brand

Component 7 : Availability of spare parts

Component 8 : Safety measures.

The rotated component matrix suggests presence of the eight interrelated factors.

From Table 4, it is observed that horse power, model, luggage capacity, accessories and loan facility get the maximum mean score, hence, these emerge as the most significant factors for the purchase of a luxury car. Amongst the other important factors are acceleration, maintenance cost, engine capacity, price, after sales service, mileage, shape and terms of payment. The factors like brand, easy handling and safety measures are the least important.

Table 5 depicts that there exists a correlation between acceleration and horse power; model and accessories; mileage and shape and maintenance cost and price etc. Hence, the manufacturers of luxury cars should take care of these combinations.

(b) Factors Important for Purchase of Medium Cars

In order to know about the various factors considered important for the customers to purchase a medium car, the responses obtained were put to factor analysis and the results so obtained were subject to Kaiser- Meyer- Olkin (KMO) measure of sampling adequacy and Bartlett's Test of Sphericity. The approximate chi-square value shown in Table 6 is 471.311 with df 153, which is significant at 0.000 level. The value of KMO statistics (0. 642) is also large (> 0.5). Hence, all the factors are not considered equally important for the purchase of a luxury car. Therefore, null hypothesis is rejected.

Table 6

KMO and Bartlett's Test for Medium Cars

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.642
Bartlett's Test of Sphericity	Approx. Chi-square	471.311
	df	153
	Sig.	0.000

It is evident from Table 7 that the first six variables represent the 65.089% of variance. Therefore, only these six factors with the variance greater than 1.0 are retained and the other factors are not included in the model. Thus, from eigen values given in the table, we extract only 6 factors from the 18 variables.

Table 7

Total Variance Explained

Components	Initial Eigen Values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumu- lative %	Total	% of Variance	Cumu- lative %	Total	% of Variance	Cumu- lative %
1.	3.633	20.181	20.181	3.633	20.181	20.181	2.859	15.886	15.886
2.	2.321	12.895	33.076	2.321	12.895	33.076	2.132	11.844	27.730
3.	1.891	10.503	43.579	1.891	10.503	43.579	2.025	11.253	38.983
4.	1.603	8.907	52.486	1.603	8.907	52.486	1.756	9.755	48.738
5.	1.191	6.619	59.105	1.191	6.619	59.105	1.500	8.334	57.072
6.	1.077	5.984	65.089	1.077	5.984	65.089	1.443	8.018	65.089
7.	0.976	5.421	70.510						
8.	0.903	5.017	75.527						
9.	0.728	4.045	79.572						
10.	0.608	3.376	82.948						
11.	0.590	3.277	86.225						
12.	0.543	3.015	89.240						
13.	0.437	2.430	91.670						
14.	0.384	2.131	93.801						
15.	0.324	1.799	95.599						
16.	0.320	1.776	97.375						
17.	0.251	1.395	98.770						
18.	0.221	1.230	100.000						

Extraction Method : Principal Component Analysis.

Principal Component Analysis under the rotation method (Varimax with Kaiser Normalization), rotation converged in 9 iterations. The following six components (Table 8) may be extracted:

Table 8

Rotated Component Matrix (a)

Factors	Components					
	1	**2**	**3**	**4**	**5**	**6**
Mileage	-.010	-.128	.618	-.053	.025	-.045
Price	.430	-.485	.220	.138	-.037	-.259
Maintenance Cost	.233	-.033	.463	.123	.014	-.661
After Sale Service	.081	-.078	-.060	-.085	-.830	.018
Shape	.081	.064	.360	.151	.004	.738
Acceleration	-.130	.747	.146	.040	.195	-.172
Engine	.025	.417	-.179	.659	.100	-.100
Horse Power	.178	-.320	.231	.725	.154	-.047
Model	.162	.056	.204	.682	-.249	.412
Accessories	-.285	.534	-.260	.285	-.116	-.044
Luggage Capacity	.020	.791	-.008	-.086	-.170	.293
Fuel Efficiency	.202	.061	.777	.091	.098	.074
Loan Facility	.810	-.079	.072	-.035	.004	.133
Terms of Payment	.781	.110	-.274	.069	.056	-.122
Brand	.641	-.272	.170	-.003	-.071	-.063
Handling	.780	-.134	.080	.276	.105	-.003
Safety	.136	-.077	.066	-.041	.775	-.005
Spare Parts	-.326	.046	.555	.285	.048	.225

Extraction Method : Principal Component Analysis.   Rotation Method : Varimax with Kaiser Normalization.

The rotated component matrix suggests presence of the following six interrelated factors :

Component 1 : Loan facility, Terms of payment, Brand, Handling.

Component 2 : Acceleration, Accessories, Luggage capacity.

Component 3 : Mileage, Fuel efficiency and spare parts.

Component 4 : Engine, Horse power, Model.

Component 5 : After sales service, Safety.

Component 6 : Shape, Maintenance cost.

It can be observed from Table 9 that after sales service, spare parts, model, shape and engine capacity get the maximum mean score, hence, these emerge as the most significant factors for the purchase of a car. Amongst the other important factors are mileage, price, accessories and maintenance cost. The factors like fuel efficiency, safety and luggage capacity are the least important factors.

Table 9

Descriptive Statistics

Factors	N	Mean	Std. Deviation
Mileage	93	3.8710	1.42360
Price	93	3.8602	1.44907
Maintenance Cost	93	3.5806	1.49871
After Sale Service	93	4.1398	1.42639
Shape	93	3.9677	1.44802
Acceleration	93	3.5054	1.55076
Engine Capacity	93	3.9032	1.52561
Horse Power	93	3.4086	1.41603
Model	93	3.9785	1.51785
Accessories	93	3.6667	1.41677
Luggage Capacity	93	3.2473	1.48658
Fuel Capacity	93	2.8710	1.48343
Loan Facility	93	3.3441	1.56382
Terms of Payment	93	3.3226	1.54752
Brand	93	3.2688	1.49011
Easy Handling	93	3.3978	1.48280
Safety Measures	93	3.0753	1.40059
Availability of Spare Parts	93	4.0000	1.35133

Table 10
Correlation Matrix

Factors	Mileage	Price	Maintenance Cost	After Sale Service	Shape	Acceleration	Engine Capacity	HP	Model	Accessories	Luggage	Fuel	Loan	Payment	Brand	Handling	Safety	Spare
Mileage	1									-.162	-.098	.306 (**)	.118	-.099	.073	-.006	-.017	.136
Price	.155	1								-.346 (**)	-.433 (**)	.168	.256 (**)	.229 (*)	.410 (**)	.502 (**)	.021	-.078
Maintenance Cost	.188 (*)	.303 (**)	1							-.108	-.172 (*)	.293 (**)	.169	.129	.212 (*)	.228 (*)	.202 (*)	.075
After Sale Service	-.157	.025	-.008	1						-.063	.107	-.115	.012	.019	.146	-.057	-.359 (**)	-.034
Shape	.130	.044	-.197 (*)	-.014	1					-.016	.186 (*)	.271 (**)	.096	-.112	.095	.102	-.004	.306 (**)
Acceleration	-.064	-.191 (*)	-.011	-.229 (*)	.065	1				.256 (**)	.374 (**)	.071	-.283 (**)	-.023	-.149	-.131	-.023	.171
Engine Capacity	-.111	-.114	-.018	-.089	.013	.356 (**)	1			.246 (**)	.193 (*)	-.034	-.031	.092	-.046	.080	.019	.047
HP	.194 (*)	.298 (**)	.261 (**)	-.152	.144	-.154	.235 (*)	1		-.078	-.245 (**)	.279 (**)	.171	.088	.267 (**)	.362 (**)	.138	.148
Model	.084	.033	.010	.117	.385 (**)	-.092	.295 (**)	.414 (**)	1	.098	.176 (*)	.245 (**)	.177 (*)	.096	.046	.265 (**)	-.122	.313 (**)

Table 10 (Contd.)

Factors	Mileage	Price	Maintenance Cost	After Sale Service	Shape	Acceleration	Engine Capacity	HP	Model	Accessories	Luggage	Fuel	Loan	Payment	Brand	Handling	Safety	Spare
Accessories										1	.349 (**)	-.165	-.217 (*)	-.055	-.384 (**)	-.241 (**)	-.195 (*)	-.006
Luggage											1	-.005	-.037	-.007	-.236 (*)	-.144	-.093	.005
Fuel												1	.235 (*)	-.095	.173 (*)	.276 (**)	.125	.320 (**)
Loan													1	.497 (**)	.436 (**)	.564 (**)	.087	-.216 (*)
Payment														1	.382 (**)	.550 (**)	.114	-.265 (**)
Brand															1	.399 (**)	.084	-.086
Handling																1	.127	-.087
Safety																	1	.080
Spare																		1

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

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

The above table depicts that there exists a correlation between easy handling, loan facilities, terms of payment and price. Hence, the manufacturers of medium cars should take care of these combinations.

(c) Factors Important for Purchase of Small Cars

In order to know about the various factors considered important for the customers to purchase a medium car, the responses obtained were put to factor analysis and the results so obtained were subject to Kaiser- Meyer- Olkin (KMO) measure of sampling adequacy and Bartlett's Test of Sphericity. The approximate chi-square value shown in Table 11 is 348.793 with df 153, which is significant at 0.000 level. The value of KMO statistics (0.560) is also large (> 0.5). Hence, all the factors are not considered equally important for the purchase of a small car. Therefore, null hypothesis is rejected.

It is evident from Table 12 that the first eight variables represent 62.914% of variance. Therefore, only these seven factors with the variance greater than 1.0 are retained and the other factors are not included in the model. Thus, from eigen values given in the table, we extract only 7 factors from the 18 variables.

Table 11

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.560
Bartlett's Test of Sphericity	Approx. Chi-square	348.793
	df	153
	Sig.	0.000

Table 12

Total Variance Explained

Components	Initial Eigen Values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumu-lative %	Total	% of Variance	Cumu-lative %	Total	% of Variance	Cumu-lative %
1.	2.684	14.910	14.910	2.684	14.910	14.910	2.089	11.604	11.604
2.	2.081	11.563	26.473	2.081	11.563	26.473	1.692	9.399	21.003
3.	1.662	9.235	35.709	1.662	9.235	35.709	1.654	9.189	30.192
4.	1.504	8.357	44.065	1.504	8.357	44.065	1.596	8.865	39.057
5.	1.196	6.643	50.709	1.196	6.643	50.709	1.477	8.207	47.264
6.	1.163	6.460	57.169	1.163	6.460	57.169	1.420	7.890	55.154
7.	1.034	5.745	62.914	1.034	5.745	62.914	1.397	7.760	62.914
8.	0.942	5.232	68.146						
9.	0.861	4.783	72.929						
10.	0.818	4.544	77.474						
11.	0.744	4.133	81.606						
12.	0.640	3.556	85.162						
13.	0.586	3.258	88.420						
14.	0.548	3.043	91.463						
15.	0.496	2.756	94.218						
16.	0.394	2.188	96.406						
17.	0.364	2.024	98.430						
18	0.283	1.570	100.000						

Extraction Method : Principal Component Analysis.

Table 13

Rotated Component Matrix (a)

Factors	Components						
	1	**2**	**3**	**4**	**5**	**6**	**7**
Mileage	.003	.049	.267	.549	.113	.108	.161
Price	-.175	.177	.753	.129	-.023	.050	-.127
Maintenance cost	.141	.305	.144	.630	-.138	.108	.001
After sale service	-.002	.465	.405	-.385	-.177	.425	-.220
Shape	.015	.152	.239	-.116	.272	.209	.588
Acceleration	-.063	-.130	-.015	.350	.122	.613	.152
Engine	-.170	.072	-.100	.598	.030	.140	-.138
Horse Power	.255	.661	-.072	.322	.123	-.178	.149
Model	-.017	.848	.004	.131	.041	-.033	.072
Accessories	-.213	.301	-.658	-.052	-.052	.215	-.142
Luggage capacity	-.082	-.022	-.083	.117	-.114	.773	-.058
Fuel	.085	-.030	.322	.067	.595	-.079	.221
Loan	.731	.113	-.024	.000	.334	-.147	-.170
Terms of Payment	.777	.118	-.134	-.032	-.058	-.008	-.003
Brand	.722	-.079	.177	-.050	-.002	-.024	.146
Easy Handling	.437	.023	-.060	.215	.636	-.165	.060
Safety	.173	-.148	.375	.205	-.644	-.184	.141
Availability of Spare Parts	.012	.038	-.142	.083	-.051	-.097	.863

Extraction Method : Principal Component Analysis. Rotation Method : Varimax with Kaiser Normalization.

(a) Rotation Converged in 11 iterations.

Principal Component Analysis under the rotation method (Varimax with Kaiser Normalization), rotation converged in 11 iterations. The following seven components (Table 12) may be extracted :

Component 1 : Loan, Terms of payment, Brand.

Component 2 : Horse Power, Model.

Component 3 : Price, Accessories.

Component 4 : Mileage, Maintenance cost, Engine capacity.

Component 5 : Fuel capacity, Easy Handling, Safety measures

Component 6 : Acceleration, Luggage Capacity.

Component 7 : Shape, Availability of spare parts.

The rotated component matrix suggests presence of the seven interrelated factors.

It can be observed from Table 14 that accessories, engine capacity, after sales service and price get the maximum mean score, hence, these emerge as the most significant factors for the purchase of a car. Amongst the other important factors are mileage, terms of payment, brand, terms of loan and horse power. The factors like fuel, safety and maintenance cost are the least important.

Table 14

Descriptive Statistics

Factors	N	Mean	Std. Deviation
Mileage	117	3.4701	1.49466
Price	117	3.5128	1.54594
Maintenance cost	117	3.1368	1.54198
After sale service	117	3.5214	1.51770
Shape	117	3.2650	1.57783
Acceleration	117	3.3504	1.48159
Engine	117	3.5812	1.54941
Horse power	117	3.3932	1.45601
Model	117	3.3675	1.58983
Accessories	117	3.8632	1.42578
Luggage	117	3.3248	1.51901
Fuel	117	2.7692	1.43470
Loan	117	3.3932	1.46780
Payment	117	3.4444	1.53378
Brand	117	3.4188	1.50996
Handling	117	3.2821	1.51342
Safety	117	3.1368	1.46750
Spare	117	3.5214	1.50056

Table 15

Correlation Matrix

Factors	Mileage	Price	Maintenance Cost	After Sale Service	Shape	Acceleration	Engine Capacity	HP	Model	Accessories	Luggage	Fuel	Loan	Payment	Brand	Handling	Safety	Spare
Mileage	1	.163 (*)	.290 (**)	.013	.071	.209 (*)	.104	.215 (**)	.072	-.188 (*)	.042	.079	-.018	-.005	.019	.116	-.006	.140
Price		1	.191 (*)	.249 (**)	.138	.019	.076	.005	.116	-.230 (**)	.042	.124	-.131	-.082	-.034	-.077	.201 (*)	-.131
Maintenance cost			1	.043	.063	.137	.18 (*)	.272 (**)	.225 (**)	.040	.113	.061	.079	.080	.005	.113	.175	.043
After Sale Service				1	.025	-.001	-.097	.008	.249 (**)	-.027	.188 (*)	-.099	-.062	-.023	.009	-.245 (**)	-.025	-.211 (*)
Shape					1	.096	.000	.119	.074	-.099	.011	.141	.070	-.038	.076	.171 (*)	-.012	.243 (**)
Acceleration						1	.162 (*)	-.008	.040	.056	.232 (**)	.075	-.175 (*)	-.058	-.055	-.002	-.034	.014
Engine Capacity							1	.097	.175 (*)	.048	.201 (*)	-.059	-.033	-.153 (*)	-.042	-.019	-.035	-.002
HP								1	.492 (**)	.059	-.093	.106	.217 (**)	.214 (*)	.164 (*)	.305 (**)	-.017	.114
Model									1	.133	-.025	.075	.115	.074	-.036	.046	-.066	.107

Table 15 (Contd.)

