

# MIJBR

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## EDITORIAL

*Greetings to all the readers. Continuing the tradition of presenting the captivating research articles to the readers, this issue also covers certain thought-provoking papers in the contemporary business world.*

**Dr. O. Chandra Sekhara Reddy, Dr. V. Natarajan and Dr. C. Subba Reddy** in their research paper titled “Determinants of Saving Mobilization - The Case of Weltane Ambo Saving and Credit Cooperatives (SACCO) Union, West Shoa Zone, Ethiopia” made an attempt to identify the determinants of savings mobilization the case of Weltane Ambo SACCOs Union in Ethiopia. The results revealed that there was a positive correlation between the independent variable namely safety, income level, interest rates, access to saver, dividend and existence of other financial institution and dependent variable savings mobilization.

**Dr. S. Narasimha Chary** in their paper titled “Financial Performance Evaluation of Public Sector Undertakings – A Study of Select Companies” analysed the financial performance of select PSUs, viz., PGCIL (Power Grid Corporation of India Limited), ONGC (Oil and Natural Gas Corporation Limited), and SJVN Ltd (SatLuj Jal Vidyut Nigam Limited)

**Dr. P. Srinivasa Reddy, N. Venkat, M. Nagabhaskar , & D. Subbareddy** in their research article titled “An Empirical Study of Octapace Culture and Organizational Commitment” investigated the influence of OCTAPACE culture on organizational commitment and on the three dimensions (types) of organizational commitment (affective, normative and continuance commitment).

**Dr. T. Shobha Rani and Ms. M. Rama Kumari** in their empirical paper titled “Retention of Weavers in Handloom Sector” assessed the impact of technology for leaving the current profession, to explore the level of satisfaction of weavers and to suggest the measures to retain the weavers in handloom sector. The study concludes that handloom weavers in Madanapalle, Chittor district of Andhra Pradesh are traditional weavers and it is their primary occupation. However, various unfavourable factors lead to weavers quit from the current profession.

**Dr. Shaik Ahamed Basha** in his empirical research paper titled “A Study on The Impact of Social Media Sites on The Academic Performance of MBA Students” observed that there is a

severe impact of social media on the academic performance of the management students. It should be seriously taken care of immediately or else, it may spoil the future of the students.

**Lavanya V** in her paper titled “Impact of Capital Inflows and Economic Growth Indicators in India” analysed the determinants of foreign direct investment flows and its impact on the Indian economy. The study affirmed that there is a significant impact of capital inflows on the economic growth indicators of India.

**Ms. Shaik Rizwana Banu and Ms. S. Afrin Sulthana** in their empirical paper titled “A Study on Consumer Perception Towards Quality and Service of Dairy Products: A Study with reference to Jersey Products” made an attempt to study the customer perception towards jersey products, to analyze the perception of customer towards packaging distribution system, to determine the factors influencing the purchase decisions towards jersey products and to study the customer satisfaction towards the quality maintained by jersey products.

**P. Gurumurthy** in his paper titled “An Assessment of Service Quality of Commercial Banks in Andhra Pradesh (With Special Reference to ICICI, Chittoor) tried to analyze the service quality of commercial banks in India. SERVQUAL scale is used to determine the service quality. The findings show that the ‘Reliability’, ‘Responsiveness’ and ‘Empathy’ are three most important dimensions determining the service quality of commercial banks in India.

**G. Ramanjaneyulu, & Dr. Y. Subbarayudu** in their empirical paper titled “Impact & Perception of Goods and Services Tax (GST) on Online Shoppers with Reference to Kadapa City” examined the perceived impacts of Goods and Services Tax implementation on online shoppers in Kadapa city, particularly in Kadapa urban area. The findings indicated that there is an impact on online shoppers since the buying preferences were changed and observed that level of knowledge is less Towards GST.

**Dr. Kantam Rajesh Kumar** in his conceptual paper titled “Role of E-Governance in Administrative Management - A Case Study of Andhra Pradesh State” analysed how important the e-governance is in the current days of computer world.



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**DETERMINANTS OF SAVING MOBILIZATION –  
THE CASE OF WELTANE AMBO SAVING AND CREDIT COOPERATIVES (SACCO) UNION,  
WEST SHOA ZONE, ETHIOPIA**

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**Abstract**

*Savings is a key source of funds for many financial institutions including the SACCOs. However, Poor performance in saving mobilization particularly in SACCOs. This study sought to identify the determinants of savings mobilization the case of Weltane Ambo SACCOs union. This study adopted a descriptive survey design to answer the research questions. Data were collected from 166 all general assembly members of Weltane Ambo SACCO union. A Likert scale questionnaire and checklist format for key informant's interview was used to gather primary information while a secondary data collection sheet was used for secondary data information. Data was analyzed through descriptive statistics, trend analysis and multi-Regression with the aid of Statistical Package for Social Sciences (SPSS Version 20). From findings revealed that the performance of SACCO union in term of saving was increasing and decreasing rate and the descriptive analysis the survey revealed that internal and external factors were influencing saving mobilization in SACCO union. From results of the survey revealed that there was a positive correlation between the independent variable namely safety, income level, interest rates, access to saver, dividend and existence of other financial institution and dependent variable savings mobilization. This indicated that the independent variable and dependent variable move in the same direction. The R<sup>2</sup> was 0.756. Based on these findings, the researcher recommended that SACCOs union should be provide high safety for members saving, encouraged and aware all members to save based on their income level, offer its members fair interest rate on their savings, provide saving services by establishing satellite branches, adjust the rate of dividend allocation on saving, emphasize and enhance that the competition from other financial institution is managed well.*

**Key Words:** *Determinants, SACCOs, Interest rate, income, saving mobilization.*

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**Introduction**

***Saving and Credit Cooperatives***

SACCOs are promoted not only for money, but also for its contribution to the promotion of total human development.

SACCOs develop people's minds by providing motivation, creating initiative, promoting self-development and self-reliance and providing leadership. They also develop material wellbeing by raising

the living standards of members, making possible regular savings and wise use of money, providing loans at low interest rate and by making possible economic emancipation of members (Wolff, et al., 2011).

SACCOs are widely seen to have potential to impact on development and poverty reduction. The UN has also acknowledged important direct and indirect impacts on socio-economic development in terms of promoting and supporting entrepreneurial development, creating productive employment, raising incomes and helping to reduce poverty while enhancing social inclusion, social protection and community-building (UN, 2009).

#### ***Concept of Savings Mobilization***

SACCO's role is to promote economic interest of their members and in particular to promote thrift among its members by affording them an opportunity for accumulating savings and paying reasonable interest without risk on such savings. Create source of funds from which it can afford relief to its members in need by making loans to them for productive and provident purposes are fair and reasonable rates of interest and with easy terms or repayment, continuously educate members on how savings can be made on regular basis and the wise use their savings; and provide service to its members such as financial counselling so that the members can solve most of their financial problems, and the risk of management service to ensure the safety of members' savings and loans. Loans are insured, so if a member dies, the outstanding balance is settled. However, it is not the practice across board. Besides; other MFIs also do insure loans for their clients. Savings are mobilized. It also encourages regular social interaction between members (Kabuga and Batarinyebwa, 1995).

#### ***Role of SACCOs on Members' Savings Mobilization***

It is an organization owned by people living in one area such as farmers or people

working together. A SACCO has common bond namely; community bond and occupational/association bond. Community bond exists when members are resident in a particular locality or neighbourhood such as farmers, businessmen and fishermen. It caters for all people within the community. Occupational/association bond is for people employed by the same employer or belonging to the same profession. The common bond ensures that there exists among members as sense of identity, mutual concern, cooperation, loyalty and trust. The common bond protects the SACCO because members know each other. This facilitates efficiency and effectiveness in credit management for the growth of business or farm enterprise and better access to social services like medical and education just to mention a few. Members are the heart of a SACCO and are reasons for the SACCO existence (Ahimbisibwe, 2007).

#### ***Types of Savings Products***

Saving for the future is one of the ways that they can improve on their livelihood. It is therefore essential to know the various savings products available so that one makes the best choice and selects what suits them best.

#### ***Compulsory Saving:***

These are funds that must be contributed by all members of the SACCOs as a condition of membership and in some instances to access credit (loans). Compulsory savings can be considered as part of a loan product rather than actual savings product since they are closely tied to receiving and repaying loans. Compulsory saving is a saving that a member is forced to make on regular basis; it is a membership saving and must be saved on a weekly or monthly basis. This compulsory saving is collected to on lend to members. If members fail to save on time they will get penalized based on the saving policy of the society. Unless the member quits from membership, he or she should save on regular basis. If a member wants to withdraw from the



SACCO, he will have the right to take this compulsory saving. The SACCOs are supposed to provide interest for this savings. (www.friendsconsult.co.ug)

### ***Voluntary Saving:***

Voluntary savings are savings, not for access to credit, but for the sake of saving. These are not an obligatory part of accessing credit services. They are provided by both the borrowers and non-borrowers who can deposit or withdrawal according to their needs. The interest rates paid are relatively low compared to the interest rates paid by larger financial institutions.

The voluntary savings are best fit for people who don't receive constant cash flow like farmers who get incomes when they sell off their produce once or twice a year. They can make voluntary saving during harvest time, and transfer monthly to their compulsory saving accounts. Farmers, and other individuals, can save the full amount for the coming year's compulsory savings in advance with the SACCO by depositing 12 months' worth of saving in a voluntary account. Following that, each month on the appropriate day the member will come to the SACCO to withdraw the amount of one month's compulsory saving from the voluntary saving -account and deposit it in the compulsory saving account. This maintains the fundamental function of the SACCO and allows individuals with seasonal incomes to be members. This ensures regular flow of cash to the SACCO society and promotes member's participation. This kind of saving can be withdrawn at any time when the owner needs it. The SACCO society may or may not provide saving interest for this voluntary savings. Farmers are highly advised to save on voluntary saving for small capital investment like purchasing seed for cultivation. (www.friendsconsult.co.ug)

### ***Contract Saving:***

These are the kind of saving accounts were by the person saves to meet a particular goal. These include:

- i. School fees savings accounts: This is the type of account used by most parents so that they are able to save for their children's education.
- ii. Target Savings Accounts: This is where the client opens up an account particularly to meet a particular target like buying land, paying a mortgage among others.
- iii. Fixed Deposit Accounts: This is the savings accounts were by a person deposits once and they withdraw the money after a period of time. The time ranges from 3 months onwards.

### **Empirical Review**

#### ***Savings Mobilization Strategies***

According to Mauri (183), governments in many African countries neglected personal savings in the 1960s. In the wake of the vicious circle model (Nurkse, 1953), aid programs were considered they only tool for fighting underdevelopment for than three decades (Adams, Graham and Pischke, 2984), while the mobilization of savings was then forgotten half of development finance paradigms (Vogel 6, 1984). The awareness that poor people are potential savers, resulting from studies of micro finance activities, is lending to a new paradigm in development issues (Adams, Vogel, 1997). The mobilization of domestic savings for economic development is the next century's challenges for Africa. Indeed, no country is too poor to save if the available potential is effectively used (Adera, 1995). SACCOs could be a vehicle for this task because they are currently the only formal financial institutions able to provide financial services to remote areas of Africa. The role of financial markets in mobilizing savings and in channeling funds into productive investment is central to a successful strategy for economic and human development (Musinguzi, 2000).

***Determinants of Savings***

According to study by Obwoma and Ssentamu (1998), three factors were found to be determinants of the savings of households in Kenya. First is the ability to save which in turn depends on a household's disposable income and expenditure. The second is the propensity or willingness to save as influenced by socio-cultural and economic factors like the family obligation to educate children. Lastly, is the opportunity to save and returns on savings. Most efforts to save are voluntary but there are some which are compulsory like social security fund contributions

**Research Methodology**

It deals with the description of the study area, the sampling procedure, types and sources of data and method of data collection. In addition, methods that are used to analyse the data are presented.

***Description and Selection of the Study Area***

Oromia is the largest region consists of 353,632km<sup>2</sup> of land mass in central and southern part of Ethiopia. It extended from the western to the eastern and to the southern of the country. It borders Sudan, Somalia, and Kenya through west, east, and southern parts respectively. Nationally the region shared boarder in the north with Amhara and Afar, in the east with Somalia, SNNP, in the west with Benshangul gumuz and Amhara national state (FAO, 2005). The region has 20 administrative zones and 309 rural districts of varying sizes of land production potential, and 18 urban Administrative councils which have 46 urban towns of population. The region is cereal potential in the central and west, coffee in the west, coffee and chat in the central parts of the region and live stocks are overall parts of the region but dominant in the southern parts specially, Borana and Guji zones.

According to the summary report of population 2015 by Oromia Region Finance

and Economic Development Office (ORFEDO) the total population of the region are 33,914,866 of which 17,081,397 (50.4%) male and 16,833,469 (49.6%) female. From the total, rural population of the regions are 29,237,131 of which 14,712,854 males and 14,524,277 females. Regarding to the cooperatives movement, Oromia is one of the largest and most populous among nine regional states and it is the leading in cooperatives development in Ethiopia.

According to the annual report of Oromia cooperatives promotion Agency the cooperatives movement has promoted to three tires, primary, union and federation, which operated in the region. In the Regions there are 17,639 different types of primary cooperative society with 3,795,982 members, 125 Cooperative union with 6,101 primary cooperative society members and 2 Cooperative Federations with 52 cooperative unions' members. Out of these various types of primary cooperatives 7,933 (44.97%) are primary SACCOs with membership of 1,051,239 and capital of 360,419,819 birr. Within these rural SACCOs and urban SACCOs accounts 6,599 (83%) and 1,334(17%) respectively. (OCPA, 2016).

According to the annual report of West Shoa cooperatives promotion Agency the cooperatives movement has promoted to two tires, primary and union, which operated in the west Shoa zone. In the zone there are 1,890 different types of primary cooperative society with 237,780 members, 9 Cooperative unions with 561 primary cooperative society members.

*Insert Table 1 & 2*

***Research Design***

The major focus of the study was description of information related to the determinants of saving mobilization the case of Weltane Ambo SACCO union by collecting primary and secondary data from the sources. This study adopted a

descriptive survey design to answer the research questions.

Moreover, Multi-regression model was applied for independent or explanatory variables which show a significant effect on the determinants of saving mobilization the case of Weltane Ambo SACCO union.

### ***Sample Design***

Weltane Ambo saving, and credit cooperative union was selected purposively for the study. Because before this study no study was conducted on saving mobilization of the union. The union has more than five years' experiences in saving mobilization and loan operations. It has a large number of primary saving and credit cooperative societies and availability of required data also enough room to determine the saving mobilization practices in the West Shoa Zone, Oromia Region.

### ***Target Population***

All general assembly members of Weltane Ambo SACCO union, 166 members, representing each affiliated member primary Sacco's, being one from each were targeted population for this study.

### ***Sampling Technique***

Census, of all general assembly members of Weltane Ambo Sacco Union was used with pre-tested questionnaire to be distributed for all. Since all members representing from each member Sacco and in most cases are chairpersons of the primary Sacco's, relevant & realistic information's was collected for analysis.

### **Research Methods**

#### ***Types of Data***

In order to meet the objectives of the study on the determinants of savings mobilization of saving and credit cooperatives both quantitative and qualitative data was collected from primary and secondary sources.

#### **Primary Sources**

For this study the primary data was collected from all 166 members of general assembly, board members and employees of Weltane Ambo SACCO union and west

Shoa zone cooperative promotion Agency experts.

#### **Secondary Sources**

The required secondary data was collected from diverse sources: Those were from Profile of SACCO union; Zonal Cooperative Promotion Agency; Regional Cooperative Promotion Agency; and Federal Cooperative Agency (FCA). In addition to organizational source the information was sourced from across Internet.

#### ***Method of Data Analysis***

The data was analyzed quantitatively and qualitatively. For the purpose of data analysis descriptive statistics, trend analysis and multi-Regression was used. Both qualitative and quantitative data was used to analyze the result of the study. And the results of the study were presented using tables, graphs, and charts. The trend analysis was used to examine the growth trend in term of saving mobilization with membership, share capital, source of fund and loan provision. Moreover, regression model was used to examine factors that influence the relationship between the dependent and independent variables empirically with chi-square test and t-test was used to identify the existence significant relationship between independent variables and dependent variable. In other word chi-square test and t-test was used to test the association of dummy and continuous explanatory variables with the dependent variable respectively. Data analysis was performed on a PC computer using Statistical Package for Social Science (SPSS Version 20) for Windows. The analyze was used frequency counts, percentages, means, standard deviation, regression, correlation and the information generate were presented in form of graphs, charts and tables. Finally, a multiple regression analysis to show the effect and influence of the independent variables on the dependent variables.

**Multiple Regression Analysis**

The relationship between dependent variable (saving mobilization of SACCOs) and the six independent variables by using a multiple regression analysis is determined.

Multiple regression equation is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon$$

Where: Alpha ( $\alpha$ ) is the constant,  $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$  are coefficients.

Y = Savings mobilization

X1= Safety/security

X2= Income level

X3= Access to saver

X4= Interest rate

X5= Dividend

X6= Existence of other financial institution

$\varepsilon$  = error term. The error term is a random variable with a mean of zero, which captures those variables that cannot be quantified.

**Analysis of Variance (ANOVA)**

The analysis of variance was tested the significance of the regression model. In testing the significance level, the statistical significance can be significant if the p-value is less 0.05.