Factors	Mileage	Price	Maintenance Cost	After Sale Service	Shape	Acceleration	Engine Capacity	HP	Model	Accessories	Luggage	Fuel	Loan	Payment	Brand	Handling	Safety	Spare
Accessories										1	.188 (*)	-.197 (*)	-.098	-.051	-.269 (**)	-.130	-.246 (**)	-.071
Luggage											1	-.072	-.170 (*)	-.107	-.150	-.153	-.036	-.045
Fuel												1	.224 (**)	.000	.156 (*)	.288 (**)	-.042	.164 (*)
Loan													1	.450 (**)	.419 (**)	.450 (**)	-.041	-.094
Payment														1	.328 (**)	.298 (**)	.026	.063
Brand															1	.212 (*)	.122	.101
Handling																1	-.188 (*)	.079
Safety																	1	.038
Spare																		1

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

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

The above table depicts that there exists a positive correlation between the factors like loan facility and terms of payment; model and horse power and brand and loan facility etc. Hence, the manufacturers of small cars should take care of these combinations.

CONCLUSION

The study reveals that in case of each segment of cars, consumers do not consider that all the factors are equally important. In case of purchase of luxury cars, the factors : horse power, model, luggage capacity, accessories and loan facility emerge as the most significant factors and the other important factors are acceleration, maintenance cost, engine capacity, price, after sales service, mileage, shape and terms of payment. The factors like brand, easy handling and safety measures are the least important as far as the purchase of luxury car is concerned.

In case of purchase of medium cars, the study reveals that after sales service, availability of spare parts, model, shape and engine capacity are considered to be most important and the other important factors are mileage, price, accessories and maintenance cost. The factors like fuel efficiency, safety and luggage capacity are the least important factors.

In case of purchase of small cars, the factors like accessories, engine capacity, after sales service and price are considered to be the most significant ones. Amongst the other important factors are: mileage, terms of payment, brand, and terms of loan and horse power. The factors like fuel, safety and maintenance cost are the least important as far as the purchase of small car is concerned.

In the case of luxury cars, there exists a correlation between acceleration and horse power; model and accessories; mileage and shape; maintenance cost and price. In case of medium cars, there exists a correlation between easy handling, loan facilities and terms of payment and price and in case of small cars, there exists a correlation between the loan facility and terms of payment; model and horse power and brand and loan facility etc.

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Conceptualizing Perceived Service Quality in Hotel Industry

Vikas Singla* and Amar Inder Singh*

* Punjab School of Management Studies, Punjabi University, Patiala

Abstract

Given the strategic importance of service quality in hotel industry, this paper investigates the perceptions of customers in hotels of a mid-sized metropolitan city by employing a modified SERVQUAL approach. The study identifies seven factors consisting of 33 variables that an average hotel customer often uses to assess hotel services. The results of the study indicate that tangibility, reliability and responsiveness are the dominant factors while formulating perceptions about the service quality of hotels. It has been suggested that the search for universal conceptualization of the service quality construct may be futile and arguments have been advanced to suggest that service quality is either industry or context specific. The objective of this study is to identify a new and integrated conceptualization of service quality in order to develop favourable service quality perceptions among consumers. Such a framework is needed if the true effects of service quality perceptions are to be better understood by both marketing researchers and practitioners. This study is strategically and managerially important to the hotel industry. From the results of the study, the hotel managers can focus their efforts to provide quality service and facilities that consumers perceive as being important in determining the service quality of the hotels.

INTRODUCTION

Delivering quality service is considered an essential strategy for success and survival in today's competitive environment. During the 1980s, the primary emphasis of both academic and managerial effort focused on determining what service quality meant to customers and developing strategies to meet customer expectations. Since then, many organizations including those whose primary offerings

involve physical goods such as automobiles or computers have instituted measurement and management approaches to improve their service. Quality is an elusive and indistinct construct. Explication and measurement of quality also present problems for researchers who often bypass definitions and use unidimensional self-report measures to capture the concept. While the substance and determinants of quality may be undefined, its importance to firms and consumers is unequivocal. Research has demonstrated the strategic benefits of quality in contributing to market share and return in investment as well as in lowering manufacturing costs and improving productivity. The search for quality is arguably the most important consumer trend, as consumers are now demanding higher quality in products than ever before.

In India, the service sector has been emerging as the dominant component of the economy. Certain types of services have been growing particularly rapidly. The hotel industry is one of them and its potential for growth is quite substantial as the country has a rich heritage, chequered past with its vast remains, apart from the enormous business potential which can attract a huge number of foreign business and leisure travellers. With the increasing growth of communications, improved transportation, better and more widespread education, increased leisure time and more disposable income there is acceleration in the demand for more sophisticated travel and tourism experiences. The competition has intensified and that has put significant pressure on the hotels to perform. Such a scenario has interesting theoretical and practical implication for the service literature, service establishments and especially the hotel industry, which is lucrative in size and fiercely competitive. In particular, it is important to comprehend the dynamics of this industry from the perspective of the customer who is the final arbiter of how much to spend and where, when and what to eat and stay. Therefore, an understanding of the factors that influence service quality ought to be useful in guiding service providers to design and deliver the right offering.

SERVICE QUALITY

Efforts in defining and measuring quality have come largely from the goods sector. Knowledge about goods quality, however, is insufficient to understand service quality. Services require a distinct framework for quality measurement as they are essentially intangible, heterogeneous, perishable and are produced and consumed simultaneously. As against the goods sector where tangible cues exist to enable consumers to evaluate product quality, quality in the service context is explicated in terms of parameters that largely come under the domain of 'experience' and 'credence' properties and are as such difficult to measure and evaluate (Parasuraman et al., 1985).

CONCEPTUALIZATION

The conceptualization and measurement of service quality perceptions have been the most debated and controversial topics in the services marketing literature. In the literature, there has been considerable progress as to how service quality perceptions should be measured but little advance as to what should be measured. Researchers, generally, have adopted one of two conceptualizations. The first is the "Nordic" perspective (Gronroos 1982,1984), which defines the dimensions of service quality in global terms as consisting of functional and technical quality. Functional quality represents how the service is delivered, i.e. it defines customers' perceptions of the interactions that take place during service delivery. Technical quality reflects the outcome of the service act, or what the customer receives in the service encounter. The second, the "American" perspective (Parasuraman et al., 1988), is the disconfirmation paradigm and forms the basis for SERVQUAL model. This model views service quality as the gap between the expected level of service and customer perceptions of the level received. Whereas, Gronroos (1982) suggests two dimensions, Parasuraman et al. (1988) proposes five that describe service encounter characteristics (i.e. reliability, responsiveness, empathy, assurances and tangibles). Although the latter conceptualization dominates the literature a consensus has not evolved as to which if either, is the more appropriate approach. Moreover, no attempt has been made to consider how the differing conceptualizations may be related.

Although it is apparent that perceptions of service quality are based on multiple dimensions, there is no general perception as to the nature or content of the dimensions. Gronroos (1982), Rust and Oliver (1994), Parasuraman et al. (1988, 1985) proposed two, three, five and ten dimensions respectively. Although the SERVQUAL framework has been pursued with some enthusiasm in various service industries, empirical support for the suggested framework has not always been encouraging. Cronin and Taylor (1992) suggested that service quality could be predicted adequately by using perceptions alone. In addition, Carman (1990) suggested that in specific service situations it might be necessary to delete or modify some of the SERVQUAL dimensions. Teas (1993) argued that measuring the gap between expectations and performance could be problematic. However, it is apparent that service quality evaluations are highly complex processes that may operate at several levels of abstraction.

When assessed collectively, the five dimensions of SERVQUAL model are terms that might be used to refine some aspect of service quality. However, our major concern should be the question as to what should be reliable, responsive,

empathetic, assured and tangible if service excellence is to be ensured. From a theoretical perspective, if service quality perceptions represent a latent variable, something specific must be reliable, responsive, empathetic, assured and tangible. Specifically, a conceptualization that recognizes the significance of SERVQUAL factors and defines what needs to be reliable and so forth will respond to the call for identifying the attributes that influence service quality perceptions.

The SERVQUAL scale, consisting of five original dimensions, was originally conceptualized by Parasuraman et al. (1988), it was used to assess four organizations - a bank, a credit card company, a repair and maintenance organization, and a long distance phone service carrier. In these industries customers typically develop long-term relationships with just one organization. Each of these services is also a pure type with little or no physical products exchanging hands. In the hotel industry, only a part of the offering is a service which is intangible and heterogeneous, and where the production and consumption of the product cannot be separated. In this mixed product-service construct and where service assessments are largely experience based (as opposed to healthcare or auto repair organizations where service assessments are credence based), all five original dimensions of SERVQUAL scale need not be included.

Thus, from above observation a view has been adopted that service quality perceptions are multilevel and multidimensional. Carman (1990) noted that customers tend to break service quality dimensions into various subdimensions. Several researchers have suggested that the search for universal conceptualization of the service quality construct may be futile (Lovelock, 1983) and arguments have been advanced to suggest that service quality is either industry or context specific.

The objective of this study is to identify a new and integrated conceptualization of service quality in order to develop favourable service quality perceptions among consumers. Such a framework is needed if the true effects of service quality perceptions are to be better understood by both marketing researchers and practitioners.

SERVICE QUALITY DIMENSIONS AND HYPOTHESIS

A review of service marketing literature reveals many examples of qualitative research. Parasuraman et al. (1985) use it to identify dimensions for the SERVQUAL model and on the basis of qualitative study Bitner and Hubbert (1994) categorize various determinants of critical service encounters. In this paper, qualitative research has been used to identify the dimensions customers consider when evaluating the quality of the interaction, physical environment and outcome

dimensions of a service experience. Several research works carried out on different service activities show that the five dimensions proposed by SERVQUAL do not replicate. While Babakus and Mangold (1992), Cronin and Taylor (1992) and Brown et al. (1993) suggest unidimensionality of SERVQUAL, the number of dimensions found in other replications vary from three to five (McDougal and Levesque, 1994), and ten (Carman, 1990). Thus, the dimensions of service quality that will likely be dominant in hotel industry based on review of literature are:

(1) **Tangibility** dimension in the SERVQUAL literature includes the physical facilities, equipment and appearance of personnel. For hotel industry the tangibility dimension translates into the cleanliness of hotel, availability of parking space, whether equipment and other facilities are up-to-date or not and visual appeal of materials associated like pamphlets and menu cards.

H_1 : Perceptions of the quality of physical environment contribute to service quality perceptions.

(2) **Responsiveness,** as defined by the SERVQUAL literature, is identified as the willingness of the staff to be helpful and to provide prompt service to the customer. The SERVQUAL literature identifies reliability as customers expecting the servers to understand their needs and address them in a timely manner, courteous employees and they adapting services to the needs of their customers.

H_2 : Perceptions of employee behaviour contribute to service quality perceptions.

(3) **Assurance** is defined as employees' knowledge and courtesy and their ability to inspire trust and confidence. The knowledge dimension is expected to be a requisite dimension for most of the employees because managing services with low interaction requires fairly rigid structured standard operating procedures with little discretionary deviation expected of the customer contact employees. Thus, employees in the hotel industry are expected to have basic and routine knowledge of the industry.

H_3 : Perceptions about employee expertise contribute to service quality perceptions.

(4) **Reliability** dimension emphasizes on the degree to which customers can rely on the service provider to keep promises and perform with the best interests of the customers at heart. The SERVQUAL literature identifies reliability as the ability to perform promised services dependably and accurately. For the hotel industry, reliability translates into the freshness and temperature of the food (the promise), and receiving the food error-free and as ordered the first time (dependably and accurately). It also includes certain hotel employees performing the service

right the first time, they show sincere interest in solving customers' problems and they deliver what has been promised.

H_4 : Perceptions of reliable service contribute to service quality perceptions.

(5) Empathy is defined in the SERVQUAL literature as the individualized caring attention that is displayed to each customer. It emphasizes on providing hospitable employee at the front desk, warm and friendly employees and easy availability of employees for specific guest's request.

H_5 : Perceptions of employee attitude contribute to service quality perceptions.

(6) Accessibility and Flexibility dimension is defined as the service provider's ability through its location, operating hours, employees and operational systems, to design and deliver the service to be capable to adjust to the demands and wishes of customers in a flexible way. This dimension is concerned with convenient location of hotel, easy accessibility of employees, flexibility of operating hours like availability of express check-out for guests and accessibility of services as and when required by the customers.

H_6 : Perceptions of accessibility and adjustability of service contribute to service quality perceptions.

(7) Price of the items on the menu can also greatly influence customers because price has the capability of attracting or repelling them, especially since price functions as an indicator of quality (Lewis and Shoemaker, 1997). If the price is high, customers are likely to expect high quality and if the price is low, customers may question the ability of the restaurant to deliver product and service quality. The price dimension emphasizes on whether the prices of services and items like food reflected the quality of meal and service customers require.

H_7 : Perceptions of actual price of service contribute to service quality perceptions.

The dimensions used in this study as well as the items included in each dimension are specifically operational measures of service quality in the hotel industry. For any other industry in the service factory, these items will need to be changed for the measurement to remain operational.

LITERATURE SURVEY

Parasuraman et al. (1985), offered several insights and propositions concernmg consumers' perceptions of service quality. The authors have attempted to define the service quality by reporting the insights obtained in an extensive exploratory investigation of quality in four service businesses and by developing

a model of service quality. The research revealed ten dimensions that consumers use in forming expectations about and perceptions of services dimensions that transcend different types of services. The research also pointed out four key discrepancies or gaps on the service provider's side that are likely to affect service quality as perceived by the consumers.