**Correlation Analysis**

To establish the relationship between the independent variables and the dependent variable the study conducted correlation analysis which involved coefficient of correlation and coefficient of determination.

**Coefficient of Correlation**

This indicates positive relationship between the independent variable namely Safety, Income level, access to saver, interest rate, dividend and existence of other financial institution and the dependent variable savings mobilization of SACCO union.

**Coefficient of Determination**

The coefficient of determination was explained the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent

variable (Savings mobilization of Sacco) that is explained by all independent variables.

**Results and Discussions****1. Introduction**

The study has been used the primary data which collected through survey and secondary data from the financial statement of the union for five years (2012 to 2016) and analysis them through a PC computer using Statistical Package for Social Science (SPSS Version 20) for Windows.

**2. Demographic Information**

The background information was gathered based on the sex, age, marital status, level of education, duration in SACCO and current position held.

**2.1. Sex**

As indicated in figure 1 of the sample SACCOs respondents, 106(73%) are male and 40(27%) are female.

**2.2. Age of respondents**

The study sought to establish the age of respondents. From the study results, 24.7% were between the ages of 18-30 years, 54.1% were between 31-45 years, between 46-59 were 15.8% and 60 years and above were 5.5% with a mean score of 2.02 and a standard deviation of 0.79. The results show that the majority of respondents who participated were of the age between 31-45 as shown in Figure 2.

**2.3 Marital status**

As indicated below in figure 3 of the sample primary SACCOs respondents, 9.6% were single, 89.7% were married and 0.7% was divorced with a mean score of 1.91 and a standard deviation of 0.308. The results show that most respondents who participated were married.

**2.4 Educational level**

As indicated below in Figure 4 of the sample primary SACCOs respondents the educational level show that 55.5 % primary

level, 20.5% secondary level, 2.7% level 1-4, 2.1% were diploma, 17.8% were 1<sup>st</sup> degree and 1.4% were Masters with a mean score of 2.10 and a standard deviation of 1.57. The results show that the majority of respondents who participated were of primary level.

### **2.5 Duration in SACCO**

The study sought to establish the period the respondents have been in their current SACCOs. Figure 5 shows that 58.2% of the respondents have been in their current SACCOs for a period of between 1-3 years, 34.3% indicated between 4-6 years and 7.5% indicated more than 6 years. The findings imply that the respondents have been in their respective SACCOs for duration periods of more than one year hence have knowledge about the issues the researcher was interested in. This was also important information in guaranteeing the reliability of data obtained as the respondents were representative of the primary SACCOs.

The results show that the majority of respondents who participated were between 4-6 years

### **2.6. Current position of the respondent**

As shown in Figure 6 indicates that 90.5% of the respondents were chairman, 6.80% were secretary and 2.7% were cashier of the SACCOs. This meant that the majority of respondents who participated were a chairman who was a relevant and respective person of the SACCOs which obtained reliable information.

### **2.7. Analysis of Objectives**

#### **Existing Performance of SACCO Union**

In this section the secondary data and the researcher's observation on Weltane Ambo Saving and Credit Union the existing performance on the progress of membership, amount of saving, capital growth, and amount of loan dispersed were assessed. The first objective of the study was to examine the growth trend of saving

mobilization of Weltane Ambo SACCO union. Trend growth analyses were done in respect of this objective.

#### **Growth in Membership**

As can be indicated in table 3 below that the growth rate of membership in SACCO union has increased by 29.26% between 2012 and 2013. The growth rate of member in SACCO union also increases by 56.6% and 66.26% in the year of 2014 and 2015 respectively. But highly decrease to 20.29% at the year of 2016. The size of member's growth of SACCO union is also increasing from year to year at fast rate. For instance, SACCO union membership in 2016 (166 primary SACCO's) increased by more than four-fold in the size of members in 2012 (41 primary SACCO's). This indicates that the performance of SACCO union in term of member growth rate is highly increasing and slowly decreasing rate during the study period of five years.

*Insert Table 3 and Figure 1*

#### **Saving Position of Weltane Ambo SACCO Union**

The saving position of Weltane Ambo SACCO union is very important for the provision loan to their members, it is witness that if the saving mobilization is increasing the provision of loan to their members may be increased, if the saving mobilization position is not increased this may affect the provision of loan to their members of the Weltane Ambo SACCO union, therefore here the following table explain the trend growth of the saving mobilization of the selected sampled SACCO union for the periods from June, 2012 to June, 2016. On the figure 8, shows that the growth trend in saving mobilization of sampled SACCO union from the year 2012 to 2013. The growth rate of saving mobilization increased by 106.14% for the first year. However, in the year 2014, the growth rate of saving mobilization shows a declining trend. The rate decreased from 106.14% to 82.32% which is the highest

decreasing rate. The growth rate of saving mobilization in year 2015 is increased by 130.42%. And during the year 2016 it shows a declining trend by 79.66%. This is the result of the increment or decrement of saving mobilization is that different factors that influence the saving mobilization the case of Weltane Ambo SACCO union. The Key informant interviews reflect that the primary saving and credit cooperatives did not continuously save their deposit as required amounts in SACCO union.

*Insert Table 4 and Figure 8*

### **Growth in Capital**

As indicated in table 5 below that the growth trend of SACCO union in terms of capital formation. The annual rate of increment in terms of capital of SACCO union was increased from the period of year 2013 to year 2015 i.e. percentage of 61.73, 75.58 and 74.64 respectively. But at the year of 2016 the annual rate of capital growth was decreased from 74.64% to 29.32%. This indicate that the growth rate of capital

*Insert Table 5 and Figure 9*

### **Growth in Loan Provision to Members**

As indicated in figure 10 it stated that the saving mobilization for loan provision to their members of Weltane Ambo SACCO union for the year of 2012 the loan to members was covered by 92.63% which mean that the rest 7.37% of the loan provision was covered by other internal source of finance, for the year 2013 the loan provision was covered 80.94% by saving the rest 19.06% of the loan provision was covered by other internal source of finance, for the year 2014 the loan to members was covered by 82.38% which mean that the rest 17.62% of the loan provision was covered by other internal source of finance. On the year 2015 the loan provision to their members was covered by saving only 39.09% the rest 60.91% was mostly

covered by external source of finance. In the year 2016 the loan disbursed to members was covered by saving mobilization of the sampled SACCO union was 52.15% the rest of loan provision to their members which means 47.85% was covered almost from external source of financing or borrowing from banks. This indicates that the sampled SACCO union was not sufficient to provide loan to their members through saving mobilization from their members or other parties. These results indicate that the SACCO union has no an adequate amount of saving in order to provide sufficient amount of loan to their members.

*Insert Table 6 and Figure 10*

### **Growth of Dividend Payout on Saving and Share Capital**

Figure 11 indicates that the amount of return disbursed to the members as dividend. Results indicate that in the year of 2012-2013 the growth rate of dividend per saving was decrease from 1.6% to 1% by 0.6% while the growth rate of dividend per capital was decreased from 2.46% to 1.91% by 0.55%. In the years of 2013-2014 the growth rate of dividend per saving was increased from 1% to 1.31% by 0.13% while the growth rate of dividend per share was increased from 1.91% to 2.9% by 0.99%. in the year of 2014-2015 the growth rate of dividend per saving was increased from 1.13% to 1.48% by 0.17% while the growth rate of dividend per share was increased from 2.90% to 4.39% by 1.49%. In the year of 2015-2016 the growth rate of dividend per saving was increased from 1.48% to 1.70% by 0.22% while the growth rate of dividend per capital was increased from 4.39% to 7.74% by 3.35%. Finally, the result was indicated that the growth rate of dividend per saving from the base line year to the year of 2016 shows that only 0.1% was increased. The growth rate of dividend per share from the base line to the year of 2016 indicated that increased by 5.38%. The findings imply that the SACCO

union was not properly allocated the growth rate of dividend per saving when compare to per share capital. The findings indicated that the amount of dividend paid on saving is less than the amount paid on share capital. This implies that the amount or the rate of dividend paid on saving increased the amount of saving mobilization in SACCO union. The results revealed that the amount of dividend paid on saving was influence the saving mobilization in the case of Weltane Ambo SACCO union.

*Insert Table 7 and Figure 11*

### **Determinants of Saving Mobilization**

This section attempts to analyses the findings of the various determinants of saving mobilization the case of Weltane Ambo saving and credit cooperative union in west Shoa zone is chosen by the researcher. They include internal factors (safety, income level, interest rate, access to saver and dividend payout) and external factors (the existence of other financial institutions). The measurements of saving mobilization also analyses in descriptive Statistics. In the research analysis the researcher used a tool rating scale of 5 to 1; where 5 were the highest and 1 the lowest. Opinions given by the respondents were rated as follows, 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree and 1= Strongly Disagree. The analysis for mean, standard deviation and coefficient of variation were based on this rating scale.

### **Internal Factors Descriptive Analysis**

#### **Safety on Saving Mobilization**

The second objective of the study was to establish the extent to which internal factors influencing the saving mobilization of Weltane Ambo SACCO union. Respondents were required to respond to set questions related to the internal factors which included safety and give their response. The opinion statement indicated that on table 8 safety on saving affects

saving mobilization shows that 94.5% of the respondents agreed that safety on saving affect saving mobilization in SACCO union and had a mean score of 4.44 and a standard deviation of 0.770. On the other points indicated that 95.9% agreed that high safety on saving increase saving mobilization in SACCO union and had a mean score of 4.57 and a standard deviation of 0.712. Furthermore, results indicated that 91.1% of the respondents agreed that low safety on saving decrease saving mobilization in SACCO union and had a mean score of 4.22 and a standard deviation of 0.973. In addition, 70.5% of the respondents agreed that trust of members on Sacco's affects saving mobilization in SACCO union and had a mean score of 3.54 and a standard deviation of 1.192. The findings imply that safety was one of the internal factor influences the saving mobilization in SACCO union. The findings imply that there was high safety on saving it increase saving mobilization in SACCO union.

*Insert Table 8*

### **Income Level on Saving Mobilization**

Income level was one of internal factors influencing saving mobilization in SACCO union. The opinion statement indicated on table 9 that 88.2% of the respondents were agreed that monthly member's income affects their saving level in SACCO union and had a mean score of 4.01 and a standard deviation of 0.94. Furthermore, results indicated that 89.7% of the respondents agreed that member's low income have a low saving rate in SACCO union and had a mean score of 4.23 and a standard deviation of 0.83. On other point indicated that 73.7% of the respondents were disagreed that member's high income has a low saving rate in SACCO union and had a mean score of 2.36 and a standard deviation of 1.09. This indicates that many respondents disagreed with this statement. In addition, 80.9% of the respondents were agreed that the member's high income have a high

saving rate in SACCO union and had a mean score of 3.99 and a standard deviation of 1.14. Finally, 78.8% of the respondents were disagreed that member's low income has a high savings rate in SACCO union and had a mean score of 2.14 and a standard deviation of 0.99. The mean score for the responses was 2.14 which indicate that many respondents disagreed with the statements regarding members' low income have a high savings rate. This implies that as income level of primary SACCOs were increased saving mobilization also increased in SACCO union. The results revealed that income level was one of the internal factors influenced saving mobilization in SACCO union.

*Insert Table 9*

### **Interest Rate on Saving Mobilization**

The opinion statement has been indicated on table 10 that 89.5% of the respondents were agreed that low interest rates on saving decrease saving mobilization in SACCO union and had a mean score of 4.05 and a standard deviation of 0.81. The results indicate that 64.3% of the respondents were disagreed that low interest rates on saving increase saving mobilization and had a mean score of 2.51 and a standard deviation of 1.16. On other point indicated that 88.3% of the respondents were agreed that high interest rate on saving leads to increase saving mobilization and had a mean score of 2.51 and a standard deviation of 1.16. Furthermore, results indicated that 77.4% of the respondents were disagreed that high interest rate on saving leads to decrease saving mobilization and had a mean score of 2.51 and a standard deviation of 1.16. This indicates that many respondents were disagreed with this statement. This implies that as interest rate increase on saving it increased saving mobilization. In addition, 60.9% of the respondents were disagreed that low interest rates on loan decrease saving mobilization and had a mean score of 2.65 and a standard deviation of 1.19. On

the other points 83.6% of the respondents agreed that low interest rates on loan increase saving mobilization High interest rate on loan leads to increase saving mobilization. The other results indicate that 67.8% of the respondents disagreed that high interest rate on loan leads to increase saving mobilization had a mean score of 2.47 and a standard deviation of 1.32. Finally, 68.5% of the respondents were agreed that high interest rate on loan leads to decrease saving mobilization and had a mean score of 2.47 and a standard deviation of 1.32. This implies that as interest rate increase on saving and interest rate decrease on loan it leads to increase saving mobilization in SACCO union. The results revealed that interest rate on saving were one of the internal factors influenced saving mobilization in SACCO union.

*Insert Table 10*

### **Access to Saver on Saving Mobilization**

The opinion statement has been indicated on table 11 that 92.5% of the respondents agreed that distance of SACCO union from saver affects their saving mobilization in SACCO union and had a mean score of 4.25 and a standard deviation of 0.63. On the other points the results indicated that 92.5% of the respondents were agreed that distance of SACCO union from borrower affects their saving mobilization and had a mean score of 4.12 and a standard deviation of 0.85. Furthermore, results indicated that 93.2% of the respondents were agreed that distance from a member working place to SACCO union affects the level of saving and had a mean score of 4.16 and a standard deviation of 0.72. In addition, 64.4% of the respondents were disagreed that the SACCO union access to saver or borrower in cost wise is low and had a mean score of 2.64 and a standard deviation of 1.4. Finally, 81.5% of the respondents agreed that SACCO union was access to saver/borrower in cost wise is high had a mean score of 3.95 and a standard deviation



of 0.95. This implies that as distance increases from SACCO union the cost incurred on saver or borrower also increased and saving mobilization decrease. This implies that as accessibility increase saving mobilization also increased while as distance from SACCO union increase the cost wise also increase and saving mobilization was decreased. In this case it has negative relationship b/n access in cost wise and saving mobilization in SACCO union. The results revealed access to saver or borrower on saving were one of the internal factors influenced saving mobilization in SACCO union.

*Insert Table 11*

### **Dividend on Saving Mobilization**

Dividend payout on saving was one of internal factors influencing saving mobilization in SACCO union. The results on table 11 indicates that 84.9% of the respondents were agreed that dividend pay-out on saving affect saving mobilization and had a mean score of 3.86 and a standard deviation of 0.94. On the other points the results indicated that 99.7% of the respondents were agreed that dividend pay-out on saving increase saving mobilization and had a mean score of 4.52 and a standard deviation of 0.54. Furthermore, results indicated that 94.5% of the respondents were agreed that high dividend pay-out on saving increase saving mobilization and had a mean score of 4.45 and a standard deviation of 0.69. Finally, 80.1% of the respondents were agreed that low dividend pay-out on saving decrease saving mobilization and had a mean score of 3.88 and a standard deviation of 1.01. This implies that dividend payout on saving it increase saving mobilization in SACCO union and it has positive relationship between dividend payout on saving and saving mobilization. The results revealed that dividend on saving were one of the internal factors influenced saving mobilization in SACCO union.

*Insert Table 12*

### **External Factors Descriptive Analysis Existing of other financial institutions on saving mobilization.**

The third objective of the study was to assess the extent to which external factors influencing the saving mobilization of Weltane Ambo SACCO union. Respondents were required to respond to set questions related to the external factors which included the existing of other financial institutions and give their response. The opinion statement shows on table 12 as indicated that 71.9% of the respondents were agreed that members can access to other financial institutions with ease rather than SACCO union and had a mean score of 3.58 and a standard deviation of 1.12. On the other points the results indicated that 89.1% of the respondents were agreed that distance from a members working place to other financial institutions affects the level of saving in SACCO union had a mean score of 3.58 and a standard deviation of 1.12. On the other hands the results indicated that 73.3% of the respondents were agreed that the variety of other financial institutions savings products affects the level of saving mobilization and had a mean score of 3.68 and a standard deviation of 1.03. Furthermore, results indicated that 52.7% of the respondents were agreed that opening and closing hours of other financial institutions affects the level of saving mobilization in SACCO union and had a mean score of 3.29 and a standard deviation of 1.11. In addition, 82.9% of the respondents were disagreed that the SACCO union and had a mean score of 3.91 and a standard deviation of 0.98. Finally, 80.8% of the respondents were agreed that the social construction & existence of formal & informal financial institution affects saving mobilization and had a mean score of 3.58 and a standard deviation of 1.12. This implies that the existence of other financial institutions was highly competition with SACCO union.

This implies that as high competition from other financial institution it influences saving mobilization in SACCO union.

The results revealed that existence of other financial institutions was one of the external factors influenced saving mobilization in SACCO union.

*Insert Table 13*

### Measurement of Savings Mobilization

The opinion statement in agreement was that the level of saving in SACOO union show on table 13 indicates that 69.9% of the respondents were agreed that the level of saving in SACCO union is high that provide sufficient loan to their members and had a mean score of 3.68 and a standard deviation of 1.08. On the other points the results indicated that 74% of the respondents were agreed that the saving mobilization in SACCO union has been successful and had a mean score of 3.77 and a standard deviation of 1.02. Furthermore, results indicated that 69.1% of the respondents were agreed that the level of wealth creation in SACCO union is sufficient amount and had a mean score of 3.84 and a standard deviation of 1.02. Finally, 84.9% of the respondents were agreed that the level of saving in the SACCO union is sufficient for provision of loan to members and had a mean score of 3.90 and a standard deviation of 0.71. This implies that saving mobilization of SACCO union was increased as properly managed the determinants factors which influence saving mobilization.