Buttle (1996) identified a number of theoretical and operational issues regarding the SERVQUAL scale. In his research article the author considered issues of face and constructs validity of overriding importance in the development of instruments such as SERVQUAL. The research revealed that operational criticisms are less significant than the theoretical criticisms which are of such nature that the validity of the instrument must be called into question.

Sohal and Wong (2003) attempted to examine the impact of service quality dimensions on the loyalty of customers of a large-chain departmental store. The research focused on the measurement of perceived service quality rather than the gap analysis. The results showed that service quality is positively associated with customer loyalty and among the dimensions of service quality tangibles has been found to be the most significant predictor of customer loyalty.

Juwaheer (2004) investigated perceptions of international tourists in hotels of Mauritius by employing a modified SERVQUAL approach. She identified nine hotel factors out of 39 hotel attributes and determined the level of satisfaction among international tourists and their overall evaluation of service quality prevailing in the hotels. The study brings out that the overall level of service quality is primarily derived from the reliability factor and the findings have demonstrated that the modified version of the scale is suitable for managers in the hospitality industry.

Andaleeb and Conway (2006) determined the factors that explained customer satisfaction for the restaurant industry using the transaction-specific framework. The results suggest that the model satisfactorily explains customer satisfaction and that full service restaurant owners and managers should focus on responsiveness, price and reliability elements of service quality to treat customer satisfaction as a strategic variable.

Olorunniwo et al. (2006) sought to investigate through the development of an operationalized service quality construct in the context of a service factory, whether the typology to which a service belongs may explain the nature of service quality construct and its relationship to customer satisfaction and behavioural intentions. The study tries to develop a reliable measure of service quality that would be widely usable to most industries that fall under the service factory typology. The results highlight the need not only to operationalize the service quality construct, but also to identify to which typology a service belongs, because

the latter fact may suggest which dimensions of service quality to emphasize for formulation competitive operations strategy.

RESEARCH METHODOLOGY

Research Design

In the first stage, secondary sources were explored to assess past research conducted on service quality in the hotel industry and the literature revealed some of the variables that were industry specific. It was, therefore, necessary to develop measures and Parasuraman et al. (1988) recommendations on scale development were followed. The next stage involved gathering information via qualitative methods from hotel goers. This process helped in identifying and narrowing down the key factors and the related items comprising the factors that explain the construct of service quality in hotel industry. The research design involved designing and testing a questionnaire that was administered to a convenient sample. The process helped in removing ambiguities and eliminating items that did not seem to fit the context, thus, improving the flow of the questions. The universe* of the study, i.e. the total number of hotels in the city was 15 that comprised of two 5-star, five 4-star and eight 3-star hotels. The work is an attempt to assess various variables undertaken to study service quality in hotels in terms of their validity, reliability and methodological soundness.

Measurement

The respondents were asked to evaluate the services of the hotel they have frequented through a questionnaire. It included perceptual measures that were rated on a five-point Likert scale. The design of the questionnaire was based on prior studies on service quality. Each scale item was rated from 1 to 5 with 1 referring to strongly disagree and 5 to strongly agree. Multiple items were used to measure each construct so that their measurement properties could be evaluated on reliability and validity. On the basis of review of the literature, an initial pool of 36 items was generated. The items were assessed for internal consistency by means of coefficient alpha estimates and were factor analyzed using convenience samples. The result was a final group of 33 items to measure the seven constructs in the model.

Sampling

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* Universe : Hotel & Restaurant Guide India 2007, published by FH&RA India.

The hotel industry was used to gather data and the hotels were chosen from a medium-sized metropolitan area. The selection of hotels was based on their star category, which took care of majority of dimensions of service quality being undertaken in the study. The total number of hotels selected for study was six, and using random sampling technique chose one 5-star, two 4-star and three 3-star. Another factor that was considered while selecting hotels was their accessibility. For example, a hotel was chosen as it was close to bus stand and thus easily accessible but provided expensive services. Another hotel was selected which was far away from the bus stand but provided services at a reasonable price.

The survey method was self-completed questionnaires distributed at various locations. Respondents were asked to complete only one survey and they needed to base the answers on their cumulative experiences with the service provider. By using convenient sampling technique a sample of 70 respondents was chosen.

Analysis

The data collected through the questionnaires was analyzed by using factor analysis and other statistical techniques like t-test. The first stage of the process was to determine whether the seven dimensions could be viewed as appropriate indicators of service quality in hotel industry. The second stage assessed the variables underlying the various dimensions. Accordingly, 36 descriptive measures were developed to assess the seven dimensions. This stage tests these variables as well as their relevance in conceptualizing service quality.

The 36 service quality variables were factor analyzed to determine whether there existed underlying dimensions of service quality. The objective of the analysis was to summarize the information contained in the original 36 variables into smaller sets of newly correlated composite dimensions or factors. Only variables with factor loadings of 0.40 (Hatcher, 1994) were considered and other items were excluded. The Cronbach alpha coefficient is used to assess the reliability of the scales. The constructs having Cronbach alpha 0.7 (Nunnally, 1978) or more which suggest a good internal consistency among items within each identified construct were considered. The factors with eigen value equal to or greater than one were considered significant and chosen for interpretation.

RESULTS

Identification of Seven Hotel Service Quality Factors :

Assessing Reliability and Validity of Constructs : The tangibility factor consisted of seven variables and each of these variables was analyzed using factor

Factor 1

Tangibility

State-ment No.	Variable	Factor Loading	t-statistic	Cronbach alpha
1.	The hotel is clean and attractive.	0.71	0.63	0.91
2.	The equipment & physical facilities of hotel are visually appealing and up-to-date.	0.86	0.84	
3.	The employees are neat appearing.	0.70	0.80	
4.	The lobby area is comfortable.	0.35	0.50	
5.	The parking space is adequate.	0.64	0.53	
6.	Materials associated with service like pamphlets and menu cards are visually appealing.	0.72	0.77	
7.	Interior design is attractive.	0.66	0.92	
Eigen Value		3.219		
Eigen Value/No. of Statements		0.4598		

analysis. The factor loadings of all the statements were calculated and it was found that the loading of statement no.4, viz. the lobby area is comfortable, is 0.35 which is less than accepted 0.4 and thus it would be dropped. The eigen value and Cronbach alpha for this factor are 3.219 and 0.91 respectively, which suggests a good internal consistency among items within the identified dimension. The eigen value of the factor was greater than one and indicates that it fits well with the data from all of the respondents on all of the statements. The analysis shows that eigen value / no. of statements explain 0.4598 (or 45.98 per cent) of the variance of the standardized response scores from all the respondents on all the seven statements. The t-test at p-value < 0.05 for the factor loadings was assessed to review convergent validity, i.e. the degree of association between measures of a construct. The t-values suggested that all variables provide good measures to its construct as these values depict no significant difference and thus implying that hypothesis is accepted.

      Assessing Reliability and Validity of Constructs : The responsiveness factor consisted of seven variables and each of these variables was analyzed using factor analysis. The factor loadings of all the statements were calculated and it was found that the loading of statement no.12, viz. room maintenance is adequate, is 0.38 which is less than accepted 0.4 and thus it would be dropped. The eigen value and Cronbach alpha for this factor are 2.921 and 0.90 respectively, which

Factor 2

Responsiveness

State-ment No.	Variable	Factor Loading	t-statistic	Cronbach alpha
8.	The employees are courteous.	0.68	0.44	0.90
9.	The employees give us special attention.	0.69	0.39	
10.	Our requests are handled promptly.	0.76	0.30	
11.	The employees adapt services to our needs. For example, employees communicate with the guests in the language they understand.	0.75	0.49	
12.	Room maintenance is adequate.	0.38	0.40	
13.	The employees adapt well to handle peak customer traffic.	0.50	0.36	
14.	The employees will tell customers exactly when services will be performed.	0.67	0.44	
Eigen Value		2.921		
Eigen Value/No. of Statements		0.4172		

suggests a good internal consistency among items within the identified dimension. The eigen value of the factor was greater than one and indicates that it fits well with the data from all of the respondents on all of the statements. The analysis shows that eigen value/no. of statements explain 0.4172 (or 41.72 per cent) of the variance of the standardized response scores from all the respondents on all the seven statements. The t-test at p-value < 0.05 for the factor loadings was assessed to review convergent validity, i.e. the degree of association between measures of a construct. The t-values suggested that all variables provide good measures to its construct as these values depict no significant difference and thus implying that hypothesis is accepted.

      Assessing Reliability and Validity of Constructs : The assurance factor consisted of four variables and each of these variables was analyzed using factor analysis. The factor loadings of all the statements were calculated and it was found that the loadings of all the statements were greater than 0.4 and thus all were accepted. The eigen value and Cronbach alpha for this factor are 1.8183 and 0.77 respectively, which suggests a good internal consistency among items within the identified dimension. The eigen value of the factor was greater than one and indicates that it fits well with the data from all the respondents on all the statements. The analysis shows that eigen value/no. of statements explain 0.4545 (or 45.45 per

Factor 3

Assurance

State-ment No.	Variable	Factor Loading	t-statistic	Cronbach alpha
15.	The employees' knowledge of hotel procedures makes me feel comfortable.	0.63	0.90	0.77
16.	The employees provide adequate information about hotel facilities like computer system and exercise equipment.	0.73	0.87	
17.	The customers feel safe in their transactions.	0.71	0.84	
18.	The employees are consistently courteous with customers.	0.62	0.86	
Eigen Value		1.8183		
Eigen Value/No. of Statements		0.4545		

cent) of the variance of the standardized response scores from all the respondents on all the four statements. The t-test at p-value < 0.05 for the factor loadings was assessed to review convergent validity, i.e. the degree of association between measures of a construct. The t-values suggested that all variables provide good measures to its construct as these values depict no significant difference and thus implying that hypothesis is accepted.

Assessing Reliability and Validity of Constructs : The reliability factor consisted of five variables and each of these variables was analyzed using factor analysis. The factor loadings of all the statements were calculated and it was found that the loading of all the statements were greater than 0.4 and thus all were accepted. The eigen value and Cronbach alpha for this factor are 1.7792 and 0.83 respectively, which suggests a good internal consistency among items within the identified dimension. The eigen value of the factor was greater than one and indicates that it fits well with the data from all of the respondents on all the statements. The analysis shows that eigen value / no. of statements explain 0.3558 (or 35.58 per cent) of the variance of the standardized response scores from all the respondents on all the five statements. The t-test at p-value < 0.05 for the factor loadings was assessed to review convergent validity, i.e. the degree of association between measures of a construct. The t-values suggested that all variables provide good measures to its construct as these values depict no significant difference and

Factor 4

Reliability

State-ment No.	Variable	Factor Loading	t-statistic	Cronbach alpha
19.	The employees provide error free records like receipts.	0.62	0.72	0.83
20.	The front desk employee has sound knowledge about the service rules like accurately verifying the reservation requests.	0.55	0.62	
21.	The hotel completes task of what has been promised to guests.	0.59	0.65	
22.	When customers have a problem, employees show sincere interest in solving it.	0.61	0.70	
23.	The employees perform the service right the first time and every time.	0.61	0.67	
Eigen Value		**1.7792**		
Eigen Value/No. of Statements		**0.3558**		

thus implying that hypothesis is accepted.

Assessing Reliability and Validity of Constructs : The empathy factor consisted of five variables and each of these variables was analyzed using factor analysis. The factor loadings of all the statements were calculated and it was found that the loading of statement number 28, viz. the employees give customers individual attention, is 0.36 which is less than accepted 0.4 and thus it would be dropped. The eigen value and Cronbach alpha for this factor are 1.7068 and 0.73 respectively, which suggests a good internal consistency among items within the identified dimension. The eigen value of the factor was greater than one and indicates that it fits well with the data from all the respondents on all the statements. The analysis shows that eigen value / number of statements explain 0.3414 (or 34.14 per cent) of the variance of the standardized response scores from all of the respondents on all the four statements. The t-test at p-value < 0.05 for the factor loadings was assessed to review convergent validity, i.e. the degree of association between measures of a construct. The t-values suggested that all variables provide good measures to its construct as these values depict no significant difference and thus implying that hypothesis is accepted.

Assessing Reliability and Validity of Constructs : The accessibility and

Factor 5

Empathy

State-ment No.	Variable	Factor Loading	t-statistic	Cronbach alpha
24.	The hotels have guests' best interest at heart.	0.66	0.90	0.73
25.	The hotels provide service to instil confidence in the guests like ensuring safety of men and material.	0.54	0.79	
26.	The hotels have staff who gives guests personal attention.	0.70	0.81	
27.	The staff of hotels understands specific needs of customers.	0.60	0.83	
28.	The employees give customers individual attention.	0.36	0.80	
Eigen Value		1.7068		
Eigen Value/No. of Statements		0.3414		

flexibility factor consisted of four variables and each of these variables was analyzed using factor analysis. The factor loadings of all the statements were calculated and it was found that the loadings of all the statements were greater than 0.4 and thus

Factor 6

Accessibility & Flexibility

State-ment No.	Variable	Factor Loading	t-statistic	Cronbach alpha
29.	The hotel is conveniently located.	0.59	0.32	0.71
30.	The employees are easily accessible when needed.	0.49	0.31	
31.	Operating hours are flexible. For example, express check-out is available for guests.	0.52	0.25	
32.	Services are accessible as and when customers demand.	0.56	0.23	
Eigen Value		1.1722		
Eigen Value/No. of Statements		0.293		

all were accepted. The eigen value and Cronbach alpha for this factor are 1.1722 and 0.71 respectively that suggests a good internal consistency among items within the identified dimension. The eigen value of the factor was greater than one and indicates that it fits well with the data from all the respondents on all the statements. The analysis shows that eigen value / no. of statements explain 0.293 (or 29.3 per cent) of the variance of the standardized response scores from all the respondents on all the four statements. The t-test at p-value < 0.05 for the factor loadings was assessed to review convergent validity, i.e. the degree of association between measures of a construct. The t-values suggested that all variables provide good measures to its construct as these values depict no significant difference and thus implying that hypothesis is accepted.

Assessing Reliability and Validity of Constructs : The price factor consisted of four variables and each of these variables was analyzed using factor analysis. The factor loadings of all the statements were calculated and it was found that the loadings of all the statements were greater than 0.4 and thus all were accepted. The

Factor 7

Price

State-ment No.	Variable	Factor Loading	t-statistic	Cronbach alpha
33.	Prices of services availed were competitive.	0.65	0.70	0.72
34.	Prices of services and items like food reflected the quality of meal and services you require.	0.71	0.78	
35.	Food items were expensive.	0.57	0.90	
36.	You paid more than you had planned.	0.51	0.87	
Eigen Value		1.5116		
Eigen Value/No. of Statements		0.3779		

eigen value and Cronbach alpha for this factor are 1.5116 and 0.72 respectively, which suggests a good internal consistency among items within the identified dimension. The eigen value of the factor was greater than one and indicates that it fits well with the data from all the respondents on all the statements. The analysis shows that eigen value / no. of statements explain 0.3779 (or 37.79 per cent) of the variance of the standardized response scores from all the respondents on all the four statements. The t-test at p-value < 0.05 for the factor loadings was assessed

to review convergent validity, i.e. the degree of association between measures of a construct. The t-values suggested that all variables provide good measures to its construct as these values depict no significant difference and thus implying that hypothesis is accepted.