*Insert Table 14*

### 3. Regression Analysis on Variables

Regression analysis was conducted to empirically determine whether independent variables were a significant determinant of dependent variable. The regression analysis was done with saving mobilization as the dependent variable and determinants of saving mobilization as the independent

variables (safety, income level, and interest rate, access to saver, dividend and existence of other financial institutions).The study found a positive relationship between saving mobilization and determinants of saving mobilization in SACCO union such as internal factors (safety, income level, interest rate, access to saver, dividend) and external factors (existence of other financial institutions).

### Coefficient of Correlation

To show the relationship between the study variables and their findings, the study used the Karl Pearson's coefficient of correlation (r). This is as indicate in table 14 below. According to the findings, it was clear that there was a positive correlation between the independent variables, safety, income level, interest rates, access to saver, dividend and existence of other financial institutions the dependent variable savings mobilization the case of Weltane Ambo SACCO union. From the correlation analysis the study revealed that there existed significance strong and positive correlation between safety and saving mobilization in SACCO union as Correlation coefficient factors  $r = 0.392$ ,  $P=0.000<0.05$ ). The correlation analysis results revealed that there existed a significant strong positive correlation between income level and saving mobilization as the correlation coefficient  $r=0.533$ ,  $P=0.000<0.05$ . The correlation analysis results revealed that there existed a significant strong positive correlation between interest rate and saving mobilization as the correlation coefficient  $r=0.604$ ,  $P=0.000<0.050$ . The correlation analysis results revealed that there existed a insignificant strong positive correlation between access to saver and saving mobilization as the correlation coefficient  $r=0.001$ ,  $P=0.993>0.050$ .The correlation analysis results revealed that there existed a significant strong positive correlation between dividend and saving mobilization as the correlation coefficient  $r=0.272$ ,  $P=0.001<0.050$  and the correlation analysis results revealed that there existed a

significant strong positive correlation between existence of other financial institutions and saving mobilization as the correlation coefficient  $r=0.577$ ,  $P=0.000<0.05$ . This shows that a positive relationship between the independent variable namely safety, income level, interest rates, access to saver, dividend and existence of other financial institution and the dependent variable savings mobilization in SACCO union.

*Insert Table 15*

#### **Coefficient of Determination**

The regression results in table 15 indicate the goodness of fit for the regression between independent variables and dependent variable (saving mobilization) was satisfactory in the multiple regressions. An R squared of 0.756 indicates that 75.6% of the relationship is explained by the identified six factors namely safety, income level, interest rate, access to saver or borrower, dividend and existence of other financial institutions. The rest 24.4% is explained by other factors in the SACCO union not studied in this research. In summary the six factors studied namely, safety, income level, interest rate, access to saver or borrower, dividend and existence of other financial institutions explains or determines 75.6% of the relationship while the rest 24.4% is explained or determined by other factors. Further, the adjusted R-square= 0.745 shows that, the factors accounted for 74.5% of the variance in saving mobilization. The standard error of estimate for the model was 0.202.

*Insert Table 16*

#### **Analysis of Variance (ANOVA)**

The study used ANOVA to establish the significance of the regression model. In order to testing the significance level, the statistical significance was considered significant if the p-value was less than 0.05. The significance of the regression model is as per table 16 below with P-value of 0.00 which is less than 0.05. This indicates that the regression model is statistically

significant in predicting factors affecting savings mobilization the case of Weltane Ambo SACCO union. Basing the confidence level at 95% the analysis indicates high reliability of the results obtained. The overall ANOVA results indicates that the model was significant at  $F = 71.629$ ,  $p = 0.000$ .

*Insert Table 17*

#### **4. Multiple Regression Analysis**

Regression results in Table 17 below indicate that the coefficients for each of the variables as well as their significance levels in the model. As shown, safety, income level, interest rate, access to saver or borrower and existence of other financial institutions factors influence significantly affected saving mobilizations in SACCO union.

*Insert Table 18*

#### **The regression equation was:**

$$Y = 0.209 + 0.229X_1 + 0.208X_2 + 0.373X_3 - 0.236X_4 + 0.115X_5 + 0.308X_6$$

Where: Y = Savings mobilization

X<sub>1</sub> = Safety

X<sub>2</sub> = Income level

X<sub>3</sub> = Interest rate

X<sub>4</sub> = Access to saver

X<sub>5</sub> = Dividend

X<sub>6</sub> = Existence of other financial institution

**Savings mobilization** = 0.209 + 0.229 Safety + 0.208 Income level + 0.373 Interest rate - 0.236 Access to saver + 0.115 Dividend + 0.308 Existence of other financial institution

The regression equation above has established that taking all factors into account (Savings mobilization as a result of safety, income level, interest rate, access to saver or borrower, dividend and existence of other financial institution) constant at zero savings mobilization among SACCO union will be 0.209. The findings presented also shows that taking all other independent variables at zero, a unit increase in safety will lead to a 0.229 increased in the scores of saving mobilization in SACCO union; a unit increased in income level 0.208

increased in saving mobilization in SACCO union; a unit increased in interest rate 0.373 increased in the scores of saving mobilization in SACCO union; a unit increased in access to saver in terms of distance and cost wise -0.236 decreased in the scores of saving mobilization in SACCO union; a unit increased in dividend 0.115 increased in the scores of saving mobilization in SACCO union and a unit increase in existence of other financial institution 0.308 increased in the scores of savings mobilization in SACCO union. This implies that safety, income level, interest rate, dividend, and existence of other financial institutions have a positive relationship with savings mobilization and statistically significant in explaining saving mobilization in Weltane Ambo SACCO union as p value = 0.000, 0.000, 0.000, 0.001, and 0.000 respectively. But access to saver or borrower has a negative relationship with saving mobilization and statistically significant in explaining saving mobilization in Weltane Ambo SACCO union as p value = 0.000. From all of the independent variables the interest rate was contributed most to the dependent variable.

### **Conclusions and Recommendations**

#### **Conclusions**

The study concludes that the performance of SACCO union in term of member growth rate is highly increasing and slowly decreasing rate during the study period of five years. On the other hands it can be concluded that the performance of SACCO union in term of saving mobilization and capital growth rate is highly increasing and highly decreasing rate during the study period of five years. It also concluded that the performance of SACCO union in term of sufficient loan provision to their members through saving mobilization from their members or other parties is low. The dividend payout on saving and share capital shows that the amount of dividend paid on saving is less than the amount paid on share capital. From this it can be concluded that the amount of dividend paid on saving as

increased it also increased the amount of saving mobilization in SACCO union.

The study concludes that the internal factors that determined saving mobilization in SACCO union have been identified. Thus, internal factors were safety, income level, and interest rate, access to saver, dividend, and existence of other financial institutions. From these internal factors safety was one the determinant that influence saving mobilization in SACCO union. It can be concluded from this study that when holding other factors constant safety was found to have a positive and significant relationship between safety and saving mobilization. This implies that there was high safety on saving it increase saving mobilization in SACCO union. It can be concluded that a unit increase in safety will lead to an increased in the scores of saving mobilization in SACCO union.

The other internal factors that influence saving mobilization were income level. It has a positive and significant relationship between income level and saving mobilization in SACCO union. This implies that as income level of primary SACCOs were increased saving mobilization also increased in SACCO union. It can be concluded that a unit increase in income level will lead to an increased in the scores of saving mobilization in SACCO union.

The study sought to establish the extent which internal factors influencing saving mobilization the case of Weltane Ambo SACCO union. From these internal factors interest rate was one of the influence factors on saving mobilization. It has a positive and significant relationship between interest rate and saving mobilization in SACCO union. This implies that as interest rate increased saving amounts also increased in SACCO union. It can be concluded that a unit increase in interest rate will lead to an increased in the scores of saving mobilization in SACCO union. This implies that interest rate on saving in SACCOs was statistically significant in

explaining saving mobilization of SACCOs union.

From the study findings, it can be understood that dividend was one of the internal factors that influence saving mobilization. It can be concluded from this study that there exists a positive significant relationship between dividend and saving mobilization in SACCOs union. The results reveal that dividend is statistically significant in explaining saving mobilization of the SACCOs union. It can be concluded that a unit increase of dividend will lead to an increased in the scores of saving mobilization in SACCO union.

The study sought to establish the extent which internal factors influencing saving mobilization the case of Weltane Ambo SACCO union. From these internal factors access to saver or borrower was one of the influence factors on saving mobilization. It has a negative and significant relationship between access to saver in terms of distance and cost wise. This implies that as accessibility increase in case of SACCO union saving mobilization also increased while as distance from SACCO union increase the cost wise also increase and saving mobilization was decreased. It can be concluded that a unit increase in access to saver in terms of distance and cost wise will lead to a decreased in the scores of saving mobilization in SACCO union.

The study sought to assess the extent which external factors influencing saving mobilization the case of Weltane Ambo SACCO union. From these external factors existence of other financial institutions was one of the influence factors on saving mobilization. The study results revealed that the existence of other financial institutions was highly competition with SACCO union. This implies that as high competition from other financial institution it influences saving mobilization in SACCO union. It has a positive and significant relationship between existence of other financial institutions and saving

mobilization in SACCO union. It can be concluded that a unit increase in existence of other financial institutions will lead to an increased in the scores of saving mobilization in SACCO union. This implies that existence of other financial institutions on saving in SACCOs was statistically significant in explaining saving mobilization of SACCOs union.

### **Recommendations**

The findings of the study identified the determinants of saving mobilization the case of Weltane Ambo SACCO union. From trend, descriptive and multiple regression analysis results revealed that safety, income level, interest rate, dividend and existence of other financial institutions had positive and statistically significant effect on saving mobilization. But the result revealed that access to saver or borrower had negative and statistically significant effect on the saving mobilization. Based on the finding results the following recommendations or suggestion are forwarded.

- SACCO union should be provided high safety for members saving in order to convince the members that their savings will be secured from any risk and to win the hearts and minds of the saver members to save their money in the SACCO union.
- SACCO union should be encouraged and aware all members to save based on their income level in continues manner to pull huge amounts of saving.
- SACCO union should be offer its members fair interest rate on their savings to encourage them to save with the SACCO union as opposed to using other financial institutions.
- SACCO union should be provided saving services by establishing satellite branches reasonably near to the primary saving and credit cooperatives societies.
- SACCO union should be adjusted the rate of dividend allocation on saving as the amount of saving increase from year to year and compare with dividend paid on share in

order to encourage saving mobilization at organization level.

- The study recommends that the SACCOs union should emphasize and enhance that the competition from other financial institution is managed well. SACCO union should provide attractive products and offer better services in order to attract more deposits than their competitors.
- Government interventions should focus on awareness creation and increasing the availability and accessibility of infrastructures specially, in rural areas to promote saving culture in SACCOs.

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**Table 1 - Profiles of West Shoa Zone Primary Cooperatives**

No.	Types of cooperatives	No of coops	Number of members		
			Male	Female	Total
1	Agricultural coop.	1015	154650	21103	175753
2	Non-Agricultural	114	4718	1056	5752
3	Consumers	103	4853	3632	8352
4	SACCOs	658	25035	22888	47923
	<b>Total</b>	<b>1890</b>	<b>189256</b>	<b>48679</b>	<b>237780</b>

Source: West Shoa cooperative promotion Agency, 2016

**Table 2 - Profiles of West Shoa Zone Cooperatives Union**

No.	Types of cooperatives	No of Union	Members of primary coops.	Individual membership of primary cooperatives		
				Male	Female	Total
1	Agricultural coop.	7	387	150131	15430	165561
2	Non-Agricultural	1	8	201	21	222
3	SACCOs	1	166	5074	3916	8990
	<b>Total</b>	<b>9</b>	<b>561</b>	<b>155,406</b>	<b>19,367</b>	<b>174,773</b>

Source: West Shoa cooperative promotion Agency, 2016

**Table 3: Growth in Membership (2012-2016 G.C)**

Years	Membership Growth Rate of SACCO union	Growth rate of members in %
2012	41	-
2013	53	29.26
2014	83	56.60
2015	138	66.26
2016	166	20.29

Source: Weltane Ambo SACCO union data base, 2012-2016

**Table 4 - Growth in Saving Mobilization (2012-2016 G.C)**

Years	Saving Growth of SACCO union	Growth rate of saving
2012	369,994.34	-
2013	762,713.37	106.14
2014	1,390,588.61	82.32
2015	3,204,134.32	130.42
2016	5,756,503.77	79.66

Source: Audited Financial Report of WASACCO union from 2012 to 2016 G.C

**Table 5 - Growth in Capital Formation (2012-2016 G.C)**

Year	Capital Growth of SACCO union	Growth rate of capital in %
2012	211,687.55	-
2013	342,367.05	61.73
2014	601,134.81	75.58
2015	1,049,763.14	74.64
2016	1,357,580.10	29.32

**Source:** Audited Financial Report of WASACCO union from 2012 to 2016 G.C

**Table 6 - Growth in Loan Provision to Members (2012-2016 G.C)**

Year	Saving Growth of SACCO union	Loan provision to members	Rate of saving to loan provision
2012	369,994.34	399,450.00	92.63
2013	762,713.37	942,300.00	80.94
2014	1,390,588.61	1,688,000.00	82.38
2015	3,204,134.32	8,197,300.00	39.09
2016	5,756,503.77	11,039,000.00	52.15

**Source:** Audited Financial Report of WASACCO union from 2012 to 2016 G.C

**Table 7 - Growth of dividend payout on saving and share capital**

Years	Amount of Dividend on saving	Amount of Dividend on share capita	Saving	Share capital	Dividend per saving	Dividend per share capital
2012	5,937.53	4,750.03	369,994.34	201,000.00	1.60	2.36
2013	7,599.72	6,079.78	762,713.37	318,000.00	1.00	1.91
2014	18,278.11	14,622.50	1,390,588.61	504,000.00	1.31	2.90
2015	47,571.30	38,057.00	3,204,134.32	867,000.00	1.48	4.39
2016	97,814.28	78,251.40	5,756,503.7	1,011,000.0	1.70	7.74

**Source:** Audited Financial Report of WASACCO union from 2012 to 2016 G.C



**Table 8: Safety as Internal Factors Influence Saving Mobilization**

Descriptive Statistics							
Statement	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly disagree (%)	Mean	Std. Deviation
Safety on saving affect saving mobilization	55.5	39	0.7	4.1	0.7	4.44	.770
High safety on saving increase saving mobilization	65.8	30.1	0.7	2.7	0.7	4.57	.712
Low safety on saving decrease saving mobilization	43.8	47.3	1.4	2.7	4.8	4.22	.973
Trust of members on Sacco's affect saving mobilization	17.8	52.7	2.8	19.9	6.8	3.54	1.19

**Table 9: Income Level as Internal Factors Influence Saving Mobilization**

Descriptive Statistics							
Statement	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly disagree (%)	Mean	Std. Deviation
Monthly Members income affects their savings level in Sacco's union	26	62.3	2.1	5.5	4.1	4.01	0.94
Members Low income have a low savings rate	40.4	49.3	2.7	7.5	0	4.23	0.83
Members High income have a low savings rate	6.2	13	7.5	56.8	16.4	2.36	1.09
Members high income have a high savings rate	37.7	43.2	5.5	7.5	6.2	3.99	1.14
Members low income have a high savings rate	4.1	7.5	9.6	55.5	23.3	2.14	0.99

**Table 10 - Interest Rate on Saving Mobilization - Descriptive Statistics**

Statement	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly disagree (%)	Mean	Std. Deviation
Low interest rates on saving decrease saving mobilization	24	65.8	3.4	4.8	2.1	4.05	0.81
Low interest rates on saving increase saving mobilization	5.5	21.2	8.9	47.9	16.4	2.51	1.16
High interest rate on saving leads to increase saving mobilization	44.5	43.8	6.8	4.1	0.7	4.27	0.82
High interest rate on saving leads to decrease saving mobilization	8.2	9.6	4.8	50	27.4	2.21	1.19
Low interest rates on loan decrease saving mobilization	8.2	21.9	8.9	48.6	12.3	2.65	1.19
Low interest rates on loan increase saving mobilization	36.3	47.3	3.4	9.6	3.4	4.03	1.05
High interest rate on loan leads to increase saving mobilization	9.6	20.5	2.1	42.5	25.3	2.47	1.32
High interest rate on loan leads to decrease saving mobilization	34.9	33.6	3.4	20.5	7.5	3.68	1.34

**Table 11 - Access to Saver on Saving Mobilization - Descriptive Statistics**

Statement	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly disagree (%)	Mean	Std. Deviation
Distance of SACCO union from saver affects their saving mobilization	29.5	63	0	4.3	2.7	4.25	0.63
Distance of SACCO union from borrower affects their saving mobilization	29.5	63	0	4.3	2.7	4.12	0.85
Distance from a members working place to SACCO union affects the level of savings	29.5	63.7	0.7	6.2	0	4.16	0.72
The SACCO union access to saver/borrower in cost wise is low	8.9	18.5	8.2	56.2	8.2	2.64	1.14
Access to saver/borrower in cost wise is high	28.1	53.4	6.2	11	1.4	3.96	0.95

**Table 12 -Dividend on Saving Mobilization - Descriptive Statistics**

Statement	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly disagree (%)	Mean	Std. Deviation
Dividend pay-out on saving affect saving mobilization	17.1	67.8	2.7	8.2	4.1	3.86	0.94
Dividend pay-out on saving increase saving mobilization	53.4	45.9	0	0.7	0	4.52	0.54
High dividend pay-out on saving increase saving mobilization	53.4	41.1	2.7	2.7	0	4.45	0.69
Low dividend pay-out on saving decrease saving mobilization	26	54.1	2.1	17.1	0.7	3.88	1.01

**Table 13 - Existing of Other Financial Institutions on Saving Mobilization**

Descriptive Statistics							
Statement	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly disagree (%)	Mean	Std. Deviation
Members can access to other financial institutions with ease rather than Sacco union	15.1	56.8	4.1	18.5	5.5	3.58	1.12
Distance from a member working place to other financial institutions affects the level of saving	24.7	64.4	1.4	8.2	1.4	4.03	0.85
The variety of other financial institutions savings products affects the level of saving	15.8	57.5	11.6	9.6	5.5	3.68	1.03
Opening and closing hours of other financial institutions affects the level of saving	12.3	40.4	13.7	30.8	2.7	3.29	1.11
The provision of loan by other financial institutions affects the level of saving	24.7	58.2	2.7	12.3	2.1	3.91	0.98
The social construction & existence of formal & informal financial institution affects saving mobilization	32.9	47.9	2.7	12.3	4.1	3.58	1.12

**Table: 14 Measurements of Saving Mobilization**

Descriptive Statistics							
Statement	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly disagree (%)	Mean	Std. Deviation
The level of saving in SACCO union is high	23.3	46.6	5.5	24.7	0	3.68	1.08
The saving mobilization in SACCO union has been successful	23.3	50.7	6.2	19.9	0	3.77	1.02
The level of wealth creation in SACCO union is sufficient amount	30.1	39	15.8	15.1	0	3.84	1.02
The level of saving in the SACCO union is sufficient for provision of loan to members	13	71.9	7.5	7.5	0	3.90	0.71

**Table 15: Pearson's Correlation**

	Saving Mobilization	Safety	Income level	Interest rate	Access to saver	Dividend on saving	EOFI
Saving Mobilization	1						
Safety	.392** (.000)	1					
Income level	.533** (.000)	0.157 (.058)	1				
Interest rate	.604** (.000)	.261** (.001)	.344** (.000)	1			
Access to saver	0.001 (.993)	.220** (.008)	.179* (.031)	0.136 (.101)	1		
Dividend on saving	.272** (.001)	0.158 (.057)	0.144 (.082)	0.026 (.756)	0.105 (.206)	1	
EOFI	.577** (.000)	0.03 (.720)	.291** (.000)	.235** (.004)	.170* (.040)	0.154 (.064)	1

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

**Table 16: Coefficient of Determination (R 2)**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.869 <sup>a</sup>	.756	.745	.20214

a. Predictors: (Constant), Existence of other financial institutions, safety, dividend on saving, access to saver, income level, interest rate

**Table 17 - ANOVA**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.560	6	2.927	71.629	.000 <sup>b</sup>
	Residual	5.679	139	.041		
	Total	23.240	145			
a. Dependent Variable: Saving Mobilization						
b. Predictors: (Constant), EOFI, Safety, Dividend, Access, Income, Interest						

**Table 18: Multiple Regression Analysis - Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.209	.249		.840	.402
	Safety	.229	.038	.272	6.060	.000
	Income level	.208	.037	.262	5.635	.000
	Interest rate	.373	.047	.373	8.004	.000
	Access to saver	-.236	.042	-.244	-5.562	.000
	Dividend	.115	.035	.142	3.275	.001
	EOFI	.308	.033	.425	9.428	.000
a. Dependent Variable: Saving Mobilization						

## FINANCIAL PERFORMANCE EVALUATION OF PUBLIC SECTOR UNDERTAKINGS – A STUDY OF SELECT COMPANIES

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### **Abstract**

*Public Sector Undertakings have been playing a dominant and unique role in industrial growth and development of Indian economy. PSUs were established to dismantle the accumulated problems of unemployment, disparities of rural- urban, inter- regional and inter class disparities, technological backwardness and to setup a socialistic pattern of society in the country. Public Enterprises have become the “temples of modern India”. The Public Sector in India is composed of a number of segments. The first government itself, the central government, state government and local governments, the second category is that of departmental enterprises which are run directly by government departments and are not separately incorporated.*

*The present paper is aimed at analyzing the financial performance of select PSUs, viz., PGCIL (Power Grid Corporation of India Limited), ONGC (Oil and Natural Gas Corporation Limited), and SJVN Ltd (SatLuj Jal Vidyut Nigam Limited), for which the data pertaining to liquidity and solvency for the period of 3 years before and 3 years after the disinvestment period has been considered. The overall analysis financial performance of PGCIL indicate that the mean of current ratio has been decreased from 1.02 to 0.50 during pre-disinvestment period which is indication for poor level of liquidity position as well as ONGC also with different mean score. The overall analysis, financial performance of SJVN Ltd. indicate that the mean current ratio has been increased from 1.74 to 2.47 during pre-disinvestment period which indication for better level of liquidity position.*

**Key Words:** Public sector undertaking, Indian economy, disinvestment, financial performance.

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### **Introduction**

Public Sector Enterprises (PSEs) have been playing a dominant and unique role in industrial growth and development of Indian economy. After the attainment of independence and the advent of planning, there has been a progressive expansion in the scope of the public sector. The Industrial Policy Resolution of 1956 and the adoption of the socialist pattern of society as our national goal further led to a deliberate enlargement of the role of public sector. The Industrial Policy resolutions of 1945 and 1956 demarcated the areas of operations of public sector and private sector. There were several objectives for building up the public sector.

Public sector enterprises or public-sector undertakings have come to enjoy a unique position in the Indian economy in the post-independence era. These enterprises produce diverse products such as steel, coal, aluminium, fertilizers, basic chemicals, minerals, locomotives, aircrafts, ships etc. They have been responsible for forming a strong industrial base and providing the basic infrastructure for development in the country.

### **Meaning of Public Sector Enterprises**

As stated earlier, the business units owned, managed and controlled by the central, state or local government are termed as public-sector enterprises or public enterprises. These are also known as public sector undertakings.

“A Public-sector enterprise may be defined as any commercial or industrial undertaking owned and managed by the government with a view to maximize social welfare and uphold the public interest”.

### **Characteristics of Public Sector Enterprises**

Looking at the nature of the public-sector enterprises their basic characteristics can be summarized as follows...

- Government ownership and Management
- Public Welfare
- Public Accountability
- Financed from Government Funds

### **Types of Public Sector Enterprises**

There are three different types of organization used for the public-sector enterprises in India. These are

1. Departmental Undertakings
2. Statutory Corporations
3. Government Company

The New Industrial Policy, 1991 envisaged disinvestment of a part of government holdings with share capital of selected Public-Sector Enterprises (PSEs) in order to provide market discipline and to improve the performance of PSEs. In November, 1992, The Government reconstituted the Committee of Disinvestment of shares of PSEs with Dr. C.Rangarajan as its Chairman, the Rangarajan Committee also submitted its recommendations on disinvestment of PSE shares.

### **Review of Literature**

Priyanka Sharma (2016), has discussed about impact of disinvestment on financial performance of PSEs in India. This article reveals the PSEs showed better performance in the post- reform period. The better performance can be viewed in terms of rising completion that forced PSEs to improve their performance by ensuring high productivity and reducing cost of production. The process of disinvestment of PSUs has been free of criticism.

Vijayakumar and Jayachitra (2015) carried out a study to make a comparison between

the pre and post disinvestment financial and operating performance of 12 CPSEs in India which were selected from 5 cognate groups belonging to the manufacturing sector, such as Fertilizer, Heavy Engineering, Medium and Light Engineering, Petroleum and Transportation Equipment. The study observed that the company's belongings to the Heavy engineering sector showed most significant improvement in majority of the performance indicators during the post disinvestment period while the performance of the companies in the Transportation Equipment was very far from satisfactory in the same period.

Mrs. Megha Narang (2014), A study made on pre and post disinvestment analysis: A case of oil and natural gas corporation ltd. (ONGC). In this study disinvestment of the government shareholding has been taken and pre-disinvestment mean value of financial parameters compared with post disinvestment mean value. Results showed that the disinvestment improves the profitability and liquidity position of ONGC while it has affected the efficiency position negatively. Disinvestment programmes should be executed to encourage autonomy in management with accountability, broad based ownership and improved condition.

### **Objectives of the Study**

The present study is analysing the following objectives:

- 1) To analyze the liquidity position of the select companies during the pre and post disinvestment period; and
- 2) To examine the solvency position of select companies during pre and post disinvestment period.

### **Research Methodology**

The present study based on the secondary data i.e. financial information from company's annual reports of PGCIL (Power Grid Corporation of India Limited), ONGC (Oil and Natural Gas Corporation

Limited) and SJVN Ltd (SatLuj Jal Viduyt Nigam Limited). These Three companies have been chosen. To achieve the objective of analysing the financial performance of selected companies, the financial performance analysis of liquidity as well as solvency ratio for 7 years has been used for the study. The financial performance of select companies for 3 years before and 3 years after the disinvestment period.

### Data Analysis

Arithmetic mean has been used to find out the average of various financial ratios of the selected public-sector undertakings. Standard deviation was used to find out the absolute dispersion in the various financial ratios, standard deviation has been applied on the data collected through various annual reports of Public Sector undertakings (PSUs). Co-efficient of variation has been used to study the fluctuation in various financial ratios over the study period. T-test has been used to test the difference between the mean of financial performance based on different ratios of selected PSUs before and after disinvestment.

The tables 1, 2 and 3 show the financial performance, the ratios calculated from the annual reports of the companies.

#### *Insert tables 1, 2 and 3*

The analyses of data from table 1 discloses that the current ratio was ranged between a minimum of 0.95 and maximum of 1.07 during pre- disinvestment period and 0.43 and 0.62 during post- disinvestment period. The mean current ratio of the company accounted for 1.0 and 0.50 respectively during pre and post disinvestment period. This indicates that the company is not maintaining the standard current ratio of 2:1, which leads to financial distress. The liquid ratio ranged between 0.92 and 1.02 during pre- disinvestment period and 0.39 and 0.59 during post disinvestment period. The mean of liquid ratio has been decreased

from 0.97 to 0.47 during the post disinvestment period.

The return on net worth ratio accounted for a minimum of 10.53 during 2007-08 and maximum of 12.64 in 2009-10 and recovered mean of 11.52 during pre-disinvestment period. This ratio has been recorded with minimum of 13.01 during 2013-14 and maximum of 16.06 in 2012-13 with mean of 14.31 during post-disinvestment period.

The ratio of Fixed assets to net worth accounted for a minimum of 1.98 during the year 2007-08 and 2009-10 and a maximum of 2.09 during 2008-09 with a mean of 2.02 during pre-disinvestment period, and during the period of post disinvestment, this mean ratio has been found increased to 2.15 with a minimum of 2.02 in 2011-12 and maximum of 2.32 in 2012-13.

The debt equity ratio of the company during pre-disinvestment is recorded with a minimum of 1.62 in 2007-08 and maximum of 2.13 in 2009-10 representing mean of 1.89. However, during period of post-disinvestment, the debt equity ratio recorded with tremendous increase at 12.97 with a minimum of 10.61 in 2011-12 and maximum of 14.68 in 2013-14 during post disinvestment period.

The overall analysis financial performance of PGCIL indicate that the mean current ratio has been decreased from 1.02 to 0.50 during pre-disinvestment period which indication for poor level of liquidity position. The mean debt equity ratio increased from 1.89 to 12.97 during post disinvestment period. Which reflects the long-term potentiality as to repayment of long term debts.

Further, the data have been analysed by the applying the t-test and it is statistically observed that t-test value in respect of return on net worth with 0.06; Fixed assets to net worth with 0.23 are significant. However, t-value for current ratio, liquid ratio and debt equity ratio were statistically not significant.



The analyses of data in table 2 discloses that the current ratio ranged between minimum of 1.35 and maximum of 1.87 during pre- disinvestment period and minimum of 1.56 and maximum of 1.75 during post- disinvestment period. The mean current ratio of the company accounted for 1.67 and 1.63 respectively during pre and post disinvestment period. The liquid ratio ranged between 1.00 and 1.12 during pre- disinvestment period and 0.90 and 1.20 during post disinvestment period. The mean liquid ratio has been decreased from 1.09 to 1.04 during pre and post disinvestment period. As both the current ratio and liquid ratio have been slightly decreased during the post disinvestment period, the company could unable to meet its short term financial requirements. This also can be evidenced from the return on net worth being decreased from 19.82 to 15.08 during the post disinvestment period.

The return on net worth ratio accounted for a minimum of 19.40 during 2009-10 and maximum of 20.65 in 2008-09 and recovered mean of 19.82 during pre-disinvestment period. This ratio has been recorded with minimum of 12.26 during 2014-15 and maximum of 16.81 in 2012-13 with mean of 15.08 during post-disinvestment period.

The ratio of Fixed assets to net worth accounted for a minimum of 59.63 during the year 2008-09 and a maximum of 64.70 during 2009-10 with a mean of 62.71 during pre-disinvestment period, and during the period of post disinvestment, this ratio has been found increased to mean of 67.46 with a minimum of 64.22 in 2012-13 and maximum of 70.26 in 2013-14.

The debt equity ratio of the company during pre-disinvestment is recorded with a minimum of 0.51 in 2009-10 and maximum of 0.57 in 2008-09 representing mean of 0.53. However, during the period of post-disinvestment, the debt equity ratio decreased at a mean

0.44 with a minimum of 0.43 in 2012-13 and maximum of 0.46 in 2013-14 during post disinvestment period. This reflects that the company could not maintain the minimum requirement as per the standard debt equity ratio.

The overall analysis financial performance of ONGC indicate that the mean of current ratio has been decreased from 1.67 to 1.63 during pre-disinvestment period which indication for poor level of liquidity position, as the mean of debt equity ratio decreased from 0.53 to 0.44 during post disinvestment period.

Further the data have been analysed by the applying the t-test and it is statistically observed that t-test value in respect of current ratio with 0.83; liquid ratio with 0.63 and fixed assets to net worth ratio is 0.11 are significant. However, t-value for return on net worth ratio and debt equity ratio were statistically not significant.

The data analyses from table 3 shows that the current ratio ranged between minimum of 1.44 and maximum of 1.99 during pre- disinvestment period and minimum of 1.98 and maximum of 2.81 during post- disinvestment period. The mean current ratio of the company accounted for 1.74 and 2.47 respectively during pre and post disinvestment period. Which reflects that the company is maintaining the poor level of finance. The liquid ratio ranged between minimum of 2.47 and maximum of 5.69 during pre-disinvestment period. Minimum of 1.96 and maximum of 2.78 during post disinvestment period. The mean liquid ratio has been decreased from 4.18 to 2.45 during pre and post disinvestment period. The return on net worth ratio accounted for a minimum of 12.96 during 2009-10 and maximum of 16.79 in 2008-09 and recovered mean of 14.63 during pre-disinvestment period. This ratio has been recorded with minimum of 12.32 during

2013-14 and maximum of 13.66 in 2011-12 with mean of 12.83 during post-disinvestment period.

The ratio of Fixed assets to net worth accounted for a minimum of 0.92 during the year 2009-10 and a maximum of 1.36 during 2007-08 with a mean 1.16 during pre-disinvestment period, and during the period of post disinvestment, this ratio has been found decreased mean 1.16 with a minimum of 0.62 in 2013-14 and maximum of 0.79 in 2011-12.

The debt equity ratio of the company during pre-disinvestment is recorded with a minimum of 0.22 in 2009-10 and maximum of 0.37 in 2007-08 representing mean 0.32. However, during the period of post-disinvestment, the debt equity ratio recorded with increase at a mean 0.33 with a minimum of 0.31 in 2011-12 and maximum of 0.34 in 2012-13 and 2013-14 during post disinvestment period.

The overall financial performance of SJVN Ltd., indicate that the mean current ratio has been increased from 1.74 to 2.47 during disinvestment period which is indication for better level of liquidity position. However, the mean of debt equity ratio increased from 0.32 to 0.33 during post disinvestment period.

Further, the data have been analyzed by the applying the t-test and it is statistically observed that t-test value in respect of liquid ratio with 0.148; return on net worth with 0.209 and debt equity ratio with 0.806 are significant. However, t-value for fixed assets to net worth ratio and current ratio were statistically not significant.

### **Financial Strength**

#### **Power Grid Corporation of India Limited:**

Studying the financial strength of this company reveals that the dependence on the outsider's funds has increased during the post disinvestment period. It has been recorded in this company and the

examination of the Table. 1 fixed assets to net worth ratio, debt equity ratio reveals that the post disinvestment period it has been increased it means that the shareholders' funds of this company have not been sufficient in financing their fixed assets during the post disinvestment period. As far as their corporate liquidity is concerned, it has been found that there is a decline in the mean score of current ratio and liquid ratio during the post disinvestment period. It shows that the management of this company has failed in the efficient usage of current and liquid assets.