Discriminant Validity

A higher correlation found between two different measures of the same variable than that found between the measure of a variable and other variables implies the presence of discriminant validity (i.e. the degree to which items of constructs are distinct). Discriminant validity has been empirically assessed by using confidence interval test. Discriminant validity is said to be satisfied if a 95 per cent confidence interval of the inter-factor correlation between two constructs does not include an absolute value of one. The correlations among all the constructs are presented in the following table.

Though some of the correlation coefficients were found to be relatively

	Tangi-bility	Respon-siveness	Assur-ance	Relia-bility	Empathy	Accessi-bility & Flexibility	Price
Tangibility	1.00						
Responsiveness	0.67	1.00					
Assurance	0.58	0.72	1.00				
Reliability	0.46	0.57	0.63	1.00			
Empathy	0.42	0.40	0.46	0.55	1.00		
Accessibility & Flexibility	0.56	0.64	0.67	0.62	0.56	1.00	
Price	0.05	0.19	0.31	0.27	0.14	0.29	1.00

high, the 95 per cent confidence interval test for the inter-factor correlation was not found to include one. As a result, this confidence interval test lends support to the discriminant validity of the studied constructs.

CONCLUSIONS AND MANAGERIAL IMPLICATIONS

This study developed a service quality scale for hotel industry, which tries to address some basic issues like what defines service quality perceptions and how service quality perceptions are formed. The service quality framework developed in the study requires managerial attention in efforts to improve consumer perceptions

of service quality. Seven subscales were identified as the first order dimensions of service quality in the context of service factory under study. These subscales measure Tangibility, Responsiveness, Assurance, Reliability, Empathy, Accessibility & Flexibility, and Price. The present study was dictated by the fact to develop a reliable measure of service quality that would be widely used in the service industry. The results highlight the need to operationalize the service quality construct, as it would suggest which dimensions of service quality to emphasize for training service employees and for formulating competitive operations strategy.

In order to successfully operate a hotel that gives customer a satisfactory experience, hotel managers need to understand what customers want and how they assess the hotel service quality. The present study compiled a list of 36 service quality items grouped into seven factors that an average hotel customer often uses to assess hotel services. Concentrating on the seven identified service quality factors, the tangibility and responsiveness factors with higher than 0.90 Cronbach alpha values were considered to be slightly more important than other factors. For the dimension of responsiveness, frontline service providers in a hotel need to give customers special attention and handle hotel guests' requests promptly. By keeping hotels' physical environment clean and attractive and employing up-to-date technology the hotel managers can improve the dimension of tangibility. The assurance dimension of service quality is significant largely for credence based industries such as healthcare, legal services, or auto repair, that have a higher degree of risk per purchase and where the outcome of the service encounter is neither easy to predict, nor well understood. In the hotel industry, the customer's risk is low given the purchase price, the outcome of the service, and the alternatives available. Hence, assurance is not likely to be as important in this industry. Yet it is acknowledged that elements of assurance - knowledge and courtesy - are important, but may have contextually modified meanings. Similarly, empathy is defined in the SERVQUAL literature as the individualized caring attention that is displayed to each customer. This dimension is more applicable to industries where "relationship marketing" as opposed to "transaction marketing" is critical to the organization's survival. These types of industries need personnel that can offer "high technical" advice and/or develop important business alliances where empathy can play a vital role. However, the need to demonstrate empathy in the context of hotels, especially for contact personnel such as a server in a busy dinner rush when one is typically waiting on 20 or more people at a time, may be fleeting at best. Instead, reliable and responsive services may be more desirable for restaurants when provided in a pleasing environment. Reliability has been regarded as one of the most critical factor for customers based on both direct measures and importance weights derived

from regression analysis (Parasuraman et al., 1988). The SERVQUAL literature identifies reliability as the ability to perform promised services dependably and accurately. Responsiveness, as defined by the SERVQUAL literature, is identified as the willingness of the staff to be helpful and to provide prompt service to the customer. In the service factory, customers expect the servers to understand their needs and address them in a timely manner. Price and Accessibility & Flexibility factors are also considered to be important factors especially in the context of developing economies. The customers tend to correlate quality of service with the price. Thus, pricing policies play an important role in establishing service quality.

The potential applications of the study are numerous. From a strategic standpoint, the conceptualization can be used to categorize customers across the various dimensions. Segment profiles then can be created to identify areas of core competency as well as service deficiencies. From a competitive standpoint, the identified variables can be used to compare service levels with competitors' offerings. The conceptualization of service quality carried out in this study enable managers to devote resources to improving either service quality collectively or specific aspects of the service act. In the application of SERVQUAL, the findings suggest that delivering reliable, responsive and empathetic service is indeed related to improved service quality perceptions. With this kind of focused information, managers not only can diagnose service failures but also can isolate their origins.

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Recent Trends in Indian Primary Capital Market

Neelam Dhanda* and Anuradha Sheokand*

* Department of Commerce, Kurukshetra University, Kurukshetra

Abstract

The economic development process requires capital for infrastructure development for the industrial growth of the country. Indian government is making best possible efforts to create infrastructure for economic development process since independence. The capital formation process in the country depends upon the Gross Domestic Production, Per Capita Income and the Efficiency of Capital Markets. Capital markets have two interdependent segments, i.e. Primary Capital Market and Secondary Capital Market. Primary capital market is popularly known as New Issue Market. It operates in any economy to translate the savings of different sectors into capital and help in capital formation in the economy. The present paper makes an attempt to describe the important trends in respect of Indian Primary Capital Market (New Issue Market) based upon the analysis of published data.

INTRODUCTION

Financial system of a country plays a significant and effective role in the development of its economy. The role of the financial system is to promote saving and investment in the economy and to enlarge these resources flowing into the financial assets that are more productive than the physical assets. The capital market has significant role to play in this context being a part of the financial system. It provides the financial resources needed for the long-term and sustainable development of the different sectors of the economy.

An organized and well-developed capital market operating in a free market economy ensures best possible co-ordination and balance between the flow of savings on the one hand and the flow of investment leading to capital formation

on the other. It facilitates liquidity and marketability to the outstanding equity and debt instruments. An efficient capital market ensures the measures of safety and fair dealing to protect investors' interests.

Capital market is divided into two segments, i.e. Primary Capital Market (New Issue Market) and Secondary Capital Market (Stock Market). Shares are made available for the first time to investing public through the new issue market. The issuer may be a new company or an existing company. The primary capital market deals with the new securities while the outstanding securities are traded in the secondary market, which is commonly known as stock market. Secondary capital market is a mechanism, which provides liquidity, transferability and continuous price formation of securities to enable investors to buy and sell them with ease.

REVIEW OF LITERATURE

Aggarwal (2006) justified that financial integration helps in the growth of capital market in respect of developing countries but it may adversely affect the volatility of share prices and stock market efficiency if capital market reforms are not appropriate. The results of the study indicate that the Indian capital market has grown significantly in terms of size and liquidity since the beginning of capital market reforms in 1992-93. However, the regression results do not support the random walk model of market efficiency.

Bhole (1995) studied major trends, changes, problems and issues relating to primary and secondary market over a period of forty years and further suggested various reforms for restoring the health of the capital market.

Bose (2005) has examined that regulatory infrastructure of Indian securities market and effectiveness of some of the regulatory provisions that have been evolved for tackling market misconduct. An attempt was made to see that what comes in the way of regulatory action aimed at investor protection in India as compared with USA. It suggests that there remains a need to ensure that laws/regulations are rationalized to empower SEBI completely to carry out its functions as the principal regulator, while SEBI in turn needs to drastically upgrade its surveillance process enabling it to produce evidence that is credible enough to secure conviction.

Gupta and Biswas (2006) examines the development and efficiency of Indian capital market during the post liberalization period and conducted that the process of reforms has led to a pace of growth of Indian stock market almost unparallel in the history of any country. Ironically, this market suffers from the menace of over-speculation and excessive price fluctuations, which are in fact fiercer than many of its counterparts. These vices are sufficient to defeat the basic

purpose of financial liberalization where the society in effect authorizes the financial system to mobilize and allocate resources.

Raju M.T. (2004) has studied keeping in view the principles and objectives, Securities and Exchange Board of India (SEBI) has been framing regulations guidelines and also changing them from time to time to make Indian market a modern, safe, fair and efficient one.

RESEARCH METHODOLOGY

Primary capital market /new issue market provides capital for meeting the growing capital requirements of the different industries. Its functioning affects the level of investor confidence in the capital markets. Moreover, the global developments are affecting the growth and development of the economy including the regulation and working of the capital markets. The present study is an attempt to identify some of the important changes that have taken place in the recent past particularly after opening up of the Indian economy.

OBJECTIVES OF THE STUDY

The paper is an attempt to identify the developments in the recent years in respect of Indian Primary Capital Market. The specific objectives of the paper are :

- To study the trends in Indian Primary Capital market in terms of number and types of issues.
- To analyse the composition of amount raised through public and rights issue along with sector-wise contribution.
- To identify major industrial sectors attracting capital from the New Issue Market.
- To analyse the size-wise distribution of new issues during the study period and make recommendations based on the analysis.

PERIOD OF THE STUDY

The period for the present study ranges from 1997-98 to 2005-06. This period has been chosen because Indian primary capital market experienced various ups and downs during this period. Moreover, SEBI Annual Reports do not provide adequate information for the selected parameters before 1997-98.

SOURCES AND ANALYSIS OF DATA

The study is based on the classification and analysis based on the

published data available in respect of Indian primary capital market. The sources of data include the Annual Reports of SEBI. The collected data has been examined with the help of statistical tools and techniques such as averages, time series and percentage.

INDIAN PRIMARY CAPITAL MARKET & REGULATORY FRAMEWORK

Primary Capital Market/New Issue Market

The new issue market deals with the 'new' securities offered to the public for the first time by the corporate sector. New issues in the primary capital market can be placed as Public offer, Offer for sale, Private placement and Rights issue.

Public Offer

The most popular method for floating the issue in new issue market is through a legal document called "prospectus". This involves direct sale of securities to public.

Offer for Sale

It is the method of floatation of share through an "intermediary" and "indirectly" through an issue house for conversion of the private company into public company.

Private Placement

It involves selling securities privately to the group of investors.

Rights Issue

It is the method of raising funds from the existing shareholders by offering additional securities to them on a pre-emptive basis.

FUNCTIONS OF PRIMARY CAPITAL MARKET

The functions of the new issue market can be split into three distinct services, i.e. origination, underwriting and distribution of new securities.

Origination means investigation, analysis and processing of New Issue Proposal. The preliminary investigations include the careful study of technical, economical, financial and legal aspects of the project and company. Moreover, new issue market renders the advisory services, to improve the quality of capital issues.

Underwriting means a promise made by a third party (mainly a merchant banker) to the company issuing securities that underwriter will try to sell off

securities and if a part of securities remain unsold, the underwriter will itself subscribe to those securities.

Distribution is selling of securities to the ultimate investor. It is a specialized job, which can be best performed by brokers and dealers in securities, who maintain direct and regular contact with ultimate investor.

REGULATORY FRAMEWORK

The four main legislations governing the securities market are : (a) The Companies Act, 1956 which sets out the code of conduct for the corporate sector in relation to issue, allotment, transfer of securities, and disclosures to be made in public issues; (b) The Securities Contracts (Regulation) Act, 1956 which provides for regulation of transactions in securities through control over stock exchanges; (c) The SEBI Act, 1992 which establishes SEBI to protect investors and develop and regulate securities market. Prior to May 1992, the Controller of Capital Issue (CCI) had a strong control over the Indian capital market as a regulatory authority. Now SEBI regulates both the primary capital market and secondary market; and (d) The Depositories Act, 1996 which provides for electronic maintenance and transfer of ownership of demat securities.

REGULATORY REFORMS IN INDIAN PRIMARY CAPITAL MARKET

The development and reforms in Indian primary market since 1992 can be summarized as follows :

- The Securities and Exchange Board of India (SEBI) was set up in 1988 under an administrative arrangement. It was given statutory powers with the enactment of the SEBI Act, 1992.
- SEBI introduced regulation for primary and secondary market intermediaries bringing them within the regulatory framework.
- Reforms by SEBI in the primary market include improved disclosure standards, introduction of prudential norms, and simplification of issue procedures. Companies are required to disclose all material facts and specific risk factors associated with their projects while making public issue.
- SEBI introduces a 'Code of Advertisement' for public issues to ensure fair and truthful disclosures.
- 'New Issue Procedures' introduced book building for institutional investors in mid-1999 to reduce the cost of issue.
- SEBI has stipulated that underwriting is mandatory for all public

issues of equity capital. But in September 1994, SEBI had done away with the requirement of compulsory underwriting.

- SEBI gave up Vetting of Public Issue Offer Document. SEBI's comments on Offer Document, if any, will be communicated within 21 days of filing as is the case with rights issues.

- Indian companies were permitted to access international capital market through Euro Issues.

- Multiple categories of merchant bankers to be abolished and there shall be only one entity, viz. Merchant Banker. Presently, the merchant banker is allowed to perform underwriting activity but required to seek separate registration to function as a Portfolio Manager under the SEBI (Portfolio Manager) Rules and Regulation, 1993.

- Only body corporates are allowed to function as merchant bankers.

- A listed company is required to meet the entry norm only if the post-issue net worth becomes more than five times the pre-issue net worth.

- Unlisted company allowed to freely price its securities provided it has shown net profit in the immediately preceding three years subject to its fulfilling the existing disclosure requirements.

- SEBI has now issued consolidated guidelines on Disclosures & Investor Protection Guidelines 2000 vide its circular No. 1, dated 19-1-2000. These guidelines shall be applicable to all public issues by listed and unlisted companies, all offers for sale and rights issues by listed companies whose equity share capital is listed, except in case of rights issues where the aggregate value of securities offered does not exceed Rs. 50 lac.

GROWTH AND DEVELOPMENT OF INDIAN SECURITIES MARKET

Today, the Indian capital market is one of the most technologically developed in the world and is at par with other developed capital markets abroad. Technology has changed the face of the stock market. New trading system, new stock exchanges, new players, new instruments, and new markets have come into existence. All the exchanges are fully computerized and offer 100 per cent on-line share trading. The Indian securities market has developed and grown voluminously on several counts such as the number of stock exchanges, intermediaries and institutional investors, the number of listed stocks, market capitalization, trading volumes and turnover on stock exchanges has been presented in Table 1.