#### **Oil and Natural Gas Corporation Ltd (ONGC):**

As regards the financial strength of this company, it has been found that there is a decline in the mean score of debt equity ratio and return on net worth ratio during post disinvestment period. Debt equity ratio indicates that the company shareholder funds efficiently utilized compared to pre-disinvestment period. But the excessive use of debt in their financial plans is not been good for its long term financial position. The company should try to reduce their outsider's funds. Examination of the corporate liquidity of this sector reveals that the management of ONGC managed their liquid assets efficiently but failed in the case of current assets. The mean score of the current ratio in the post disinvestment period has been less than the pre-disinvestment period. It has not good for its short-term solvency position. In order to improve their short-term solvency position and to compete in this global competition, there should be efficient management of their working capital.

#### **SatluJ Jal Vidyut Nigam Limited (SJVN Ltd.):**

The examination of the fixed assets to net worth ratio reveals that the shareholder funds of this company has not been sufficient in financing their fixed assets during the post disinvestment period. Table.3 reveals that the financial strength of the SJVN Ltd., the debt equity ratio is normal increase in the post disinvestment

period. Studying the corporate liquidity of this company reveals that the management managed their current and liquid assets with more efficiently. It shows that the management of this company is good position in liquidity.

### Conclusion

Public sector Undertakings in India viewed as a mechanism for structural transformation of the economy and for growth with equity and social justice. The study examined the financial performance of PGCIL, ONGC and SJVN Ltd. The financial performance is greatly influenced by the disinvestment. The indicators used current ratio, liquid ratio, return on net worth ratio, debt equity ratio, and fixed assets to net worth ratio. The findings revealed that the post-disinvestment period the debt equity ratio recorded with tremendous increase in PGCIL. The overall analysis financial performance of PGCIL indicate that the mean of current ratio has been decreased from 1.02 to 0.50 during pre-disinvestment period which is indication for poor level of liquidity position as well as ONGC also with different mean score. The overall analysis, financial performance of SJVN Ltd. indicate that the mean current ratio has been increased from 1.74 to 2.47 during pre-disinvestment period which indication for better level of liquidity position.

There should be a check on the excessive use of debt or outsider's funds and the public sector undertakings should arrange the funds from their internal resources. More efforts have to be made for the efficient utilization and management of their assets. In this way the management of these firms can make an effective check on the wastage of their resources.

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**Table – 1**  
**Financial Performance of PGCIL during Pre and Post Disinvestment period**  
**(Year of Disinvestment 2010-11)**

Ratios	Pre-Disinvestment period			Post-Disinvestment Period			Distribution of Mean/ SD /CV						t-value
							Pre-Disinvestment period			Post-Disinvestment period			
	2007-08	2008-09	2009-10	2011-12	2012-13	2013-14	MEAN	SD	CV	MEAN	SD	CV	
Current Ratio	1.07	1.00	0.95	0.62	0.43	0.47	1.00	0.04	4.88	0.50	0.08	16.14	0.00
Liquid Ratio	1.02	0.96	0.92	0.59	0.39	0.43	0.97	0.04	4.25	0.47	0.08	18.35	0.001
Return on Net worth Ratio	10.53	11.38	12.64	13.85	16.06	13.01	11.52	0.86	7.52	14.31	1.28	8.98	0.06
Debt Equity Ratio	1.62	1.92	2.13	10.61	13.62	14.68	1.89	0.209	11.07	12.97	1.72	13.29	0.0008
Fixed Assets to Net worth Ratio	1.98	2.09	1.98	2.02	2.32	2.11	2.02	0.05	2.53	2.15	0.12	5.84	0.23

**Source:** Compiled from Annual Reports of Public Sector Enterprises Survey.

**Table – 2**  
**Financial Performance of ONGC during Pre and Post Disinvestment period**  
**(Year of Disinvestment 2011-12)**

Ratios	Pre-Disinvestment period			Post-Disinvestment Period			Distribution of Mean/SD/CV						t-value
							Pre-Disinvestment Period			Post Disinvestment Period			
	2008-09	2009-10	2010-11	2012-13	2013-14	2014-15	Mean	SD	CV	Mean	SD	CV	
Current Ratio	1.79	1.87	1.35	1.75	1.56	1.57	1.67	0.23	13.52	1.63	0.09	5.23	0.83
Liquid Ratio	1.16	1.12	1.00	1.20	1.03	0.90	1.09	0.07	6.39	1.04	0.12	11.91	0.63
Return on Net worth	20.65	19.40	19.41	16.81	16.16	12.26	19.82	0.59	2.97	15.08	2.01	13.32	0.033
Debt Equity Ratio	0.57	0.51	0.52	0.43	0.46	0.44	0.53	0.02	4.87	0.44	0.01	3.23	0.01
Fixed Assets to Net Worth Ratio	59.63	64.70	63.80	64.22	70.26	67.91	62.71	2.20	3.51	67.46	2.49	3.68	0.11

**Source:** Compiled from Annual Reports of Public Sector Enterprises Survey

**Table – 3**  
**Financial Performance of SJVN Ltd., during Pre and Post Disinvestment Period**  
**(Year of Disinvestment 2010-11)**

Ratios	Pre-Disinvestment period			Post-Disinvestment Period			Distribution of Mean/SD/CV						t- value
							Pre-Disinvestment Period			Post Disinvestment Period			
	2007-08	2008-09	2009-10	2011-12	2012-13	2013-14	Mean	SD	CV	Mean	SD	CV	
Current Ratio	1.44	1.80	1.99	1.98	2.81	2.62	1.74	0.22	12.89	2.47	0.36	14.46	0.072
Liquid Ratio	2.47	4.37	5.69	1.96	2.78	2.60	4.18	1.32	31.59	2.45	0.35	14.41	0.148
Return on Net worth	14.14	16.79	12.96	13.66	12.51	12.32	14.63	1.60	1.93	12.83	0.59	4.63	0.209
Debt Equity Ratio	0.37	0.35	0.22	0.31	0.34	0.34	0.32	0.07	20.92	0.33	0.01	3.66	0.806
Fixed Assets to Net worth Ratio	1.36	1.21	0.92	0.79	0.69	0.62	1.16	0.18	15.40	0.70	0.07	9.93	0.028

Source: Compiled from Annual Reports of Public Sector Enterprises Survey

**AN EMPIRICAL STUDY OF  
OCTAPACE CULTURE AND ORGANIZATIONAL COMMITMENT**

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**Abstract**

*Various cultural frameworks have been focused in relation to organizational commitment and its different types but OCTAPACE culture. The present research is an exploratory research designed to investigate the influence of OCTAPACE culture on organizational commitment and on the three dimensions (types) of organizational commitment (affective, normative and continuance commitment).*

*Data were gathered on a structured questionnaire covering all variables of interest from a total of 175 employees, taken randomly, working in public sector organizations in Andhra Pradesh. The result revealed that OCTAPACE Culture influences organizational commitment significantly. Results also showed that different dimensions of OCTAPACE Culture have varying effects on different types of organizational commitment. Further, the research has also implication in the sense that management can focus more on those aspects / dimensions of OCTAPACE Culture which results into the types of commitment management wants to emphasize upon.*

**Keywords:** OCTAPACE Culture, Organizational Commitment, Employees, organization

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**Introduction**

Role of organizational culture in organizational performance is gaining wide recognition across the globe especially in present volatile, uncertain, unpredictable and highly competitive business environment. Academicians and practitioners have realized that organizational culture influences employee performance. Organizational culture

influences and shapes employee attitude and behaviour which in turn influences employee and organizational performance. Employees are the currency of successful business especially in-service industry. Employee mindsets- their fundamental attitudes and behaviours matter to achieve and maintain high performance (Thomas, Harburg & Dutra, 2007). One of the attitudes that could lead to high

performance is employee's organizational commitment. That is why probably, organizational commitment has emerged as a promising area of research in recent time. Organizational culture has been the subject of exploration for academics and practitioners since long time. Various dimensions of organizational culture such as communication, training and development, rewards and recognition, risk taking, creativity and innovation, team and people oriented, result oriented etc. have been explored in relation to several relevant organizational outcomes including commitment. OCTAPACE culture is relevant and critical for business performance and success in the present business scenario (Academy of Human Resources Development, 2009). The present study is a modest attempt to fill this void. Thus, the present study is exploratory in nature and aimed at finding the influence of OCTAPACE Culture on organizational commitment. Also, the study intends to find out that how different dimensions of the OCTAPACE culture influences different types of organizational commitment.

## Literature Review

### A. Organizational Commitment

Building employee commitment is fundamental to sustained business success. Organisations that can successfully harness the commitment of their employees enjoy several distinct competitive advantages. Committed employees execute business strategies more successfully and are more flexible and adaptive to changing business conditions, can produce superior shareholder value through lower operating costs and higher revenues and profits. Committed employees demonstrate higher levels of integrity, support customers and colleagues more effectively and are more prepared to 'go the extra mile', beyond the call of duty, and all this can help in creating a winning organization.

Organizational commitment is a psychological state that binds an employee to an organization. Two approaches have

been used to define the commitment by researchers –One-dimensional and Multidimensional approach. Multidimensional approach also called as Three-component model of organizational commitment, has gained substantial popularity since its inception. In this study, we operationalized organizational commitment as a multi-dimensional construct. Multidimensional approaches view organizational commitment as a psychological state that consists of three components

- a) **Affective:** Affective commitment refers to the emotional attachment with the organization based on the match with the organizational values and goals to that of the employee's personal values and goals. It is the most desired form of commitment sought by organizations. Employees with high level of affective commitment possess a strong belief in and acceptance of organizational goal, objectives and values.
- b) **Continuance and:** Normative commitment refers to the sense of obligation and responsibility to remain with the organization. Employees with high normative commitment believe that they ought to continue working for their organization because it the "right and moral" thing to do.
- c) **Normative Commitment:** Continuance commitment is a form of psychological attachment to an employing organization that reflects the employee's perception of the loss he/ she would suffer if employees were to leave the organization.

Allen & Meyer (1990) proposed that continuance commitment develops based on two factors:

- (1) number of investments (side-bets) individuals make in their current organization and
- (2) perceived lack of alternatives. These investments can be anything that the individual considers valuable that would be lost by leaving the organization.

These various types of commitment will have varying effects on the organization's performance and a person can display aspects of all of them. Employees could at any point of time have a commitment profile that reflected high or low levels of all components (Meyer et al. 2002). These different profiles would lead to different effects on workplace behaviour.

### B. Organizational Culture

Despite the great attention received by Organizational Culture (OC), there has no universal agreed upon definition for the construct (Lewis, 2002). Most of the definitions provided for the construct indicated that it is the shared system of values, beliefs, and attitudes that are common among the organizational individuals and influence their judgments. Different organizations have their own distinctive cultures. Through tradition, history and structure, organisations build up their own culture. Culture shapes employee's attitudes, values, motivation, and performance Culture works as lens through which employees see organizational expectations and obligations. Organizational culture affects company's financial performance and also is critical in attracting and retaining talent, change management, creating energy and momentum, engaging employees, creating synergy between work behaviour and organizational goal.

### C. OCTAPACE Culture

OCTAPACE culture is relevant and critical for business performance and success and brings higher efficiency and organizational effectiveness (Academy of Human Resources Development, 2009). Organizations such as Infosys, Wipro, Tata Steel etc. are successful and growing which can also be attributed to the tremendous impact of OCTAPACE culture (Academy of Human Resources Development, 2009). Empirical studies indicated that the culture of OCTAPACE values is imbibed in the

culture of the many organizations to a good or moderate degree.

OCTAPACE culture is represented by occurrence of values / ethos of Openness, Confrontation, Trust, Authenticity, Pro-action, Autonomy, Collaboration and Experimentation. It deals with the extent to which this values / ethos are promoted in organisation.

**Openness & Risk Taking:** The value deals with the extent employees in the organization feel free to express their ideas, willing to take risks and experiment with new ideas and new ways of doing things.

**Confrontation** The value deals with the extent employees in the organization takes challenges face and not shy away from the problems and work jointly with others concerned to find its solution.

**Trust:** The value deals with the extent employees have mutual faith and between employee and management with respects to work, information sharing, helping etc. and can be relied upon what other person says and do.

**Authenticity:** It is the value underlying trust. The value deals with the extent employees are willingness to acknowledge the feelings he/she has and accept him / her as well as others who relate to him/her as persons.

**Pro-activity:** The value deals with the extent employees are action – oriented, willing to take initiative and show a high degree of proactively. They anticipate issues and act or respond to the needs of the future.

**Autonomy:** The value deals with the extent employees are willingness to use power without fear and helping others to do the same. Employees have some freedom to act independently within the boundaries imposed by their role/job.

**Collaboration** The value deals with the extent employees work together and use one another's strength for a common cause. Involves strategies, workout plans of action and implement them together.



**Experimenting:** Experimenting as a value emphasizes the importance given to innovation and trying out new ways of dealing with problems in the organization.

#### **Research Questions**

1. Does OCTAPACE Culture influences organizational commitment?
2. Do different dimensions of OCTAPACE culture are significantly related to three dimensions of organizational commitment (affective, normative and continuance commitment)?

#### **D. Research Methodology**

The present study is an exploratory research based on primary data using cross-sectional designing Sample and Procedures The target population of this study was employees working in the different public-sector organizations in Bhutan. Data were collected randomly using a standard questionnaire covering variables of interests from a total of 175 employees working at different levels in their organization. Four public sector organizations were chosen for the study. Data were collected during working hours with permission from the competent authority of organizations. Demographic data were also taken from respondents. Approximately 32 years are the average age of respondents which consists of male and female in the ratio of 61 and 39 percent (approximately) respectively. All the necessary information regarding the study and ways to respond on questionnaire were shared with all respondents. Respondents were assured of confidentiality of their responses and were told that their responses shall be used for the research purpose only. In the present study following scales were used. These scales were not adopted rather used in its original form.

Organizational Commitment was measured through using Organizational Commitment Questionnaire (OCQ), developed by Allen & Meyer (1996). This scale measures commitment in three areas namely affective, normative and continuance commitment. There are six items each of

the three areas, making 18 items scale in all. Reliability of the scale was found to be .87 for affective, .75 for continuance, and .79 for normative commitment (alphas).

Organizational Culture (OCTAPACE Culture) was measured using scale developed by Pareek (2003). The scale is a 40 items instrument that gives the profile of the organization's ethos in eight values. These values are openness, confrontation, trust, authenticity, pro-action, autonomy, collaboration 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. Cronbach alpha coefficient reliability of the scale was 0.83.

#### **E. Analysis and Results**

As the study aims to explore the influence of OCTAPACE culture on organizational commitment and also different dimensions of the culture on three dimensions of organizational commitment; correlation and regression analysis were carried out. Correlation was used to see how all the variables of interest were related to each other. Regression analysis was applied to ascertain how explanatory variables influence outcome variables. The data were analyzed with the help of Statistical Package for Social Sciences (SPSS). The result in the table below (table -1) shows relationship among variables used in the study. The table reveals that OCTAPACE Culture is positively and significantly related to organizational commitment. The table indicates that some of the dimensions of the OCTAPACE culture generate commitment among the employees in the organization of the study.

*Insert Table 1***OCTAPACE Culture and Organizational Commitment**

Table 2 reveals the relationship of OCTAPACE Culture and Organizational Commitment.

*Insert Table 2*

OCTAPACE culture was found to be significantly influencing ( $\beta = .383$ ,  $t = 3.523$ ;  $p = .001$ ) organizational commitment.  $R^2$  is .147 which indicates that approximately 15 percent variation is explained in organizational commitment by OCTAPACE values. F value found in this model is significant ( $F = 12.143$ ,  $p = .001$ ). In order to know that how much different dimensions of the OCTAPACE culture influences different dimensions organizational commitment, we need to focus on regression analysis presented in tables below:

*Insert Table 3*

Above table (table - 3) shows that two values of OCTAPACE (Collaboration and Autonomy) are explaining the variance in affective commitment in significant manner. In model 1, collaboration was regressed on affective commitment and was found to be significantly influencing ( $\beta = .299$ ,  $t = 2.655$ ;  $p = .01$ ).  $R^2$  is .089 which indicates that approximately 9 percent variation can be explained in the affective commitment by the values of collaboration. F value found in this model is significant ( $F = 7.048$ ,  $p = .010$ ). In model 2, Autonomy dimension of the OCTAPACE Culture, got added with the Collaboration ( $\beta = .271$ ,  $t = 2.424$ ;  $p = .018$ ). This explains approximately 16 percent variation in the formation of affective commitment ( $R^2 = .159$ ). F value in this model is also found significant ( $F = 6.701$ ,  $p = .002$ ).

*Insert Table 4*

In predicting continuance commitment, only Proaction of OCTAPACE culture was found to be significantly influencing ( $\beta = .346$ ,  $t = 3.126$ ;  $p = .003$ ).  $R^2$  is .119 which

indicates that approximately 12 percent variation can be explained in the continuance commitment by the value of proaction.

F value found in this model is significant ( $F = 9.769$ ,  $p = .003$ ).

*Insert Table 5*

Table - 4 shows that two values of OCTAPACE (Proaction and Trust) are explaining the variance in normative commitment in significant manner. In model 1, proaction was regressed on normative commitment and was found to be significantly influencing ( $\beta = .472$ ,  $t = 4.545$ ;  $p = .000$ ).  $R^2$  is .223 which indicates that approximately 22 percent variation can be explained in the normative commitment by the value of proaction. F value found in this model is significant ( $F = 20.659$ ,  $p = .000$ ). In model 2, Trust dimension of the OCTAPACE Culture, got added with the Proaction ( $\beta = .256$ ,  $t = 2.350$ ;  $p = .022$ ). This explains approximately 28 percent variation in formation of normative commitment ( $R^2 = .279$ ). F value in this model also found significant ( $F = 13.740$ ,  $p = .000$ ).

**E. Conclusion**

It can be argued that not only other cultural framework but also culture marked with OCTAPACE ethos and values generates employee's commitment towards their organization. The study also revealed that if not all but half of dimensions of OCTAPACE Culture namely Collaboration, Autonomy, Pro-action and Trust significantly influence different forms of employee's commitment. It reveals that organization should focus more on these aspects of OCTAPACE Culture to have effects on different types of commitment by their employees.

**F. Implications**

The findings obtained from this research seem to suggest that organizations that require their employees to develop

commitment should demonstrate their commitment towards OCTAPCE values. Employers concerned with developing different types of employee commitment need to focus their attention on teamwork and group efforts (collaboration), autonomy, proaction and mutual trust in their work environment that can foster positive perceptions of organizations. Fostering these cultural elements can act as a catalyst in enabling the employee to show commitment towards their job and organization which in turn can positively influence their performance.

Thus, the implications of this study are particularly significant when considering organizational development interventions designed to increase employee commitment.

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**Table 1- Mean, SD and Correlation Coefficient among Variables (N= 175)**

	Mean	SD	Openness	Confrontation	Authentication	Trust	Proaction	Autonomy	collaboration	Experimentation	Org.Culture	CC	Oc	NC	Organisation Commitment
Gender	1.40	0.49													
Age	32.50	3.80													
Qualification	1.52	0.50													
Openness	2.93	0.32	1												
Confrontation	2.84	0.37	.3666	1											
Authentication	2.79	0.36	.566	.365	1										
Trust	2.61	0.29	.241	.171	.137	1									
Proaction	2.90	0.42	.236	.170	.303	.379	1								
Autonomy	2.46	0.37	-0.29	.263	.355	-0.076	-0.218	1							
collaboration	2.71	0.30	1.46	.376	-1.36	.370	.113	.223	1						
Experimentation	2.73	0.28	.356	1.59	.415	.130	.210	1.97	0.67	1					
Org.Culture	2.74	0.18	.681	.704	.556	.539	.559	.163	.493	.476	1				
CC	2.00	.87	.59	1.89	0.212	.300	.346	-.153	0.80	.228	.307	1			
OC	2.03	0.76	0.62	1.42	0.212	0.115	0.093	0.191	0.299	0.272	0.224	0.437	1		
NC	2.71	0.82	.196	0.001	0.166	0.139	0.472	0.036	0.125	0.089	0.345	0.501	0.122	1	
Org.Commitment	2.25	0.62	1.35	0.152	0.302	0.131	0.392	0.171	0.220	0.263	0.383	0.869	0.666	0.072	1

Sources: Data Analysis.

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

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

CC= Continuance Commitment.

AC = Affective Commitment.

NC = Normative Commitment

**Table 2 - Organizational Commitment as Functions of OCTAPACE Culture**

Independent Variable	Beta	t-Value	Significance	R <sub>2</sub>	Adjusted R <sup>2</sup>	F	Level Of significance
OCTAPACE Culture	.383	3.523	.001	.147	.135	12.143	.001

**Table 3 - Dimensions of OCTAPACE Culture as Function of Affective Commitment (Stepwise Method)**

Independent Variable Entered	Beta	t-Value	Significance	R <sub>2</sub>	R <sub>2</sub> Change	Adjusted R <sup>2</sup>	F	F change	Level Of significance
Model 1 Collaboration	.299	2.655	.010	.089	0.89	0.77	7.048	7.048	.001
Model 2 Collaboration Autonomy	.359 .271	3.241 2.424	.002 .018	.159	.070	.135	6.701	5.877	.002

**Table 4 - Dimensions of OCTAPACE Culture as Function of Continuance Commitment (Stepwise Method)**

Independent Variable entered	Beta	t-Value	Significance	R <sub>2</sub>	Adjusted R <sup>2</sup>	F	Level Of significance
OCTAPACE Culture	.346	3.126	.003	.119	.107	9.769	.003

**Table 5 - Dimensions of OCTAPACE Culture as Function of Normative Commitment (Stepwise Method)**

Independent Variable Entered	Beta	t-Value	Significance	R <sub>2</sub>	R <sub>2</sub> Change	Adjusted R <sup>2</sup>	F	F change	Level Of significance
Model 1 Pro-action	.472	4.545	.000	.223	.223	.212	20.659	20.659	.000
Model 2 Pro-action Trust	.375 .256	.444 2.350	.001 .022	.279	.056	.259	13.740	5.522	.000

## RETENTION OF WEAVERS IN HANDLOOM SECTOR

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### *Abstract*

*The handloom sector carries a very rich heritage coming down over the centuries of vibrant culture that of the Indus valley civilization. Handloom sector is a prime and emergent economic necessity since it sustains the economy of predominantly reveal based nation. It provides direct or indirect employment to millions of artisans spread all over the country.*

*Weaving is one of the most ancient handicrafts patronized all over the world and all times. Like food and shelter, clothing is also a basic need of every human being. Handloom sector has developed over the years and to see how far it is meeting the threats of globalization a study of handloom sector has been undertaken. In the present economic environment where dependency on foreign capital and know how is increasing all round, the handloom industry presents a sustainable model of economic activity that is not energy intensive and has low capital costs, as well as an extensive skill base. The objectives of the present study are to assess the impact of technology for leaving the current profession, to explore the level of satisfaction of weavers and to suggest the measures to retain the weavers in handloom sector. The study concludes that handloom weavers in Madanapalle, Chittor district of Andhra Pradesh are traditional weavers and it is their primary occupation. However, various unfavourable factors lead to weavers quit from the current profession.*

**Key Words:** Retention, Weaving, Handloom, Employment

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### **Introduction**

The handloom sector carries a very rich heritage coming down over the centuries of vibrant culture that of the Indus valley civilization. Handloom sector is a prime and emergent economic necessity since it sustains the economy of predominantly reveal based nation. It provides direct or indirect employment to millions of artisans spread all over the country. One fourth of the total cloth production in the country is from handloom sector. In terms of the employment, it ranks only next to the agriculture providing livelihood to more than 40 million people. The sector has, rightly been termed as an art and craft sector (G. Nagaraju, 2012).

Handloom accounts for over 40% of the cloth produced in the country. Although very large number of cloth varieties is produced in handlooms, the major items are like saree, dhoti, gamchalam, lungi, shirting, bed sheet and towel etc. The production of handloom cloth is concentrated in three states viz., Tamil Nadu, Andhra Pradesh and Uttar Pradesh. Of these three states Tamil Nadu has the highest concentration on handloom and handloom weavers in the country.

### **Organizational Structure of Handloom Weaving**

Despite large-scale expansion of modern textile industry in India, handloom continues to occupy an important place in

country's total economic support. It is a household industry, all family members work as one unit; the head of the household perform the manufacturing work, as where other member of the family do the supporting or ancillary role, work and burden is divided on the basis of age and sex. The organizational structure of the industry could be divided into four segments. They are: a) Independent Weavers, b) Master Weaver, c) Co-operative Weaver, d) Corporate Sector.

### Review of Literature

**Dr. Selvaraj A and Tamilarasi N (1977)** they have identified that the main reasons for the widespread unemployment among handloom weavers in Kannur are unplanned production, lack of innovation, the role of intermediaries and master weavers and the failure of the government to build a strong base for the industry.

**Shaw Tanusree (1978)** observed that the handloom weavers formed a major component of the rural poor, a significant proportion of them falling into the lowest income group. The average earning of a handloom weaver was estimated at less than Rs. 3.50/day and they do not even get this insufficient amount all throughout the year. Most of the weavers are semi-starved and ill clad.

**Nagari muneendra (1991)** studied socio-economic condition of handloom weavers in Kadapa district of Andhra Pradesh. The study identified that weavers in the western parts of the districts produced only coarse varieties of handloom clothes and weavers in the eastern region were usually weaving superior varieties of clothes like pure silk sarees etc. The study also observed that weavers were living below poverty line. The study suggested that proper training should be given to the weavers, and more weavers' service centers should be opened to assist them. The weavers should try to learn modern techniques of weaving to

increase their earnings and to improve their living conditions.

**Samira Patra & Dr . Sanjeeb Kumar Dey (1995)** in her study, the modernization of handloom industry in Odisha with reference to Cuttack district pointed out that the benefits of government policies are not being reaching the real weavers. The study observed that the modernization of handloom industry is inevitable. The gravity of unemployment among weavers in the district can be reduced to some extent by injecting new life and strength in to the handloom industry in the rural and semi-urban area through modernization. The study recommended financial subsidies for the implementation of modernization programme in handloom sector and free training for weavers.

### Employee Retention

Employee retention involves taking measures to encourage employees to remain in the organization for the maximum period of time. Organizations are facing a lot of problems in employee retention these days. Hiring knowledgeable people for the job is essential for an employer. But retention is even more important than hiring.

### Reasons for Retention

- A stimulating work environment that makes effective use of people's skills and knowledge, allows them a degree of autonomy on the job, provides an avenue for them to contribute ideas, and allows them to see how their own contribution influence the company's wellbeing.
- Opportunities for learning and skills development and consequent advancements in job responsibilities.
- Effective communications, including channels for open, two- way communication, employee participation in decisions that affect them, an understanding of what is happening in the organization and an understanding of the employer's main business concerns.

- Good compensation and adequate, flexible benefit plans.
- Recognition on the part of the employer that employees need to strike a good balance between their lives at work and outside of work.
- Respect and support from peers and supervisors.

#### Factors affecting on Retention

1. Compensation levels
2. Benefits
3. Performance based Compensation
  - a) Incentive Pay
  - b) Merit Pay
  - c) Gain Sharing
  - d) Profit Sharing
  - e) Employee Stock Ownership Plans
  - f) Skill based Pay

#### Need for the Study

Weaving is one of the most ancient handicrafts patronized all over the world and all times. Like food and shelter, clothing is also a basic need of every human being. Handloom sector has developed over the years and to see how far it is meeting the threats of globalization a study of handloom sector has been undertaken. In the present economic environment where dependency on foreign capital and know how is increasing all round, the handloom industry presents a sustainable model of economic activity that is not energy intensive and has low capital costs, as well as an extensive skill base. The principle of heredity continuance of occupation for generations introduced an element of stability and also enabled the craftsmen to venture further and acquire greater proficiency (Dr. Rachana Gosami & Dr. Ruby Jain, 2001).

#### Objectives of the Study

The objectives of the study are as follows:

1. To assess the impact of technology for leaving the current profession
2. To explore the level of satisfaction of weavers
3. To suggest the measures to retain the weavers in handloom sector

#### Hypotheses of the Study

H01: There is no significant relation between educational qualification and government schemes

H02: There is no significant difference between weaver in current profession and job satisfaction

H03: There is no significant difference between technology factors and weavers job satisfaction

H04: There is no significant difference between weaver's expectations and government schemes

**Primary Data-** collected by administering the questionnaire to the weavers living in Madanapalle, Andhra Pradesh.

**Secondary data-** collected from the books, journals and websites and through the interaction with the weavers in Madanapalle region, Chittoor district of Andhra Pradesh.

**Sample Size-**The sample size of the study was 100.

**Statistical Tools Used-**Simple percentage Analysis, Chi-square test and ANOVA

#### Data Analysis & Results

**H01:** There is no significant relation between educational qualification and government schemes

*Insert Table 1 & 2*

- a. 4 cells (50%) have expected count less than 5. The minimum expected count is .94

From the above table calculated value (4.392) >table value (0.222). So, reject the alternative hypothesis and accept the null hypothesis. So, it can conclude that there is no significant relation between educational qualification and Government schemes.

**H02:** There is no significant difference between weaver in current profession and job satisfaction

*Insert Table 3 & 4*



From the table 4, the calculated value is 6.55 is greater than table value 2.633. So, we can reject the null hypothesis and accept the alternative hypothesis. Hence there is a significant difference between weaver in current profession and job satisfaction.

**H03:** There is no significant difference between technology factors and weavers job satisfaction

*Insert Table 5 & 6*

From the table 6 the calculated value is 6.55 is greater than table value 2.63. So, we can reject the null hypothesis and accept the alternative hypothesis. Hence there is a significant difference between technology factors and weavers job satisfaction.

**H04:** There is no significant difference between weaver's expectations and government schemes

*Insert Table 7 & 8*

From the above table the calculated value is 3.0069 is greater than table value 0.000268. So, we can reject the null hypothesis and accept the alternative hypothesis. Hence there is a significant difference between weaver's expectations and government schemes.

### Findings

1. Weavers are continuing the current profession as a hereditary occupation and the only work known.
2. Weavers having more than 10years of experience are not satisfying in the current profession.
3. Weavers are not satisfying with the income from other sector.
4. Weavers are quitting handlooms due to technological advancements.
5. Major factors influencing the weavers to quit from the profession are demand from handlooms, earnings from handlooms, design charges, competition, impact of intermediaries and GST.
6. Major factors influencing the weavers to continue in the profession are financial support from Government, providing raw material at subsidized rate, loans from financial institutions and elimination of GST.

### Suggestions

1. Government should take necessary steps to promote handlooms for creating demand.
2. Handloom sector should be excluded from GST
3. Government should take initiative to eliminate the intermediaries between the market and weavers.
4. Government should take initiative to promote the government schemes and the importance of schemes to the weavers.
5. Banks should take an initiative to give loans to the weavers with lower interest rates.

### Conclusion

It is concluded that handloom weavers in Madanapalle, Chittoor district of Andhra Pradesh are traditionally weaving as their primary occupation. However various unfavorable factors lead to weavers quit from the current profession. The findings of the study have been considerably related to the measures to retain the weavers in handloom sector.

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**Table1: Educational Qualification Vs Awareness towards Government Schemes**

Educational Qualification	Awareness towards Government Schemes		Total
	Yes	No	
Illiterate	2	6	8
Up to SSC	40	34	74
Intermediate	9	7	16
Graduation	2	0	2
Total	53	47	100

**Table 2: Chi-square Test**

	Value	Df	Sig. value
Pearson chi-square	4.392 <sup>a</sup>	3	.222
Likelihood Ratio	5.243	3	.155
Linear by linear Association	2.800	1	.094
N of valid cases	100		

**Table 3: Two factor ANOVA without Replication**

Summary	Count	Sum	Average	Variance
Highly Satisfied	10	97	9.7	75.34
Satisfied	10	360	3.6	324.22
Neutral	10	49	4.9	78.32
Dissatisfied	10	324	32.4	69.60
Highly Dis satisfied	10	170	17	140.44

**Table 4: ANOVA**

Source of variance	SS	Df	MS	F	P-value	F crit
Rows	0	9	0	0	1	2.152
Columns	7528.6	4	1882.15	10.943793	6.55	2.633
Error	6191.4	36	171.98			
<b>Total</b>	13720	49				

**Table 5: Two factor ANOVA without Replication**

Summary	Count	Sum	Average	Variance
Highly Satisfied	10	87	8.7	18.45
Satisfied	10	413	41.3	314.46
Neutral	10	27	2.7	13.57
Dissatisfied	10	270	27	133.56
Highly Dissatisfied	10	201	20.1	585.88

**Table 6: ANOVA**

Source of variance	SS	Df	MS	F	P-value	F crit
Rows	0.72	9	0.08	0.0003	1	2.15
Columns	9296.72	4	2324.18	8.72	6.55	2.63
Error	9592.48	36	266.45			
<b>Total</b>	18889.92	49				

**Table 7: Two factor ANOVA without Replication**

Summary	Count	Sum	Average	Variance
Highly Satisfied	5	269	53.8	614.2
Satisfied	5	138	27.6	214.8
Neutral	5	17	3.4	11.3
Dissatisfied	5	59	11.8	43.7
Highly Dissatisfied	5	17	3.4	7.8

**Table 8: ANOVA**

Source of variance	SS	Df	MS	F	P-value	F crit
Rows	0	4	0	0	1	3.0069
Columns	9092.8	4	2273.2	10.19	0.000268	3.0069
Error	3567.2	16	222.95			
<b>Total</b>	12660	24				

**A STUDY ON THE IMPACT OF SOCIAL MEDIA SITES  
ON THE ACADEMIC PERFORMANCE OF MBA STUDENTS**

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**Abstract**

*Making your friends staying connected and satisfaction of social needs are the primary reasons why people consider using social networking. The modern world has turned into a small global Village where the connection between individuals is simplified through the networks that are internet generated. The social media network has illuminated the lives of people by sharing of knowledge worldwide making turning them into Global citizens. The impact of social media on youth especially the students has been more evident as compared to the elderly above the age of 35 years. Students can now communicate and share thoughts through the various social media platform such as Facebook in real time regardless of the geographical locations or distance. The study was conducted with a sample of 105 MBA students in MITS college including male and female. They were selected on the basis of random sampling from Angallu and Madanapalle. The sampling method is purposive sampling method. The data collected were carefully analysed and processed. Statistical tools such as percentage analysis and regression analysis were applied to interpret the data to draw meaningful inferences. 5-point Likert scale was used for measuring the Students attitudes.*

*Getting too much involved in the social media platforms cultivates bad habits. Addiction to social media has affected significantly students' lives leading to consistent practices that corrupt their minds. Instead of studying, playing and learning new techniques, most students will spend their time chatting with friend's social media. Moreover, students tend to neglect their duties to talk with their buddies. This has induced laziness and loss of focus in life. The negative thing with social media addiction is that the relationships created break easily due to lack of direct contact. The results are frustration and stress on students.*

**Key Words:** *Social Media, Academic Performance, MBA Students*

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**Introduction**

Making your friends staying connected and satisfaction of social needs are the primary reasons why people consider using social networking. The modern world has turned into a small global Village where the connection between individuals is simplified through the networks that are internet generated. The social media network has illuminated the lives of people by sharing of knowledge worldwide making turning them into Global citizens. The impact of social media on youth

especially the students has been more evident as compared to the elderly above the age of 35 years. Students can now communicate and share thoughts through the various social media platform such as Facebook in real time regardless of the geographical locations or distance. Here are some of the major impact of social media on student's life.