The table reveals the growth of Indian securities market from 1994 to 2006. Selected indicators of securities market are presented in this table. Total brokers of cash market segment have increased from 6413 in 1994 to 9335 in 2006 and the

number of sub-brokers have also increased from 202 to 23479 during the same period. Total listed companies in BSE have increased from 3585 to 4796 in 2006 and Average daily turnover on BSE is Rs. 3248 crore in 2006. The market capitalization on BSE grew eight-fold during the study period. The market capitalization is estimated at Rs. 3022190 crore on BSE and Rs. 2813201 crore on NSE at the end of March 2006. In derivatives segment of capital market, two premier stock exchanges, namely, NSE and BSE provide trading platforms for derivative transaction. Presently, NSE dominates the derivatives market in India with a share of over 99 per cent in the total turnover as well as number of contracts. Foreign Institutional Investors (FIIs) increased six-fold from 1994 to 2006. Cumulative net investment by FIIs grew from Rs. 1638 crore in 1994 to Rs. 45259 crore in 2006.

Table 1

Growth of Indian Securities Market (1994 and 2006)

(As on 31st March)

Cash Market Segment	1994	2006
Stock Exchanges	21	22
Brokers	6413	9335
Corporate Brokers	143	3961
Sub-brokers	202	23479
Listed Companies in BSE	3585	4796
Average Daily Turnover on BSE (Rs. in crore)	387.8	3248
Market Capitalization on BSE (Rs. in crore)	368071.0	3022190.0
Listed Companies in NSE	-	1016
Average Daily Turnover on NSE (Rs. in crore)	-	6253
Market Capitalization on NSE (Rs. in crore)	-	2813201.0
Derivatives Segment		
Contracts on BSE	-	203
Turnover on BSE (Rs. in crore)	-	9.00
Contracts on NSE	-	157619271
Turnover on NSE (Rs. in crore)	-	4824250.0
Investors		
Foreign Institutional Investors (FIIs)	158	882
Cumulative Net Investment by FIIs (US $ million)	1638	45259.0
Net Resources Mobilized by Mutual Funds (Rs. in crore)	11243.2	52,779.0

Source : Handbook of Statistics on the Indian Securities Market, SEBI Annual Report 2006

GROWTH & DEVELOPMENT OF INDIAN PRIMARY CAPITAL MARKET

The industrial securities market has experienced significant growth, diversification and innovations since independence. The major developments and growth witnessed recently in the Indian primary capital market were the results of repeal of Capital Issues (Control) Act, abolition of the office of the Controller of Capital Issues and consequent introduction of free pricing of public issues. In a market economy, primary securities market segment of capital market plays a significant role in helping the mobilization of capital and investment formation. The growth and development of primary capital markets in India has been studied covering various dimensions such as the number of new issues, amount of capital mobilized, sector-wise break-up of number of issues, industry-wise break-up of the issues etc.

Table 2

Category-wise Number of Issues

Years	No. of Issues		
	Public Issue	**Rights Issue**	**Total**
1997-98	62 (55.86)	49 (44.14)	111
1998-99	32 (55.17)	26 (44.83)	58
1999-00	65 (69.89)	28 (30.11)	93
2000-01	124 (82.12)	27 (17.88)	151
2001-02	20 (57.14)	15 (42.86)	35
2002-03	14 (53.85)	12 (46.15)	26
2003-04	35 (61.40)	22 (38.60)	57
2004-05	34 (56.67)	26 (43.33)	60
2005-06	103 (74.10)	36 (25.90)	139

Source : Compiled from Annual Reports of SEBI.

Note : The figures given in parentheses indicate percentage to the total.

Category-wise Number of Issues

Resources are mobilized through public and rights issues in primary capital market. The growth of primary market in terms of number of issues is presented in Table 2.

The total number of issues categorized on the basis of public issues and rights issues indicate that the percentage share of public issues has been high as compared to the percentage share of rights issues during different years of the study period. The total number of issues in respect of Indian primary capital market ranges from 26 to 151 in different years. The total number of issues have been the lowest in 2002-03, while the number has been the highest for the financial year 2000-01 followed by 2005-06 with 139 issues.

Finally, the trends in terms of number of issues in primary market do not reveal any consistency. Moreover, the percentage share of public and rights issues has also been different during the study period.

Amount Raised Through Public and Rights Issue

Number of issues may not be explaining the true state of affairs explaining the growth in respect of Indian primary capital market. Further, information has been collected in terms of the amount of capital raised. The new issue may consist of the public offer or rights issue. Information relating to amount of capital raised through public and rights issues is presented in Table 3.

The total amount raised through public and rights issue has been increasing. The amount of capital raised has been the lowest for the financial year 2002-03 and highest for the financial year 2004-05. Regarding the proportionate share of public and rights issue, it is observed that the amount raised through public issue has been more as compared to the amount raised through the rights issue. The percentage share of amount raised through rights issue has been ranging from 4.33 per cent to 37.37 per cent during the study period. The analysis of amount raised through public and rights issues shows that public issues continued to dominate the amount of capital raised during the study period.

Sector-wise Distribution of Issues

Indian economy follows the model of mixed economy for its growth which shows the co-existence of public sector, private sector and the joint sector. The sector-wise break-up of the amount raised in the primary capital market during the study period has been presented in Table 4.

Sector-wise distribution of issues indicates the share of private sector, joint sector and public sector in total number of issues. The share of private

Table 3

Amount Raised Through Public and Rights Issues

(Amount in Rs. crore)

| Years | No. of Issues | | |
	Public Issue	Rights Issue	Total
1997-98	2861.94 (62.63)	1708.01 (37.37)	4569.95
1998-99	5018.90 (89.84)	567.56 (10.16)	5586.46
1999-00	6256.51 (80.04)	1560.24 (19.96)	7816.75
2000-01	5378.39 (88.06)	729.41 (11.94)	6107.79
2001-02	6501.81 (86.20)	1041.26 (13.80)	7543.07
2002-03	3638.68 (89.40)	431.61 (10.60)	4070.29
2003-04	22,265.00 (95.67)	1007.00 (4.33)	23,272.00
2004-05	24640.00 (87.20)	3616.00 (12.80)	28,256.00
2005-06	23294.00 (85.07)	4088.00 (14.93)	27,382.00

Source : Compiled from Annual Reports of SEBI.

Note : The figures given in parentheses indicate percentage to the total.

sector has ranged from 65 per cent to 98 per cent during different years of study period. Public sector enjoys the second place in this regard while the number of issues in the joint sector has been nominal.

The sector-wise classification of the number of issues explains that the ongoing liberalization process in the economy has not left the Indian capital markets untouched. The sector-wise classification of capital mobilized reveals that the private sector companies enjoy their growing importance in terms of amount of capital raised. Moreover, the sector-wise percentage share of amount has also been different during the study period.

Table 4

Sector-wise Amount Raised

(Amount in Rs. crore)

Years	Private Sector	Joint Sector	Public Sector	Total
1997-98	3820.97 (83.61)	31.11 (0.68)	717.87 (15.71)	4569.95
1998-99	5483.14 (98.14)	33.02 (0.59)	70.83 (1.27)	5586.99
1999-00	7602.69 (97.26)	14.06 (0.18)	200.00 (2.56)	7816.75
2000-01	5892.58 (96.48)	0.00 -	215.21 (3.52)	6107.79
2001-02	6601.12 (87.51)	0.00 -	941.96 (12.49)	7543.08
2002-03	1895.52 (46.57)	1.77 (0.043)	2173.0 (53.39)	4070.29
2003-04	3756.00 (16.14)	993.00 (4.27)	18522.00 (79.59)	23,271.00
2004-05	17,162..00 (60.74)	0.00 -	11094.00 (39.26)	28,256.00
2005-06	20,199.00 (73.77)	0.00 -	7183.00 (26.23)	27,382.00

Source : Compiled from Annual Reports of SEBI.

Note : The figures shown in parentheses indicate percentage to the total.

Sector-wise Amount Raised

The sector-wise number of issues raised provide very little information regarding the growth of Indian primary capital market. The more important information may be the sector-wise break-up of the capital raised. The position of sector-wise break-up of capital mobilized has been presented in Table 5.

The analysis of sector-wise resource mobilization shows that the private sector leads in mobilizing the highest amount as compared to the public and joint sector during different years under study. Sector-wise analysis shows that both in terms of number of issues and capital raised, the private sector dominates the primary market except the financial year 2003-04. Public sector raised 79.59 per cent of total amount raised in this particular year. The percentage share of amount raised in the joint sector has been nominal during the study period.

Table 5

Sector-wise Amount Raised

(Amount in Rs. crore)

Years	Private Sector	Joint Sector	Public Sector	Total
1997-98	3820.97 (83.61)	31.11 (0.68)	717.87 (15.71)	4569.95
1998-99	5483.14 (98.14)	33.02 (0.59)	70.83 (1.27)	5586.99
1999-00	7602.69 (97.26)	14.06 (0.18)	200.00 (2.56)	7816.75
2000-01	5892.58 (96.48)	0.00 -	215.21 (3.52)	6107.79
2001-02	6601.12 (87.51)	0.00 -	941.96 (12.49)	7543.08
2002-03	1895.52 (46.57)	1.77 (0.04)	2173.0 (53.39)	4070.29
2003-04	3756.00 (16.14)	993.00 (4.27)	18522.00 (79.59)	23,271.00
2004-05	17,162.00 (60.74)	0.00 -	11094.00 (39.26)	28,256.00
2005-06	20,199.00 (73.77)	0.00 -	7183.00 (26.23)	27,382.00

Source : Compiled from Annual Reports of SEBI.

Note : The figures given in parentheses indicate percentage to the total.

Industry-wise Distribution of Issue

The need of the capital depends upon the performance and growth potential of any industry. The industry-wise break-up of the number of issues raised has been listed in Table 6.

Table 6

Industry-wise Distribution of Issues

Years	Banking/ FIs	Cement	Chemi- cal	Finance	IT	Telecom	Textile	Total
1997-98	8 (14.29)	5 (8.93)	7 (12.5)	22 (39.29)	1 (1.79)	1 (1.79)	12 (21.43)	56
1998-99	15 (39.47)	4 (10.53)	2 (5.26)	8 (21.10)	5 (13.16)	0 -	4 (10.53)	38
1999-00	15 (22.73)	3 (4.55)	4 (6.06)	3 (4.55)	36 (54.50)	1 (1.52)	4 (6.06)	66
2000-01	13 (10.74)	2 (1.65)	5 (4.13)	10 (8.26)	89 (73.55)	2 (1.65)	0 -	121
2001-02	14 (48.28)	2 (6.90)	3 (10.34)	1 (3.45)	6 (20.69)	1 (3.45)	2 (6.90)	29
2002-03	13 (68.42)	1 (5.26)	1 (5.26)	1 (5.26)	3 (15.79)	0 -	0 -	19
2003-04	11 (32.25)	0 -	8 (23.53)	2 (5.88)	9 (26.47)	0 -	4 (11.76)	34
2004-05	12 (42.85)	2 (7.14)	4 (14.29)	3 (10.71)	5 (17.86)	2 (7.14)	0 -	28
2005-06	12 (20.00)	11 (18.33)	2 (3.33)	7 (11.67)	15 (25.00)	0 -	13 (21.67)	60

Source : Compiled from Annual Reports of SEBI.

Note : The figures shown in parentheses indicate percentage to the total.

Seven major industries including Banking / Financial Institutions, Cement, Chemical, Finance, IT, Telecom, and Textiles emerged as major industries obtaining capital from the new issue market. The analysis of the table indicates that Banking/ Financial Institutions continued to dominate the primary market in terms of number of issues except the year 2000-01 because IT industry opened the highest 89 issues which were 73.55 per cent of total issues because it was a boom period and global developments must have affected the structure and growth of different industries in India. Finally, the trends in terms of number of issues industry-wise in primary market do not reveal any consistency.

Industry-wise Amount Raised

Along with the number of issues, information relating to the amount of capital raised in respect of selected industries is presented in Table 7.

Table 7

Industry-wise Amount Raised

Years	Banking/ FIs	Cement	Chemi- cal	Finance	IT	Telecom	Textile	Total
1997-98	2241.82	22.23	226.48	73.71	8.52	5.07	418.32	2996.15
	(74.82)	(0.74)	(7.56)	(2.46)	(0.28)	(0.17)	(13.96)	
1998-99	4738.00	199.02	36.5	75.29	46.92	0.00	121.54	5217.27
	(90.81)	(3.81)	(0.07)	(1.44)	(0.90)	-	(2.33)	
1999-00	4038.55	336.87	181.33	124.28	1547.0	75.00	67.69	6370.73
	(63.39)	(5.29)	(2.85)	(1.95)	(24.28)	(1.78)	(1.06)	
2000-01	3139.28	82.28	31.53	439.92	803.54	922.16	0.00	5418.71
	(57.93)	(1.52)	(0.58)	(8.12)	(14.83)	(17.01)	-	
2001-02	5141.96	26.61	186.76	32.82	38.02	834.02	126.44	6386.63
	(80.51)	(0.42)	(2.92)	(0.51)	(0.60)	(13.06)	(1.98)	
2002-03	3442.72	30.35	15.60	29.52	227.27	0.00	0.00	3745.46
	(91.92)	(0.81)	(0.42)	(0.79)	(6.07)	-	-	
2003-04	5428.00	0.00	2085.00	71.00	804.00	0.00	61.00	8449.00
	(64.24)	-	(24.68)	(0.84)	(9.52)	-	(0.72)	
2004-05	11,311.0	169.00	128.00	116.00	5095.0	25.00	0.00	16844.0
	(67.15)	(1.00)	(0.76)	(0.69)	(30.25)	(0.15)	-	
2005-06	12,439.0	1020.0	128.00	824.00	902.00	0.00	771.00	16804.0
	(74.02)	(6.07)	(0.76)	(4.90)	(5.37)	-	(4.59)	

Source : Compiled from Annual Reports of SEBI.

Note : The figures given in parentheses indicate percentage to the total.

The analysis provides that banking/financial institutions continued to dominate the total amount raised from primary market but the amount of capital raised for the Cement industry has been very low. This may be due to the fact that there are limited players in the field in this industry. So, it is concluded that industry-wise share of funds mobilized depends on the growth of a particular sector, its performance in the economy and its resources requirement for growth and expansion.

Size-wise Distribution of Issues

Table 8 provides information on size-wise distribution of new issues opened in primary market.