In spite of the numerous benefits of the social media, parents are always complaining about the drastic changes in their children's behaviour. Students can

access different materials such as pornography videos and images that corrupt their morals. Youths are very daring and will try to imitate everything they see on those social media networks. The results is dangerous and unacceptable habits and practices such as prostitution and use of drugs that significantly effects their life. Many college students become wasted due to the use of harmful substances that is mostly a social media influence. Social media event has caused suicidal behavior. Getting too much involved in the social media platforms cultivates bad habits. Addiction to social media has affected significantly students' lives leading to consistent practices that corrupt their minds. Instead of studying, playing and learning new techniques, most students will spend their time chatting with friend's social media. Moreover, students tend to neglect their duties to talk with their buddies. This has induced laziness and loss of focus in life. The negative thing with social media addiction is that the relationships created break easily due to lack of direct contact. The results are frustration and stress on students.

## Review of Literature

### *National*

**1. Kavitha and Bhuvanewari R (2016)** has conducted a study on the Impact of Social Media on Millennials a Conceptual Study on 507 P.S.G.R. Krishnammal College for Women, Coimbatore, India. The data for the research is conducted through statistical observation in the year 2016. The major outcome of the study indicates that "This study attempts to explain the pros and cons in Social media and the positive and negative impact of Social media on Personality development of the millennials that can be used as a foundation for more in-depth research".

**2. Sudha S and Kavitha ES (2016)** has conducted a study to the effect of social networking on students' academic performance: the perspective of faculty

members of Periyar University on 110 faculty, Salem, India. The data for the research is conducted through statistical observation in the year 2016. The major outcome of the study indicates that "The study exposed that there is a significant relationship between gender, age and concern department of the faculty members and their opinion on negative perceptions of SNS on student's academic performance".

**3. Rashi Ahuja and Aradhna Bharadwaj (2016)** has conducted a study to Impact of Social Networking Sites on Indian Youth: Boon or Bane on 114 student's Amity University, Noida, India. The data for the research is conducted through statistical observation in the year 2016. The major outcome of the study indicates that "The aim of this paper is to find out whether the social networking sites are a boon or bane for the youth of India. The importance of Social Networking Sites (SNS) in people's life is increasing each day".

**4. Jayshree Jha, Neelam Jaipuria, Shivesh Jha and Priya Sinha (2016)** has conducted a study on effects of social media on 34 middle school, high school and higher education students. The data for the research is conducted through survey method in the year 2016. The major outcome of the study identifies that electronic media use is negatively associated with grades. This research also indicates that an approach is needed to balance the relationship between social media and academic study.

**5. Sudipta Deb Roy and Sankar kumar Chakraborty (2015)** has conducted a study to identify "impact of social media/ social networks on education and life of undergraduate level students of karimganj town- A survey Sudipta deb Roy on 60 undergraduate level students of karimganj town, Assam, India. The data for the research is conducted through survey method in the year 2015. The major outcome of the study identify that "the positive and negative impact of social networks on education of under graduate

level students as well as on their life, depending on once interest to use it in a positive manner for his/her education and vice versa”.

**6. Indrajith Roy Chowdary and Biswajeet Saha (2015)** has conducted a study to identify the impact of Facebook as a social network sites (SNS) on youth generation: A case study of Kolkata city on 50 samples of collected data in Kolkata city. The data for the research is conducted through statistical observation in the year 2015. The major outcome of the study indicates that “to make the proper structure of this research paper 50 samples collected and processed and finally it has turn into shape through some Cartographic and statistical observation followed by some findings conclusion to focus on the scenario of Facebook status among the young generation in Kolkata city.

**7. Archana Kumari and Jyostna Verma (2015)** has conducted a study to identify Impact of Social Networking Sites on Social Interaction – A Study of College Students. Out of total 100 college students, 50 boys and 50 girls were selected from IIS University and SKIT University in Jaipur, India. The data was collected by using a self-constructed tool. The major outcome of the study identify that “no difference was found in the use of social networking sites among boys and girls. 65% students feel that it helps them to maintain relationship with their friends and 33% agreed that social networking sites help to maintain a regular contact with their parents and teachers.

**8. Anuj Sheopuri and Anita Sheopuri (2015)** has conducted a study to identify Impact of Social Network Sites on Studies on 75 students of engineering and management student in Bhopal. The data for the research is conducted through non-probability sampling method in the year 2015. The major outcome of the study identifies that “this is focused on student’s academic performance and their behaviour. Secondly this study points will help to

know the popularity of social sites among students, and the effect caused by them on their studies, etc. Lastly it will analyze the pros and cons aspects of social networking on education.

**9. Manjunatha S (2013)** has conducted a study to identify the usage of social networking sites among the college students in India on 500 students. The data for the research is conducted through survey method in the year 2013. The major outcome of the study indicates that “their usages pattern of social network sites , hours spending per week, gender differentiation in its usage, purpose of membership, their level of intimate relationships with online friends and much more interesting aspects have been dealt scientifically in this paper.

**10. Titto Varghese, Nivedhitha D and Pradeep Krishnamurthy (2013)** has conducted a study to identify the teenager’s usage of social networking media in south Indian state on 556 (292 male & 264 female) students of government and private schools (VIII to XII Class students) in South India. The data for the research is conducted through survey method in the year 2013. The major outcome of the study indicates that “the favorite activity for the Kerala teenagers even today in the social networking era is watching television when they are alone at home. More time at internet is spent on social networking sites compared to the they spend for educational need.

#### *International*

**1. Shahzadkhan (2016)** has conducted a study to identify the impact of social networking websites on students on 168 students among Shahzadkhan lecturer City University of science and information technology Peshawer Pakistan. The data for research is collected both primary and secondary source the primary data for this research study will be conducted through questionnaire’s; and the secondary data which is gathered from published research articles. The major outcome from the

research study it was also found the people can use social networking websites due to social influence.

**2. Raymond Owusu Boating and Afua Amankwaa (2016)** has conducted a study to identify “The impact of social media on student academic life in higher education on 10 participants, china. The data for the research is conducted through survey method in the year 2016. The major outcome of the study identifies that “The results reveals that social media is widely used by students of higher institution and that participants are in support of the idea that social media contribute a significant quota to the development of the academic life”.

**3. Mahmoud maqableh, Lama Rajab, Walaa Quteshat, Raedmohd Taisir Masadeh, Tahani Khatib and Huda Karajeh (2015)** has conducted a study to identify “The impact of social media networks websites usage on students’ Academic performance on 366 undergraduate students in Amman, Jordan. The data for the research is conducted through survey method in the year 2015. The major outcome of the study identifies that “the findings of this research can be used to suggest future strategies enhancing student’s awareness in efficient time management and better multitasking that can lead to improving study activities and academic achievements”.

**4. Owusu-Acheaw M and Agatha Gifty Larson (2015)** has conducted a study to identify “use of social media and its impact on academic performance of tertiary students; A study of students of Koforidua polytechnic, Ghana on 1508 were retrieved which represented a response rate of 95.5% in the koforidua polytechnic college students in Ghana. The data for the research is conducted through survey method in the year 2015. The major outcome of the study identifies that “students should be encouraged to limit the time they spend on the social media sites per day and advices

them to rather substitute those hours to read novels to improve their knowledge.

**5. Aida Abdulahi, Behrang Samadi and Behrooz (2014)** has conducted a study to identify the negative effects of social networking sites such as Facebook among Asia pacific university scholar in Malaysia. On the effects of 152 students survey in the Asia pacific university scholars in Malaysia. The data for the research is conducted through survey method in the year 2014. The major outcome of the study identifies that “social networking sites were only and electronic connection between users but unfortunately it has become an addiction for students. This paper examines the relationship between social network sites and health threat.

**6. Saba Mehmood and Tarang Taswir (2013)** has conducted a study to identify “the effects of social networking sites on the academic performance of students in college of applied Science, Nizwa, Oman on 100 students. The data for the research is conducted through survey method in the year 2013. The major outcome of the study identifies that “the results of empirical evidence explore class room and social software as paradigms that build young knowledgeable societies. It studies variables that examine the effectiveness of these social tools in knowledge sharing and general awareness of student communities.

**7. Qingya wang, wei chen and Yu Liang (2011)** has conducted a study to identify the effect of social media and college students; on descriptive, exploratory research study drew random sample 48 MBA students of 26 males and 22 females in the Johnson and wales university of USA. The data for the research is conducted through survey method in the year 2011. The major outcome of the study identifies that while most college student use social media and spent many hours checking social media sites there was a negative aspect to college students use of social media.

**8. Zahid Amin, Ahmed Mansoor, Syed Rabbet Hussain and Faisal Hashmat**

(2010) has conducted a study to identify the impact of social media on student's performance on 300 students among American teenagers. The data for the research is collected through direct observation during the academic year 2009-2010. The outcome of the study indicates that the effect of social media can be positive as in this study closely determined the real effect of social media sites.

**9. Al-Sharqi, K. Hashim, and Kutbi I (2005)** has conducted a study to identify the impact of social media on student's behaviour on 2605 male & female students in the KAU (King Abdulaziz University) of Saudi Arabia. The data for the research is collected through survey method during the academic year 2013 among arts & science students. The major outcome of the study indicates that "findings support the advantages of social media use on student's social behaviour and do not indicate any obvious disadvantages. Differentiating factors include the science group having interest in respecting opinions of others and the Arts group emphasizing on freedom of expression. Common perceptions on advantages include the ability to learn about people's different thinking styles, connect to others and communities, improve open-mindedness; and alleviate routineness and boredom.

### Objectives of the Study

- To identify how social media websites effects on student's academic performance.
- To analyze the positive and negative impact of social media on post graduate level students.
- To highlight the use of Social media sites for the MBA students

### Research Methodology

The data was obtained through primary and secondary sources in order to answer the research question. The primary data was collected through the questionnaire

administered to different types of selected sample respondents. The secondary information's were collected from different sources like newspaper, magazines, journals, books and website and so on. The study was conducted with a sample of 105 MBA students in MITS college including male and female. They were selected on the basis of randomized sampling from Angallu and Madanapalle. The sampling method is purposive sampling method. The data collected were carefully analyzed and processed. Statistical tools such as percentage analysis and regression analysis were applied to interpret the data to draw meaningful inferences. 5-point Likert scale was used for measuring the Students attitudes.

*Insert Table 1, 2, 3*

Media sharing has a difference between male & female on media sharing aspect rest of all these, there is no difference of video watching, internet searching, video gaming and learning to social media.

*Insert Table 4 & 5*

### R Square

#### Interpretation

The independent variables such as video watching, internet searching, video gaming and learning through social media explains 54.7% of R square. Rest of the 45.3% may be due to other factors which is not included in the study.

#### Hypothesis

- 1). Video watching has a significant relationship towards academic performance H1 (Null hypothesis rejected, Alternate hypothesis accepted: the significant value is  $<0.05$  [ $\beta = -0.299$ ])
- 2). Media sharing has a significant relationship towards academic performance H2 (Null hypothesis rejected, Alternate hypothesis accepted: the significant value is  $<0.05$  [ $\beta = 0.252$ ])
- 3). Internet sharing has a significant relationship towards academic performance



H3 (Null hypothesis rejected, Alternate hypothesis accepted: the significant value is  $<0.05$  [ $\beta = 0.370$ ])

4). Video gaming has a significant relationship towards academic performance

H4 (Null hypothesis accepted Alternate hypothesis rejected: the significant value is  $>0.05$  [ $\beta = 0.097$ ])

5). Learning through social media has a significant relationship towards academic performance H5 (Null hypothesis rejected, Alternate hypothesis accepted: the significant value is  $<0.05$  [ $\beta = 0.322$ ])

### *Interpretation*

1. The video watching has no significant relationship ( $\rho > 0.05$ ,  $\beta = -0.299$ , t-statistics = -3.650) on impact of social media on academic performance.

2. Media Sharing has apposite significant relationship ( $\rho < 0.05$ ,  $\beta = 0.252$ , t-statistics = 2.716) on impact of social media on academic performance

3. Internet sharing has positive significant relationship ( $\rho < 0.05$ ,  $\beta = 0.370$ , t-statistic = 4.392) on impact of social media on academic performance.

4. Video gaming has positive significant relationship ( $\rho < 0.05$ ,  $\beta = 0.097$ , t-statistics 1.169) on social media on academic performance

5. Learning through social media positive significant relationship ( $\rho < 0.05$ ,  $\beta = 0.322$ , t-statistics = 3.390) on social media on academic performance.

### **Conclusion**

Getting too much involved in the social media platforms cultivates bad habits. Addiction to social media has affected significantly students' lives leading to consistent practices that corrupt their minds. Instead of studying, playing and learning new techniques, most students will spend their time chatting with friend's social media. Moreover, students tend to neglect their duties to talk with their buddies. This has induced laziness and loss of focus in life. The negative thing with social media addiction is that the relationships created break easily due to

lack of direct contact. The results are frustration and stress on students.

It has become a big issue that most students who use social media networks group think. They are unable to depend on their original thoughts thinking that the views of others have more value than theirs. When given assignments or an exam, most students will not be able to tackle them independently and will have to seek help from the media networks. Some students will even find it hard to study due to easy access to various information on these platforms. Many people especially the students feel lonely because of the social media impact. The effect is more evident in students who have grown up in places where they can access the web quickly than those who have less or no access. The habit of interacting through electronic means makes it harder to interact with people face to face. They communicate through the social media but are poor communicators in the real world.

Research has shown that most students who are frequent users of media social networks are more innovative and exhibit great memories. This is due to exposure to different ideas and thoughts from the experts they interact with through the nets. The students can initiate their products and run them efficiently with the help of social media. It is easier to consult the professionals on areas they need help. Exposure to more knowledge improves their thinking capacity that leads to greater minds. There are several researches which can prove you that it's totally true.

It has become a big issue that most students who use social media networks group think. They are unable to depend on their original thoughts thinking that the views of others have more value than theirs. When given assignments or an exam, most students will not be able to tackle them independently and will have to seek help from the media networks. Some students will even find it hard to study due to easy access to various information on these platforms. For example, if you assign a student an essay to

write, he or she will search a similar topic or download a PDF from the internet, copy and paste and hand over the work. It can be concluded that there is a severe impact of social media on the academic performance of the management students. It should be seriously taken care of immediately or else, it may spoil the future of the students

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**Table 1 - T-Test: Independent Samples Test**

		Levene's Test for Equality of Variances		t-test for Equality of Means
		F	Sig.	t
COMPUTE Video Watching=(V4)	Equal variances assumed	.407	.525	-1.917
	Equal variances not assumed			-1.915
COMPUTE Media Sharing=(V5+V6) / 2	Equal variances assumed	9.910	.002	-2.227
	Equal variances not assumed			-2.563
COMPUTE Internet Searching=(V7+V8+V9)/3	Equal variances assumed	1.183	.279	.395
	Equal variances not assumed			.386
COMPUTE Video Gaming=(V10)	Equal variances assumed	1.973	.163	-.830
	Equal variances not assumed			-.859
COMPUTE Learning Through Social Media=(V11+V12+V13)/3	Equal variances assumed	.012	.913	-1.472
	Equal variances not assumed			-1.474

**Table 2 - Independent Samples Test**

		t-test for Equality of Means		
		df	Sig. (2-tailed)	Mean Difference
COMPUTE Video Watching=(V4)	Equal variances assumed	103	.058	-.40385
	Equal variances not assumed	82.385	.059	-.40385
COMPUTE Media Sharing=(V5+V6) / 2	Equal variances assumed	103	.028	-.38942
	Equal variances not assumed	100.434	.012	-.38942
COMPUTE Internet Searching=(V7+V8+V9)/3	Equal variances assumed	103	.693	.08077
	Equal variances not assumed	76.044	.701	.08077
COMPUTE Video Gaming=(V10)	Equal variances assumed	103	.408	-.20000
	Equal variances not assumed	91.676	.392	-.20000
COMPUTE Learning Through Social Media=(V11+V12+V13)/3	Equal variances assumed	103	.144	-.28910
	Equal variances not assumed	83.027	.144	-.28910