Table 8

Size-wise Distribution of Issues

Years	= < 5cr.	=>5cr.& <10 cr.	=>10cr& <50 cr.	=>50cr.& <100 cr.	=>100cr& < 500 cr.	=>500 cr.	Total
1997-98	52 (46.85)	26 (23.42)	15 (13.51)	06 (5.41)	10 (9.00)	02 (1.80)	111
1998-99	15 (25.86)	09 (15.52)	14 (24.14)	09 (15.52)	08 (13.79)	03 (5.17)	58
1999-00	19 (20.43)	15 (16.13)	26 (27.96)	14 (15.1)	17 (18.28)	02 (2.15)	93
2000-01	66 (43.71)	25 (16.56)	34 (22.52)	8 (5.30)	16 (10.6)	2 (1.32)	151
2001-02	3 (8.57)	3 (8.57)	8 (22.86)	3 (8.57)	14 (40.0)	4 (11.4)	35
2002-03	2 (7.69)	1 (3.85)	10 (38.5)	0 -	13 (50.00)	0 -	26
2003-04	6 (10.52)	5 (8.77)	16 (28.1)	5 (8.8)	17 (29.8)	8 (14.0)	57
2004-05	2 (3.33)	5 (8.33)	17 (28.3)	11 (18.3)	17 (28.3)	8 (13.3)	60
2005-06	6 (4.32)	4 (2.9)	47 (33.8)	33 (23.74)	40 (28.78)	9 (6.47)	139

Source : Compiled from Annual Reports of SEBI.

Note : The figures given in parentheses indicate percentage to the total.

Size-wise distribution of new issues explains that issues of different size have accessed the market in the different years. Though there are clusters between above Rs. 100 crore & below Rs. 500 crore and Rs. 10 crore & Rs. 50 crore, these clusters are highly concentrated. The number of issues of all the other size groups witnessed significant improvement except below Rs. 5 crore and above Rs. 5 crore & below Rs. 10 crore category which recorded marginal decline. Majority of the issues opened in both categories above Rs. 10 crore & below Rs. 50 crore and above Rs. 100 crore & below Rs. 500 crore. So, it may be concluded that the

small players are loosing their relevance in recent years.

Size-wise Amount of Capital Raised

The trends in terms of number of issues according to size in primary market do not reveal any consistency. Instead of just concentrating upon the number of issues, information relating to amount of capital raised through these categories is presented in Table 9.

Table 9

Size-wise Amount Raised

Years	= < 5 cr.	=>5 cr. & <10 cr.	=>10 cr. & <50 cr.	=>50cr. & <100cr.	=>100cr &< 500cr.	=>500 cr.	Total
1997-98	121.63 (2.66)	176.60 (3.86)	367.48 (8.04)	420.39 (9.20)	1934.56 (42.33)	1549.29 (33.90)	4569.95
1998-99	34.87 (0.62)	63.05 (1.13)	296.46 (5.31)	581.24 (10.40)	2360.84 (42.26)	2250.00 (40.28)	5586.46
1999-00	52.52 (0.67)	105.11 (1.34)	629.32 (8.05)	996.46 (12.75)	4460.04 (57.06)	1573.60 (20.13)	7816.75
2000-01	185.94 (3.04)	165.38 (2.71)	763.94 (12.51)	506.91 (8.30)	3099.22 (50.74)	1386.40 (22.70)	6107.79
2001-02	7.71 (0.10)	19.57 (0.26)	199.41 (2.64)	176.73 (2.34)	4506.12 (59.73)	2634.02 (34.92)	7543.56
2002-03	6.64 (0.16)	7.83 (0.19)	255.37 (6.27)	0.00 –	3800.45 (93.37)	0.00 –	4070.29
2003-04	15.00 (0.05)	36.00 (0.15)	330.00 (1.42)	351.00 (1.51)	4571.00 (19.64)	17968.00 (77.21)	23,271.0
2004-05	3.00 (0.01)	44.00 (0.16)	461.00 (1.63)	723.00 (2.56)	3594.00 (12.72)	23431.00 (82.92)	28,256.0
2005-06	20.00 (0.07)	32.00 (0.12)	1325.00 (4.84)	2189.00 (7.99)	8309.00 (30.35)	15,501.0 (56.63)	27,381.0

Source : Compiled from Annual Reports of SEBI.

Note : The figures given in parentheses indicate percentage to the total.

The table indicates that the amount of capital raised during different years have varied range. The per cent age share of funds raised to total funds raised is more in the issue size of Rs. 100 crore and above. Though the amount of funds raised was restricted up to Rs. 5 crore in respect of some new issues in the market.

While concluding, it can be said that issues of different sizes have accessed the market during different years.

MAJOR FINDINGS

SEBI has taken several initiatives to improve the operational efficiency and transparency in the primary market in India. It attempts to induce investors' confidence with issues of high quality and for the corporate sector a market where they can raise resources in a cost effective manner. However, despite these measures the primary market remained lackluster.

In primary market, resources are mobilized through public and rights issues. The analysis of published data relating to the number of issues raised indicates a declining trend. The analysis based upon the amount of capital raised by public and rights issues has shown increased mobilization of funds during the study period.

Private sector companies were on the top in opening the new issues in primary capital market in India during the study period. Sector-wise analysis shows that both in terms of number of issues and capital raised, the private sector dominates the primary market. This may be the impact of ongoing liberalization process being adopted by Indian economy.

Industry-wise break-up of funds mobilized indicates that banking/financial institutions sector continued to dominate the primary market both in terms of number of issues and amount raised. The public sector dominates India's banking sector. This can be attributed mainly to comprehensive banking sector reforms process initiated in 1991 to enhance its efficiency and commercial orientation.

Size-wise analysis shows that issues of different sizes have accessed the market in different years. Though there are clusters between above Rs. 100 crore & below Rs. 500 crore, and above Rs. 10 crore & below Rs. 50 crore, these clusters are highly concentrated .

SUGGESTIONS

To realize national aspirations keeping pace with the changing times, the capital market in India has gone through various stages of development, bringing about fundamental and structural changes in the market design and operations, resulting in broader investment choices, drastic reduction in transaction costs, and improved efficiency, transparency, safety and integration with the global capital markets.

The sluggish trend in primary equity markets needs to be reversed by restoring investors' confidence in the market. Secondary market trading needs to

be broad based and various intermediaries both in primary and secondary capital market should be strengthened to confirm to international standards. Auctions and book building need to be seriously looked at as means of determining pricing of new issues. These would not only result in market-oriented and realistic prices but would also help bringing down the cost of raising funds.

In future, special attention should be given to monitor the utilization of funds raised through new issue market. This will enhance the confidence of the investing public at large and will provide boom to the capital market in India.

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Organizational Culture and its Impact on Organizational Effectiveness : An Empirical Study of Selected Textile Units of Northern India

Sanjeev K. Sharma* and Aditi Sharma*

* University Business School, Panjab University, Chandigarh - 160014

Abstract

Textile industry is the harbinger of overall development of the economy as it plays a pivotal role due to its contribution in the industrial output, employment generation and foreign exchange earnings. The industry accounts for approximately 20 per cent of the country's total industrial production, and contributes approximately 4 per cent to the GDP. The industry being highly labour intensive provides direct employment to nearly thirty million people and is the second highest employer in the country. Thus, it was thought prudent to study the organizational culture and its impact on effectiveness of the organization. The research methodology adopted in the present research is an amalgamation of qualitative and quantitative methods. The present study has been undertaken on the textile industry in the states of Himachal Pradesh and Punjab through a sample of one hundred eighty employees was taken for the study. Findings reveal that organizational culture does have a positive impact on the organizational effectiveness of an organization.

Key Words

Organizational Culture, Organizational Effectiveness, Textile industry, OCTAPACE, Productivity, flexibility.

INTRODUCTION

Textile industry is one of the few industries of India which is self-reliant and complete in value addition, i.e. from raw material to the highest value added products – garments/made-ups. Therefore, the growth and development of this

industry has a significant bearing on the overall development of the economy. The Indian textile industry occupies an important place in the economy of the country because of its contribution to the industrial output, employment generation and foreign exchange earnings. Clothing is one of the most basic of human needs and its international trade one of the oldest. The Indian textile sector has its roots going back several thousand years.

The industry accounts for approximately 20 per cent of the country's total industrial production, and contributes approximately 4 per cent to the GDP. The industry being highly labour intensive provides direct employment to nearly thirty million people and is the second highest employer in the country. The textile industry in India consists of 1864 cotton and man-made fiber mills, excluding SSI, handloom, or powerloom sector. India has several advantages in the textile sector including abundant availability of raw material and cheap labour. The factors like lower raw material costs, wastage costs and labour costs, flexibility in production due to fragmented industry structure, and availability of low cost skilled labour, provide a comparative advantage to Indian textile industry. However, there are problems like low productivity levels upsetting the low labour costs advantage.

The industry is undergoing a transformation due to the phasing out of quantitative restrictions and dismantling of tariff barriers which aim at complete integration of textile trade. In such a turbulent environment, the textile industry is required not only to fight for their share in the international textile trade on equal footing, without guarantee of access through quota regime, but also to protect their territory in domestic market where foreign textiles and garment players have started entering the vast Indian market (Aggarwal and Singla, 2006).

In view of these significant developments the industry needs to realize the importance of organizational culture and its significant impact on their performance. Several researchers like Wilkins and Ouchi (1983), Saffold (1988), Marcoulides and Heck (1993), Sorensen (2002) have pointed out that organizational culture has a significant influence on the overall performance of an organization.

CONCEPTUAL FRAMEWORK

Organizational Culture

The word 'culture' originated from the Latin word 'colere', which means to build on, to cultivate and to foster (Gupta, 2007). The elements of company culture originate with the founder or other early influential leaders who articulate the values, beliefs, and principles to which the company should adhere. Kejriwal and Krishnan (2004) noted that the thought processes, implicit assumptions, beliefs and

attitudes of leaders could be meaningfully studied when these are interwoven into a composite whole by a cultural thread. Culture is a fuzzy construct; a behavioural and ideational system which is acquired and transmitted from generation to generation (Triandis et al., 1986). Each organization creates a unique institutional culture, some aspects of which are explicit, others implicit.

Culture includes a multitude array of shared beliefs, norms, ontological assumptions, and values that are instantiated in everyday social practices (Schwartz, 1994). Schein (1992) noted that cultures are interrelated sets of assumptions and are multidimensional in nature. A company's culture is manifested in the values and business principles that management preaches and practices, in employees' attitudes and behaviour, in the legends people repeat about happenings in the organization. Beyer and Trice (1993) described a number of specific manifestations of organizational culture as given in Table 1.

Table 1

Manifestations of Culture

Rite	:	A relatively elaborate, dramatic set of activities that combine various forms of cultural expressions and often has both practical and expressive consequences.
Ritual	:	A standardized, detailed set of techniques and behaviours that manage anxieties, but seldom produces intended, practical consequences of any importance.
Myth	:	A dramatic narrative of imagined events, usually used to explain origins or transformations of something.
Sage	:	A historical narrative describing object (usually in heroic terms) the unique accomplishment of a group and its leaders.
Legend	:	A narrative of some wonderful event that has a historical basis but has been embellished with fictional details.
Story	:	A narrative based on true events – often a combination of truth and fiction.
Folktale	:	A completely fictional narrative.
Symbol	:	Any object or event that serves as a vehicle for conveying meaning.
Language	:	Particular manners in which members of a group use vocal sounds and written signs to convey meanings to one another.
Gesture	:	Movements of parts of the body used to express meanings.
Physical	:	Those things that physically surround people and provide them with immediate sensory stimuli as they carry out culturally expressive activities.
Artefact	:	Material objects manufactured by people to facilitate culturally expressive activities.

Smirich (1983) pointed out that both functionalists and interpretive scholars have written about and produced studies on organizational culture. She argued that the two groups understand organizational culture in entirely different ways. To a functionalist, culture is something that an organization has and which works as a control mechanism to shape behaviour. It is considered a physical reality, directed by actions of senior management. The interpretivist sees culture "as the essence of organizational life". It is considered as a process of enactment, a mental state which is reproduced by all members through sharing of meanings. Corporate culture perceived this way is not limited to the "mission statements", "corporate credos", and other slogans but also includes the daily practices of organizational life (Morgan, 1997). Organizational culture has been defined in many different ways, the majority of these definitions emphasize the collectively shared, historically based, symbolic and inherently fuzzy characteristics of culture (Beyer and Trice, 1993).

Kluckhorn (1954) defined culture as a patterned manner of thinking, feeling and reacting, which is acquired and communicated through symbols and embodied in artefacts. Hofstede (1980) defined culture as the set of mental programs that control an individual's response in a given context. Schein (1992) defined organizational culture as 'a pattern of basic assumptions – invented, discovered or developed by a given group as it learns to cope with the problems of external adaptation and internal integration that has worked well enough to be considered valid and therefore, to be taught to the new members as the correct way to perceive, think, and feel in relation to these problems'.

Schneider (1987) proposed that individuals may be attracted to organizations they perceive as having values akin to their own. The values and attitudes of managers significantly influence the functioning and effectiveness of the organization. Effective organizations use values to structure information in order to provide both a focus and a reminder as the values highlight the most critical information while de-emphasizing less salient issues (Clampitt, 2001). The successful organizations consider the ideal employees as those who have internalized the organizations culture into their cognitive and affective make-up (Peters and Waterman, 1982).

Organizational performance has been related with the type of culture an organization has such as a strong culture or weak culture. The strength of the culture is ascertained through the homogeneity, length, stability and intensity of group membership. In other words, the higher the sharedness and commitment to the core values, the stronger the culture. Strong cultures are based on two characteristics: higher levels of agreement among employees about what's valued

and high levels of intensity about these values. If both are high, a strong culture exists; and if both are low the organization has a weak culture. Strong corporate cultures are widely dispersed, deeply ingrained and give rise to uniform behavioural patterns and values among organizational units regardless of geographic, functional or business boundaries (Burack, 1991). Building a strong organizational culture requires three steps: instilling commitment towards a common goal, rewarding competence, and maintaining consistency by attracting and retaining the right people (Hickman and Silva, 1985). Successful organizations, over a period of time are believed to possess a strong and well-defined culture (Denison, 1990).

Organizational Effectiveness

Organizations are a collection of individuals who come together for the accomplishment of certain goals and objectives. Every aspect of an organization is determined by the competence, motivation and effectiveness of its employees. The ability of the organization to survive and respond to competitive challenges can be sustained and mobilized only if the organization has competent, efficient and highly motivated manpower. Therefore, it can be assumed that the effectiveness of the organization depends on the nature of human resources it possesses.

Mott (1972) defined organizational effectiveness as "the ability of an organization to mobilize its centers of power to produce, adapt to change and cope with emergencies". On the basis of his research on five non- business organizations, Mott related organizational characteristics to productivity, adaptability and flexibility as well as to a combine score of these three indices to organizational characteristics. He divided the determinants of organizational characteristics into two broad categories : (i) organizational characteristics, and (ii) behavioural characteristics. It was found that certain aspects like objectives, rules, policies and guidelines were significantly related to organizational effectiveness. A strong relationship between functional integration and effectiveness was also indicated. The effectiveness of an organization and its people depend on the extent to which each perform their role and act towards the common goals and objectives (Oakland, 1999).

Organizational effectiveness is a term that is more comprehensive than is reflected by mere good performance and productivity of members, or the financial success indicators of assets acquisition and profits. Organizational effectiveness reflects how effectively the organization can discharge its obligations with respect to all its constituencies in its internal and external environment including employees shareholders, customers, suppliers, government agencies and the general public (Sekaran, 1989). It has been stressed that while conducting or comparing organizational effectiveness studies, it should be clearly specified that whether it

is the predictor variables or the indicator variables of effectiveness that are the focus of interest to the researcher (Cameron, 1986).

Thus, the variables determining organizational effectiveness can be distinguished as: individual related variables, group-level variables, and organizational level variables. These variables are inter-related and interact with each other in a dynamic fashion.

Based on the review of existing literature on organizational effectiveness, Campbell (1977) presented two general models, viz. the goal centered model and the natural system model. Campbell presented taxonomy of thirty criteria that have been proposed as measures of organizational effectiveness. Cameron and Whetton (1983) concluded that there cannot be one universally accepted model of effectiveness as the construct involves management of paradoxes. It has been suggested that all variables need to be operationalised in any given study.

A CRITIQUE ON EXISTING LITERATURE

Ogbonna and Harris (2000) examined the relationship between organizational culture and leadership, and revealed that the relationship between leadership and organizational performance was mediated by the organizational culture present in the organization.

Rosenthal (2002) discussed the importance of a value based culture. Such a culture was shaped by a clear set of guiding principles for making decisions and prioritizing actions. A value based culture enabled employees to have a common understanding about making decisions, helped workers to do right things and improved the brand integrity of the firm. To create such a valuable culture, the author recommended the following steps : (a) defining the purpose of organization, (b) communicating purpose and values to the employees, (c) acting as a model through putting the values into action, (d) aligning the business practices with culture, and (e) inspiring through trust.

Chatman and Cha (2003) focused on the importance of strong organizational culture and its use as a leadership tool for enhancing the performance of the organizations. The three key leadership tools to manage and change organizational culture were : (1) recruitment and selection of people that fit the culture, (2) culture management through socialization and training, and (3) culture management through the reward system. To succeed in implementing these tools, the leaders should instil confidence among its employees and there should be clarity about key cultural values of the organization. The authors concluded that a leader's primary role includes developing and maintaining an effective culture as it is the culture that helps or hinders the organization's ability to execute its

strategic objectives.

Fey and Denison (2003) studied the link between organizational culture and performance in foreign-owned companies operating in Russia. The survey of one hundred seventy-nine firms revealed somewhat different results than those results that were obtained in U.S.A. firms. These differences were attributed to the functional incompleteness, sub-cultures, time perspective and co-ordination.

Nazir (2006) determined the relationship between person-culture fit, socialization and employee commitment. The data was collected from one hundred thirty-five new recruits and sixty-nine senior employees working in public, private and foreign owned banks. Standardized tools such as Organizational Culture Profile (O'Reilly et al., 1991), Organizational Commitment Scale (O'Reilly and Chatman, 1986) and Socialization Practices Scale (Pascale, 1985) were used to collect the data. An overall profile of the culture of each bank was developed by averaging the individual responses of the group. The results of the study indicated that the banks which are primarily service-oriented need to focus on socialization practices which in turn would lead to strong cultures and employee commitment.

Denison et al. (2004) proposed a model of organization culture that linked organization culture and organization effectiveness. The model identified four different cultural traits (involvement, consistency, adoptability and mission) that are related to different criteria of effectiveness. It was assumed that the organizational culture of each firm was unique and therefore difficult to measure and generalize about. Two separate studies explored the links between organization culture and effectiveness through the cross cultural studies. The first study examined the data from 230 organizations drawn from different industries in North America, Asia and Europe, Mid-East and Africa. The second study examined 218 organizations from seven countries: Canada, Australia, Brazil, USA, Japan, Jamaica and South Africa. The results indicated the correlation between dimensions of corporate culture and overall effectiveness for the three regions, North America Asia and Europe, Mid-East and Africa. In the second study a high level of similarity in five countries indicating correlation between performance ratings and cultural scores was observed. The authors emphasized upon the importance of determining the link between company culture and effectiveness and also the generalizability and applicability of a model to a wide range of organizations.

Venkatapathy and Priyadarshini (2003) studied the impact of HRD on organizational effectiveness in the banking sector. The two instruments, namely, (a) The Human Resource Development Questionnaire (HRDQ), and (b) The Organizational Effectiveness Questionnaire (OEQ) were used. A sample of 324 respondents was administered to the questionnaires. A 2×2 analysis of variance

was used to find the relationship and interaction between performance and ownership variables and the effect of interaction of the factors was also analyzed. Correlation technique was applied to study the relationship between HRD and organizational effectiveness. The results indicated that the top performing banks scored high on HRD practices and components of organizational effectiveness thereby implying that HRD practices enhance organizational effectiveness. It was concluded that high extent of HRD practices and better performance go hand in hand, and positively affect the organizational effectiveness and performance of banks. The authors recommended the strengthening of HRD practices to improve organizational effectiveness in low performing banks.

Bhargavi et al. (2006) measured the association between Employee Contentment (EC), Customer Satisfaction (CS) and Organizational Effectiveness on a sample of five hundred employees of small and medium firms. The results revealed that the employee satisfaction had non-significant negative relationship with customer satisfaction as well as with organizational effectiveness. But customer satisfaction was found to have positive correlation with organizational effectiveness.

Although numerous studies have emphasized culture's instrumental value, there is still absence of any comprehensive theory of how organizational culture may influence organizational effectiveness. Research on the link between organizational culture and effectiveness is also limited due to the lack of agreement about the appropriate measures of effectiveness. The available research on culture does not consider organizational effectiveness as an objective, and very little attention has been paid to linking organizational culture and organizational effectiveness.

The relationship between the two can de studied from two perspectives: the instrumentality of organizational culture in generating, improving, or maintaining organizational effectiveness (Lawler et al., 1974); and determining most the effective means of managing organizational culture. Also, the specific aspects of organizational culture in relation to effectiveness need in-depth study.

RESEARCH METHODOLOGY

A review of approaches to understand organizational culture reveals sizeable differences in the methodologies used to measure it. The cultural research methodology can be broadly classified into two : (a) qualitative research methods; and (b) quantitative research methods. The qualitative research methodology mainly includes ethnography research methodology. Qualitative methods are used when it is not meaningful to express the collected data in

numbers. A quantitative method implies that the data can be expressed in numbers and analyzed with statistical tools (Bryman, 2001).

The research methodology adopted in the present research is an amalgamation of qualitative and quantitative methods. While the survey research was used to measure the cultural dimensions, the interviews were conducted to solicit the suggestions of the respondents for improvisations in the existing culture.

The present study has been undertaken on the textile industry in the states of Himachal Pradesh and Punjab. A sample of one hundred eighty employees was taken for the study. Only the permanent employees working in the organizations were included in the survey. All the departments of the organizations including human resource, finance, accounts, sales, production, and marketing were included in the survey. Selection of the employees was done through consultation with the head of human resource department. The primary data was collected with the help of standardized questionnaires.

DESCRIPTION OF THE INSTRUMENTS USED

(a) Octapace Profile (Pareek, 1989)

The OCTAPACE profile is a forty item questionnaire that measures the organization's ethos in eight values. The values include openness, confrontation, trust, authenticity, proaction, autonomy, collabouration and experimentation. The questionnaire is divided into two parts. In the first part, there are twenty-four statements comprising three statements of each of the eight values. The respondents are required to check on a four-point scale how much each item is valued in the organization. The second part contains sixteen statements on beliefs and contains two statements on each of the eight values. The respondents check on a four-point scale how widely each of the value is shared in the organization.

For scoring, the items marked with asterisk are first reversed so that 4 becomes 1, 3 becomes 2, 2 becomes 3 and 1 becomes 4. This makes all items unidirectional. The rows are then added. The eight rows represent the eight aspects (octapace) in the same order. The scores on each aspect range from 5 to 20.

The split half reliability of the OCTAPACE profile was 0.81 and the alpha coefficient was 0.90.

(b) Organizational Effectiveness Questionnaire (Banerjee and Srivastava, 1997)

The questionnaire assesses the extent of perceived behavioural effectiveness

of production and non-production (service) organizations. There are fifty-six statements in the questionnaire. The respondents are required to mark their responses on a five-point Likert scale ranging from strongly agree to strongly disagree. The scores obtained on each statement are added to obtain a composite score and is the total score thus obtained is divided by total number of respondents filling the questionnaire to obtain the score of the organization. Content and factorial validity of the instrument has been established .

DATA ANALYSIS

The objective of the study was to find out the impact of organizational culture on organizational effectiveness. In order to find out the perceptions of managers of selected textile units means and standard deviations of the individual units were calculated. Thereafter to find out the degree of association between the two, the correlation matrices were drawn.

(a) Analysis of the Values of Organisational Culture and Effectiveness

Aggregate average of all respondents of the textile units under study on the dimensions of organizational effectiveness were computed and have been presented in Table 2.

Table 2

Scores on Various Dimensions of Organisational Culture

Dimension	Mean Score	Std. Deviation
Openness	3.44	0.65
Confrontation	3.41	0.64
Trust	3.35	0.69
Authenticity	2.87	0.80
Proaction	3.42	0.70
Autonomy	3.28	0.75
Collaboration	3.12	0.67
Experimentation	3.31	0.70

The above table shows that the value of openness (mean = 3.44) is considered most important across all managerial levels in different textile units under study. Hence, it can be inferred that the sharing of information across all managerial levels, both vertically and horizontally, is promoted in the textile units under study.

Table 3 shows that the respondent managers perceive their organizations to be more adaptable (mean=3.09) followed by the dimensions of productivity (mean= 3.08) and flexibility (mean = 3.05). The study shows that the managers believe the organizations need to be adaptable to changing environments. Cameron

Table 3

Scores on Various Dimensions of Organisational Effectiveness

Dimension	Mean Score	Std. Deviation
Productivity	3.08	0.96
Adaptability	3.09	1.02
Flexibility	3.05	1.03

(1984) suggested that adaptation is necessary for the organizations to meet the demands of post-industrial environment. As the environment becomes more turbulent the organizations are required to be good at adaptations to survive.

(b) Analysis of the Correlation between Various Dimensions of Organisational Culture and Effectiveness

The correlation between openness and adaptability shows a positive association between the cultural value of openness and adaptability. Thus, it can be inferred that the managers in the textile industry perceive that if there is more sharing of information, both vertically as well as horizontally, it would lead to more adaptability in the organizations.

Table 4

Correlations between Adaptability and Openness

	Correlations		
		Adaptability	**Openness**
Adaptability	Pearson Correlation	1.000	0.325(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Openness	Pearson Correlation	0.325(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

From Table 5, it can be inferred that there is a positive correlation between openness and productivity. Therefore, it can be said that the managers believe that if the organization encourages openness, it would lead to increased productivity of an organization.

Table 5

Correlations between Productivity and Openness

	Correlations		
		Openness	**Productivity**
Openness	Pearson Correlation	1.000	0.267(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Productivity	Pearson Correlation	0.267(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

From the correlation Table 6, it can be inferred that there is a positive correlation between openness and flexibility. Thus, it can be assumed that the cultural values of openness and flexibility of an organization are perceived to be having a close association.

Table 6

Correlation between Openness and Flexibility

	Correlations		
		Openness	**Flexibility**
Openness	Pearson Correlation	1.000	0.304(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Flexibility	Pearson Correlation	0.304(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

It can be inferred from Table 7 that there is a positive correlation between confrontation and adaptability. Therefore, it can be assumed that the managers believe that confrontation leads to adaptable organizations.

Table 7

Correlation between Confrontation and Adaptability

Correlations			
		Confrontation	**Adaptability**
Confrontation	Pearson Correlation	1.000	0.365(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Adaptability	Pearson Correlation	0.365(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

Table 8 reveals that there is a positive correlation between confrontation and productivity. Hence, it can be stated that the managers perceive that confrontation and productivity are linked to each other.

Table 8

Correlation between Confrontation and Productivity

Correlations			
		Confrontation	**Productivity**
Confrontation	Pearson Correlation	1.000	0.314(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Productivity	Pearson Correlation	0.314(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

Table 9 provides that there is a strong positive correlation between confrontation and flexibility. Therefore, it can be inferred that the managers believe that confrontation leads to flexibility in organizations.

Table 9

Correlation between Confrontation and Flexibility

	Correlations		
		Confrontation	**Flexibility**
Confrontation	Pearson Correlation	1.000	0.378(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Flexibility	Pearson Correlation	0.378(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

Table 10 clearly shows that there is a positive correlation between trust and flexibility. Thus, it can be said that the managers perceive that if the members of an organization trust one another, the organization can handle emergency situations more effectively.

Table 10

Correlation between Trust and Flexibility

	Correlations		
		Trust	**Flexibility**
Trust	Pearson Correlation	1.000	0.489(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Flexibility	Pearson Correlation	0.489(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

Table 11 brings out that there is a strong positive correlation between trust and productivity. Hence, it can be stated the managers feel that higher levels of trust among employees help organizations to become more productive.

Table 11

Correlation between Trust and Productivity

Correlations		Trust	Productivity
Trust	Pearson Correlation	1.000	0.414(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Productivity	Pearson Correlation	0.414(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

The following table presents that there is a strong positive correlation between trust and adaptability. Hence, the managers strongly feel that if there is a greater degree of trust among employees it would lead to more adaptable organizations. In a trusting environment the employees are more inclined to accept changes in a more positive way.

Table 12

Correlation between Trust and Adaptability

Correlations		Trust	Adaptability
Trust	Pearson Correlation	1.000	0.452(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Adaptability	Pearson Correlation	0.452(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

Table 13 evidently shows that there is a positive correlation between authenticity and adaptability. Hence, it can be assumed that the managers perceive a weak association between authenticity and adaptability.

Table 13

Correlation between Adaptability and Authenticity

		Adaptability	Authenticity
	Correlations		
		Adaptability	**Authenticity**
Adaptability	Pearson Correlation	1.000	0.174(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Authenticity	Pearson Correlation	0.174(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

Table 14 clearly explains that there is a positive correlation between authenticity and productivity. Hence, it can be deduced that the managers believe that there is a weak association between cultural value of authenticity and productivity of an organization.

Table 14

Correlation between Authenticity and Productivity

		Authenticity	Productivity
	Correlations		
		Authenticity	**Productivity**
Authenticity	Pearson Correlation	1.000	0.172(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Productivity	Pearson Correlation	0.172(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

Table 15 highlights that there is a positive correlation between authenticity and flexibility. Thus, it can premised that the managers believe that there is weak association between authenticity and flexibility.

Table 15

Correlation between Authenticity and Flexibility

		Authenticity	Flexibility
	Correlations		
		Authenticity	**Flexibility**
Authenticity	Pearson Correlation	1.000	0.267(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Flexibility	Pearson Correlation	0.267(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

From the correlation Table 16, we can infer that there is a strong positive correlation between proaction and flexibility. Henceforth, it can be said that managers perceive that proaction leads to more flexible organizations. In other words, if the managers act to situations in an empathetic way, it would enable the organization to respond to changes in a more flexible manner.

Table 16

Correlation between   Flexibility and Proaction

		Flexibility	Proaction
	Correlations		
		Flexibility	**Proaction**
Flexibility	Pearson Correlation	1.000	0.409(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Proaction	Pearson Correlation	0.409(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

From Table 17, it can be interpreted that there is a positive correlation between proaction and productivity. However, the managers do not believe that proaction leads to increased adaptability though both of them are associated to each other.

Table 17

Correlation between Proaction and Productivity

Correlations		Proaction	Productivity
Proaction	Pearson Correlation	1.000	0.370(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Productivity	Pearson Correlation	0.370(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

From the following table, we can infer that there is a strong positive correlation between proaction and adaptability. Thus, it can be said the managers believe that proaction increases the adaptability of an organization.

Table 18

Correlation between Proaction and Adaptability

Correlations		Proaction	Adaptability
Proaction	Pearson Correlation	1.000	0.408(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Adaptability	Pearson Correlation	0.408(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

Table 19 depicts that there is a positive correlation between autonomy and adaptability. Thus, it can be observed that the managers feel that although both autonomy and adaptability have a positive association yet autonomy to employees does not alone make the organization more adaptable.

Table 19

Correlation between Autonomy and Adaptability

		Correlations	
		Adaptability	**Autonomy**
Adaptability	Pearson Correlation	1.000	0.182(**)
	Sig. (2-tailed)	–	0.014
	N	180	180
Autonomy	Pearson Correlation	0.182(**)	1.000
	Sig. (2-tailed)	0.014	–
	N	180	180

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

It can be inferred from the following table that there is a positive correlation between autonomy and productivity. Thus, it can be said that weak association between autonomy and productivity in the textile units under study reflects that managers do not perceive autonomy to employees is linked to productivity of an organization.

Table 20

Correlation between Autonomy and Productivity

		Correlations	
		Autonomy	**Productivity**
Autonomy	Pearson Correlation	1.000	0.156(**)
	Sig. (2-tailed)	–	0.037
	N	180	180
Productivity	Pearson Correlation	0.156(**)	1.000
	Sig. (2-tailed)	0.037	–
	N	180	180

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

Table 21 clearly explains that there is a positive correlation between autonomy and flexibility. A weak association reveals that the managers do not feel that freedom (autonomy) to employees makes an organization more flexible.

Table 21

Correlation between Autonomy and Flexibility

		Correlations	
		Autonomy	**Flexibility**
Autonomy	Pearson Correlation	1.000	0.192(**)
	Sig. (2-tailed)	–	0.010
	N	180	180
Flexibility	Pearson Correlation	0.192(**)	1.000
	Sig. (2-tailed)	0.010	–
	N	180	180

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

From the following correlation table, we can infer that there is a positive correlation between collabouration and adaptability. Thus, it can be said that the mangers perceive that there is a weak association between cultural value of collabouration and adaptability.

Table 22

Correlation between Collaboration and Adaptability

		Correlations	
		Collaboration	**Adaptability**
Collaboration	Pearson Correlation	1.000	0.231(**)
	Sig. (2-tailed)	–	0.002
	N	180	180
Adaptability	Pearson Correlation	0.231(**)	1.000
	Sig. (2-tailed)	0.002	–
	N	180	180

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

Table 23 provides that there is a positive correlation between collaboration and productivity. Hence, it can be stated that the managers do not perceive that collaboration has any substantial link with productivity.

Table 23

Correlation between Collaboration and Productivity

		Collaboration	Productivity
	Correlations		
		Collaboration	**Productivity**
Collaboration	Pearson Correlation	1.000	0.219(**)
	Sig. (2-tailed)	–	0.003
	N	180	180
Productivity	Pearson Correlation	0.219(**)	1.000
	Sig. (2-tailed)	0.003	–
	N	180	180

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

It is evident from Table 24 that there is a strong positive correlation between collabouration and flexibility. Thus, the managers do not perceive that collabouration is closely associated to flexibility.

Table 24

Correlation between Collaboration and Adaptability

		Collaboration	Adaptability
	Correlations		
		Collaboration	**Adaptability**
Collaboration	Pearson Correlation	1.000	0.272(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Adaptability	Pearson Correlation	0.272(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

From the following table, we can infer that there is a positive correlation between experimentation and adaptability. Thus, it can be premised that the managers feel experimentation and innovation are not very closely linked to adaptability.

Table 25

Correlation between Experimentation and Adaptability

	Correlations		
		Experimentation	**Adaptability**
Experimentation	Pearson Correlation	1.000	0.399(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Adaptability	Pearson Correlation	0.399(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

A glance at Table 26 provides that there is a positive correlation between experimentation and productivity. Hence, it can stated that the managers do not perceive that experimentation and productivity of an organization are closely interlinked.

Table 26

Correlation between Experimentation and Productivity

	Correlations		
		Experimentation	**Productivity**
Experimentation	Pearson Correlation	1.000	0.379(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Productivity	Pearson Correlation	0.379(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

From the following table, we can observe that there is a positive correlation between experimentation and flexibility. However, the managers feel that though experimentation and flexibility are associated to each other, but the degree of association is not very strong.

Table 27

Correlation Between Experimentation And Flexibility

	Correlations		
		Experimentation	**Flexibility**
Experimentation	Pearson Correlation	1.000	0.386(**)
	Sig. (2-tailed)	–	0.000
	N	180	180
Flexibility	Pearson Correlation	0.386(**)	1.000
	Sig. (2-tailed)	0.000	–
	N	180	180

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

IMPLICATIONS OF THE FINDINGS

The correlation tables show a weak association between openness and all the three dimensions of organizational effectiveness, viz. productivity (r=0.267), adaptability (r=0.325) and flexibility (r=0.304). Similarly, the correlation between confrontation and productivity (r=0.314), adaptability (r=0.365) and flexibility (r=0.378) is also weak. However, the correlation between the cultural value of trust and productivity (r=0.414), adaptability (r=0.452) and flexibility (r=0.489) is quite high. There is a low correlation between the dimension of authenticity and productivity (r=0.172), adaptability (r=0.174) and flexibility (r=0.267). The correlation between proaction and productivity is weak (r=0.370), yet strong in case of adaptability (r=0.408) and flexibility (r=0.409). The correlation between autonomy and the three dimensions of organizational effectiveness are again weak, productivity (r=0.156), adaptability (r=0.182) and flexibility (r=0.192). Similarly, low correlation exists between collabouration and productivity (r=0.219), adaptability (r=0.231) and flexibility (r=0.272). The correlation between experimentation and productivity (r=0.379), adaptability (r=0.399) and flexibility (r=0.386) is also weak.

Thus, it can be said that organizational culture does have a positive impact on the organizational effectiveness of an organization. The present study reflects that there is a positive association between the two variables. Hence, it

can be assumed that organizational culture plays a critical role in affecting the overall effectiveness of an organization.

In the management of organizational excellence, the organizational culture has emerged as one of the most important variables of human behaviour (Venkatapathy and Priyadarshini, 2003). Managing and developing human resources is an increasingly important determinant of organizational effectiveness (Schein, 1992). Avolio et al. (1991) stated that organizational culture holds the key to increased commitment, productivity, and profitability.

In today's changing context, a manager has to be culturally sensitive in order to be effective (Kalra and Gupta, 2000). The inherent theories of organizational effectiveness existing in the culture literature by and large follow a variation of the following theme: shared values form the basis for consensus and integration which encourages the motivation and commitment of meaningful membership. It is a widely accepted notion that transformational leaders help shape and maintain the desired culture of an organization (Schein, 1992), which may have certain link to organizational effectiveness. The present study provides conclusive evidence that organizational culture and organizational effectiveness are related to each other.

DELIMITATIONS OF THE STUDY

The present study was confined to the textile units located in the northern states of Himachal Pradesh and Punjab. The study was restricted mainly to the lager textile companies situated in these states. The study can be replicated in the small and medium sized organizations to confirm the findings.

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The Art of Dealership

B. Karthikeyan,* T. Frank Sunil Justus* and N. Panchanatham*

* Department of Business Administration, Annamalai University

INTRODUCTION

A dealer is the back-bone member and arteries of channel of distribution. FMCG sector makes use of multiple terms like dealer, distributor, authorised wholesale distributor, and stockist which all refer to the same term 'dealer'. The main function of dealer is (a) buying products from manufacturer, (b) safe storage of products, and (c) moving the products to their specified market. Beyond these functions the dealer should have responsibilities related to their products. Even though the product is good, it may fail in a particular market. The same may be successful in some other markets. Dealers make it possible through their extended activities. This article tries to bring out the salient features which can make a dealer of fast moving consumer goods (FMCG) successful and which can also be used as a checklist for a dealer to self-evaluate himself.

1. Availability of Stock

Every dealer has a bundle of product mix. The dealer should stock right from the fast moving item down to any specific item needed by retailer. If a dealer reduces the closing stock it is difficult to supply the retailers with the wanted stock. This ultimately affects the movement of the product.

2. Order Taking Frequency

Each area is divided into segments called beats. Each beat will have a minimum of 40 shops and an up market area with a higher sales volume should have coverage of once in two days, whereas a suburban market will have coverage

of once a week. The dealer should have the route chart of his salesman's beat in a visible location in his office.

3. General Procedures

A dealer will have a combination of different company products. If the same salesman approaches the retailers with products from different companies, it will create confusion in the minds of the retailers. Hence, a separate salesman should be appointed to represent the products of each company. Separate delivery conveyance, separate order taking, separate bills collection procedure will enhance a better service to retailers.

4. Stock Delivery

The standard norm is that any order should be serviced within six hours. In some cases immediate stock replenishments will be needed by retailers. If such feasibilities can be successfully worked out by the dealer then it creates a win-win situation for both of them.

5. Trade Load Offer Distribution (Scheme Delivery)

All companies provide retailer based TLO through dealers. Most of the dealers make an extra profit by not operating the TLO properly, the reason being the fact that the retailer has no chance of knowing what TLOs are being provided by the company. If the TLOs are being operated by the dealer in an honest manner then higher sales can be achieved.

6. Credit Offer

Cash and carry sales should be accompanied by cash discount. For shops which are not able to pay immediately they should be provided a limited period credit even without expecting support from the company. If credit is extended by the company then full credit should be provided for the valid period, if possible, an extra period also.

7. Payment Collection Policy

The standard time norm for collection is after 17.00 hrs. on any applicable day. The collection may be daily, weekly, fortnight, bill to bill or monthly but is specific for each retailer. A dealer has to follow all these methods if he has to satisfy each and every retailer. Collection is done by employees who often finish this routine by 21.00 hours. Certain retailers (especially bakeries) are usually

willing to pay the collection after 22.00 hours only. Hence, necessary care has to be taken in case of such retailers.

8. Merchandising

The art of merchandising is to create a visibility for the product. The internal merchandising method includes danglers, streamers and related point of purchase materials and in-shop painting. The dealer should provide the retailer with these points of purchase materials. The dealer should locate the places of utmost visibility in town and force the company to provide hoardings and wall paintings in such places. The dealer should get merchandiser from the company or use its own personnel to develop these external pull factors.

9. Damage Return

Some dealers clear the return stocks (unsold, expiry dated and packing damaged) every month, whereas some allow the materials to stay for a year before taking return. When the return stock is being taken regularly the retailer gets a psychological boost to stock a larger volume of product. The return can be taken back in two methods :

    (1) Bill Reduction

    (2) Stock Replacement.

The damaged stocks should be maintained in a separate place and destroyed according to company procedures and Government rules without affecting environment. There are instances where ignorance of destroying procedure on the part of dealers have ended in creating an environment hazard.

10. Maintaining Relationship with Retailers

The dealer should develop a lasting relationship with the retailers. The dealer should arrange company visits for the retailers, conduct exhibition and in-shop sales, frequently conduct display contest, and motivate the retailers. The dealer can plan to invite company authorities and make the officials to meet the retailers. It will help retailers to make in person enquiries about product complaints and necessary suggestions can be implemented.

11. Data Management

The dealer should maintain the details of a minimum of five years sales targets and achieved targets. Such details should also be available month-wise

and product-wise. The dealer should also be able to ascertain the potential of select retail outlets, their purchase capacity details and their scope for improvement. This data will help to know the development that can be had every year.

12. Information to Company and Retailers

The dealer should do market research and find out competitor activities. He should devise strategies to overcome competitor's moves; and this information should be used as an opportunity for seasonal sales. The dealers are the right people to inform the company about new product introduction and offer details. The product quality and packing complaints of products, if any, should be informed to the company. Most of the new product ideas are initiated by the dealers.

13. Infrastructure Facilities

The dealer should have necessary infrastructure facilities like the communication equipments, air conditioners when necessary. Vehicles, tricycles, computers, billing equipments, name board so as to maintain and distribute the products to the satisfaction of the retailers. The products especially food items should be stored in a hygienic way.

14. Investments

The dealer should have proper investment policies. Even if the company has a basket of different products it should be capable of making investment so as to make products of appropriate quantity available at the right place and at the right time.

15. Ethical Practices

The dealer should deal with areas which are within his boundaries. The dealer should not engage in counter-sales, i.e. the dealer should not make retail sales from his dealership establishment. The dealer should not play with schemes to increase his profit. The dealer should not engage in undercutting market by illegally transferring products from another area where high schemes are being operated. The dealer should preferably desist from stocking competitive products. The dealer should pay the government whatever taxes are due.

16. Innovative Sales Methods

The dealer should rather than the usual retail sales try to implement

innovative sales like industrial sales, local government orders, in-shop sales and festival sales. It will give extra sales and also it will create awareness among the consumers.

CONCLUSION

A dealer should make use of all the above-said aspects and even if he is lagging in one aspect it will have an impact on the movement of products. This affects the brand name of the product, the relationship with the retailer, the distribution of other products of the dealer which results in a decline in the profit margin of the dealer. If a dealer finds a salesman ineffective he can arrange for training. A dealer who can satisfy these aspects when he manages a small company gives himself a chance to be appointed the dealer of a bigger or a multinational company. Dealership is a difficult job but the one who follows all these aspects can make dealership an enjoyable profession.