**Table 3 - Independent Samples Test**

		t-test for Equality of Means		
		Std. Error Difference	95% Confidence Interval of the Difference	
			Lower	Upper
COMPUTE Video Watching=(V4)	Equal variances assumed	.21064	-.82160	.01391
	Equal variances not assumed	.21088	-.82332	.01563
COMPUTE Media Sharing=(V5+V6) / 2	Equal variances assumed	.17483	-.73616	-.04268
	Equal variances not assumed	.15194	-.69084	-.08800
COMPUTE Internet Searching=(V7+V8+V9)/3	Equal variances assumed	.20422	-.32426	.48580
	Equal variances not assumed	.20945	-.33639	.49793
COMPUTE Video Gaming=(V10)	Equal variances assumed	.24089	-.67775	.27775
	Equal variances not assumed	.23274	-.66226	.26226
COMPUTE Learning through Social Media=(V11+V12+V13)/3	Equal variances assumed	.19638	-.67857	.10037
	Equal variances not assumed	.19613	-.67919	.10099

**Table 4 - R square - Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.740 <sup>a</sup>	.547	.524	.58954	.547	23.900	5

Table 5 – Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.270	.279		4.552	.000
	COMPUTE video watching=(V4)	-.240	.066	-.299	-3.650	.000
	COMPUTE media sharing=(V5+V6) / 2	.243	.089	.252	2.716	.008
	COMPUTE internet searching=(V7+V8+V9)/3	.313	.071	.370	4.392	.000
	COMPUTE video gaming=(V10)	.069	.059	.097	1.169	.245
	COMPUTE learning through social media=(V11+V12+V13)/3	.281	.083	.323	3.390	.001

## IMPACT OF CAPITAL INFLOWS AND ECONOMIC GROWTH INDICATORS IN INDIA

**Lavanya V**

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### *Abstract*

*The role of capital flow in the growth process is the burning theme in India. Investment provides the basic needs for economic growth and development. Besides foreign reserves, government revenues, financial status, domestic savings, size and quality of foreign investment are essential for the economic welfare of the country. Economic growth - benefits from foreign direct investment. Significant capital inflows in various industry units in India have boosted the country's economic life. This study is based on secondary data. The current study is limited in assessing the determinants of foreign direct investment flows and its impact on the Indian economy. For this purpose, data are collected for the period from 2010 to 2015. It can be concluded that there is a flow of capital into India's economic growth. Capital inflows can contribute to increasing production, production and exports at the sector level of the Indian economy. The study tries to understand how capital inflow is seen as a key driver of India's economic growth by boosting domestic investment, raising human capital and facilitating technology transfer.*

**Keywords:** *Capital inflows, Economic Growth, Economic Growth Indicator, etc.*

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### **Introduction**

The influx of capital flows helps developing countries to develop a comprehensive, transparent, and effective political environment for investment and capacity building for people and institutions to implement the same. Attracting foreign direct investment has become an important part of India's economic development strategy. The influx of capital, which provides a large amount of capital, large internal, manufacturing and job opportunities in developing countries, is a key step towards the country's economic growth. Capital inflows are deafening factors that strengthen India's economic life on the other hand have blamed for the removal of internal economic pototsi.<sup>7</sup> and often statistical indicators provided by government agencies, NGOs, NGOs Fees and even private kompanii<sup>3</sup>. They provide

measurements to evaluate the health of our economy, the latest business cycles, and how consumers spend and generally participate. Other economic indicators are distributed daily, weekly, monthly and / or quarterly. While it is important to keep up the momentum of the economy, a small or large number of analysts have broken down all this, with the amount of reports deserving of danni.<sup>10</sup>, and why? This is an essential element of the 10 most common and common economic indicators. Even if you do not follow these reports yourself, it is helpful to know if experts "download from them". If you look at these reports, remember that the data can be changed quickly, and that the general trends are judged from one point of remote economic data.

**Literature Review**

Erçakar and Yılmaz (2008) analyzed the long-term relationship between capital flow and economic growth in 19 selected countries using data from 1980 to 2005 through root test and panel integration testing. While the results of a root-panel test show that capital inflows and GDP do not have a single root, the results of a joint panel test confirm the long-term relationship between capital inflows and gross domestic product.

Yilmazer (2010) analyzes the effects of capital inflows on Turkey's economic growth in 1991: 1-2007: 3 in relation to quarterly data through a Granger case study. Gross domestic product, import and export data are related to economic growth. At the end of this analysis, there was no link between the causes and effects between capital flow and economic growth. In addition, it has been found that capital inflows have a tendency to import and export slightly.

Ekinci (2011) examines whether the long-term relationship between capital flow and economic growth in Turkey during the 1980-2010 period is or is not due to the practice of a Granger test. As a result, there are two ways of connecting capital flows and economic growth, but there is no link between capital flow and employment.

Chandana Chakrabobi and Peter Nunnkamp (2008) said that prospective foreign direct investment in India after reform was believed to boost economic growth.

Krishna Chaitanya Vadammanatiya Arthur Tamazian and Locanda Radei (2009) analyzed the determinants of capital flow in Asian economies. The identifier is analyzed under the chapters 4, 1. Economics and politics, economic, social, institutional, and economic factors. The results of the basic model show that economic, social, and

employment-related issues are important determinants.

**Objectives**

1. To identify the factors which influence the flow of capital inflows in India.
2. To assess the effect of capital inflows on economic growth factors of Indian Economy over the post reforms period 2010 to 2015.

**Hypotheses**

1. Ho: There is no significant relationship between capital inflows and GDP.  
Ha: There is significant relationship between capital inflows and GDP.
2. Ho: There is no significant relationship between capital inflows and Money Supply.  
Ha: There is significant relationship between capital inflows and Money Supply.
3. Ho: There is no significant relationship between capital inflows and Consumer Price Index.  
Ha: There is significant relationship between capital inflows and Consumer Price Index.
4. Ho: There is no significant relationship between capital inflows and Producer Price Index.  
Ha: There is significant relationship between capital inflows and Producer Price Index.
5. Ho: There is no significant relationship between capital inflows and Consumer Confidence Index.  
Ha: There is significant relationship between capital inflows and Consumer Confidence Index.

**Methodology**

In pursuance of the above-mentioned objectives the following methodology is adopted. The present research work is based on secondary data. The secondary



data required for the study is collected through official publication of government of India, various publications of RBI and SEBI, Ministry of finance, Ministry of commerce, SO, TRADING ECONOMICS.

### **Economic Growth Factors**

#### **a) Real GDP (Gross Domestic Product)**

India's economy is the fifth-largest economy in the world, with the third largest gross domestic product (PPP). The country is classified as one of the major economies of the G20, a member of BRIKYU, and an average annual economic growth of about 7 percent over the next two decades. India's economy has become the fastest growing economy in the world in the last quarter of 2014, replacing the republica5. India's economy has the potential to become the world's third-largest economy in the decade to come, and one of the two largest economies by the middle of the century, and expectations for short-term growth. Well, as the IMF said, India's economy was a "bright place" in the global landscape. India also led its growth prospects. World Premises for 2015-16, for the first time, the economy grew 7.6 percent in 2015-16 and is expected to rise 8.0 percent in 2016-17.

*Insert Table 1 & 2*

From the above table we observe that there is a strong correlation between the capital inflows, GDP in India. For all the years, there appears to be a strong relationship between two variables. This mean that changes in capital inflows are strongly correlated with changes in the GDP.

#### **b) M2 (Money Supply)**

In economics, cash or cash supply is the total amount of liquid assets available in the economy at any given time. There are several ways to define "money," but the usual measures usually include currencies in circulation and unchangeable deposits (wealth that can easily be accessed by deposits in books. Of financial institutions)

6. Data on registered cash supply and printing, usually by the government or central bank of the Bank Analysts from the public and private sectors have long noticed changes in money supply because of their belief that influences the cycle of inflation, exchange rates and businesses.

*Insert Table 3 & 4*

From the above table we observe that there is a strong correlation between the capital inflows, Money Supply in India. For all the years, there appears to be a strong relationship between two variables. This mean that changes in capital inflows are strongly correlated with changes in the Money Supply.

#### **c) Consumer Price Index (CPI)**

The Consumer Price Index (CPI) has changed the price level of consumer goods and services purchased by the family. The Consumer Price Index is a statistical forecast based on the value of a representative model whose price is collected over time. Sub-indexes and sub-indexes are calculated for sub categories and commodities of goods and services that are merged to create a weighted index that reflects their stake in total consumer spending covered by the index. It is one of several values indexed by most national statistical agencies. Annual percentage change in consumer price indexes is used as a measure of inflation. The Consumer Price Index can be used to index (compare inflation effects), actual prices of wages, salaries, prices, orders, prices, and currency price deflators to show actual price changes. In most countries, the consumer-price index, along with the census, is one of the best statistical statistic statistics.

*Insert Table 5 & 6*

From the above table we observe that there is a strong correlation between the capital inflows, Consumer Price Index in India.

For all the years, there appears to be a strong relationship between two variables. This mean that changes in capital inflows are strongly correlated with changes in the Consumer Price Index.

#### **d) Producer Price Index (PPI)**

WPI was first published in 1902 and was used by policy makers until it was replaced by a producer price index in 1978. The WPI index is the index used to measure the change in the average price of commodities traded on wholesale markets. 676 goods are indexes. It is available on a weekly basis with the shortest measure of two weeks. It is therefore widely used in the business and industry environment, and in the government, and is regarded as an indicator of inflation in the economy. This is the most viable method to measure inflation in our economy. However, due to high inflation, the government has cut some of the goods.

*Insert Table 7 & 8*

From the above table we observe that there is a strong correlation between the capital inflows, Producer Price Index in India. For all the years, there appears to be a strong relationship between two variables. This mean that changes in one variable are strongly correlated with changes in the second variable.

#### **e) Consumer Confidence Survey**

Consumer confidence is a major driver of economic growth and is considered the leading indicator of household consumption expenditure. Consumers tend to increase usage when they are confident in the current and future economic situation of the country and in their own financial situation. In countries with economies such as India and the United States, where personal consumption accounts for more than 60% and 70% of GDP, consumer confidence has a tremendous impact on the

economy. Its measurements can provide critical insights into expectations for economic growth. Consumer behaviour is a key tool used by global investors and will be of great help to individual and institutional investors in India.

*Insert Table 9 & 10*

From the above table we observe that there is a positive weak correlation between the capital inflows Consumer Confidence Survey in India column 1 to columan2 0.42583. For all the years, there appears to be a strong relationship between two variables. This mean that changes in capital inflows are strongly correlated with changes in the Consumer Confidence Index.

#### **f) Current Employment Statistics (CES)**

The CES provides comprehensive data on national employment, unemployment rates and income and income data in all non-farm industries, including civilian workers. Information is promoted in many other ways, for example, employment / unemployment rates among men and women, ethnic groups and teens. Industries include retail, manufacturing and construction. The CES provided detailed information about the number of hours worked and the income of all respondents across the country. "Employees" are defined as all part-time and part-time workers and temporary and recruited employees who receive paid salaries for a fixed period of time. Including those who have received hospitalization or leave of absence, and exclude business owners, self-employed, paid family members and volunteers.

#### **g) Retail Trade Sales and Food Services Sales**

Retail covers the process of selling goods, services or services to customers through multiple channels for profit. The demand is

set and then satisfied through the supply chain. Trying to increase demand through advertisements. In 2000, more and more retailers started using the Internet using electronic payments and e-mail. One sector retailer includes quality services, such as transportation. The term "retailer" is also applied when the service provider orders fewer orders from large companies, rather than big orders of wholesale, corporate or government customers. Shopping can be on the streets, streets with little or no houses or shopping malls. Street shopping can limit pedestrian traffic only. Sometimes, a one-to-one shopping street has the advantage of creating a more convenient shopping environment - protecting customers from different climatic conditions, such as air temperature or rainfall. Retail formats include online retailers (electronics used for B2B and B2C) and e-mail.

#### **h) Housing Starts (Formally Known as "New Residential Construction")**

Housing stock is an increase in house prices driven by expectations and turmoil. Housing costs generally begin with increasing demand for a limited supply that takes longer to complete and increase. Market buyers boost demand. At times, demand is declining or stagnant, as supply continues to lead to a sharp drop. In general, the housing market is not much cheaper than other financial markets due to large transactions and homeowner transportation costs. However, the combination of low interest rates and a weakening of credit standards can lead to a return on demand. Increasing interest rates and restricting credit standards may reduce the demand for resettlement of housing bubbles. The housing budget has been around for a long time since real estate prices started to rise to respond to outgoing investors as a result of dotcom's rise and a fall in 200012. Over the next six years, the obsession with family ownership grew to a degree of worry as interest rates fell and demand for tight lending was abandoned. It is estimated that

during this period, 56% of home purchases are made by people who are not affordable in terms of regular borrowing. They are called borrowers with high interest rates. Much of this loan is interest-rate collateral, with a low initial interest rate and a planned revision of three to five years.

#### **Impact of Capital Inflows on the Indian Economy**

The impact of capital flows on India's economy is an economic phenomenon that is included in the analysis, including GDP, currency, stock market, foreign currency reserves, interest rates, current accounts, exports, imports and unemployment. The relationship between these economies and capital inflows has provided India. The results can be summarized below:

#### **Findings**

- Changes in capital inflows inflows and GDP strongly correlated with each other.
- Changes in capital inflows inflows and Money Supply strongly correlated with each other.
- Changes in capital inflows inflows and Consumer Price Index strongly correlated with each other.
- Changes in capital inflows inflows and Producer Price Index strongly correlated with each other.
- Changes in capital inflows inflows and Consumer Confidence Survey strongly correlated with each other.

#### **Conclusion**

Foreign direct investment occurs when a business is investing in a foreign country or by receiving a foreign company that manages or has started operations in India. Despite the global economic downturns that suffer from other financial and economic crises, India remains the main destination of global investment. In view of current needs and national interests, the Indian

government has come up with new policies from time to time. The government should develop policies for capital inflows so that inflows of flow capital will be used as a means of improving local production and exporting through savings, equal distribution between one country, providing More freedom to the country so they can do to attract capital flows to their own level. The research shows that the share of capital inflows in several factors of economic growth from 2010-2015, from the above discussion, the study showed that the results of the above analysis showed that GDP of total GDP Exchange rate reserves are the main determinant of the flow of capital flows to the country. In other words, these factors of economic growth have a profound effect on the flow of capital flow into India. Capital inflows play an important role in raising the level of economic growth in the country. Finally, the study notes that capital inflows are a major factor affecting India's economic growth. It provides a stable basis for economic growth and development through improving the country's financial situation. It also contributes to gross domestic product and foreign reserves.

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**Table 1 - Total CAPITAL INFLOWS and GDP**

Year	Capital Inflows	GDP
2010-2011	97320	1656.56
2011-2012	165146	1822.99
2012-2013	121907	1828.99
2013-2014	147518	1863.21
2014-2015	189107	2042.44

Source: Trading Economics

**Table 2 - Correlation**

	Column 1	Column 2
Column 1	1	
Column 2	0.89423	1

**Table 3 - Total CAPITAL INFLOWS and Money Supply**

Year	Capital Inflows	Money Supply
2010-2011	97320	5900
2011-2012	165146	6580
2012-2013	121907	8000
2013-2014	147518	9000
2014-2015	189107	10000

**Table 4 -Correlation**

	Column 1	Column 2
Column 1	1	
Column 2	0.668007	1

Source: Trading Economics

**Table 5 - Total CAPITAL INFLOWS and Consumer Price Index**

Year	Capital Inflows	CPI
2010-2011	97320	95.3
2011-2012	165146	100.91
2012-2013	121907	110.53
2013-2014	147518	120
2014-2015	189107	127.23

Source: Trading Economics

**Table 6 -Correlation**

	Column 1	Column 2
Column 1	1	
Column 2	0.684281	1

**Table 7 - Total Capital Inflows and Producer Price Index**

Year	Capital Inflows	PPI
2010-2011	97320	159.5
2011-2012	165146	163.02
2012-2013	121907	180
2013-2014	147518	175.23
2014-2015	189107	177.42

*Source: Trading Economics*

**Table 8 - Correlation**

	Column 1	Column 2
Column 1	1	
Column 2	0.589679	1

**Table: 9 Consumer Confidence Index**

Year	Capital Inflows	CCS
2010-2011	97320	123.72
2011-2012	165146	122.3
2012-2013	121907	112.12
2013-2014	147518	117.24
2014-2015	189107	127.11

*Source: Trading Economics*

**Table 10 - Correlation**

	Column 1	Column 2
Column 1	1	
Column 2	0.425843	1

**A STUDY ON CONSUMER PERCEPTION TOWARDS QUALITY AND SERVICE  
OF DAIRY PRODUCTS: A STUDY WITH REFERENCE TO JERSEY PRODUCTS**

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**Abstract**

*Due to the fast development in technology the behaviour of the consumer is very much effected. Every producer tries to attach the consumer through different techniques like advertisement, attractive packaging, brand name and around pricing system. Which has become the true cause of competition? To operate successfully, markets must have a thorough understanding explicit rather than implicit of want makes consumers buy. The study is undertaken to study the customer perception towards jersey products, to analyze the perception of customer towards packaging distribution system and maintained by jersey products, to determine the factors influencing the purchase decisions towards jersey products and to study the customer satisfaction towards the quality maintained by jersey products. In this research, the interaction with the customers of jersey products was on the basis of particular questionnaire was taken 120 customers and their responses are taken into consideration. From this study we can conclude that customers are showing interest to availability of milk with retailers on Jersey Milk and Products, but the company has to improve the service and advertisements, quality and mostly replacement and availability of milk the retailers. So that it would satisfy the customers, and this help the company to get a good market share going for promotional strategies will keep the company at a special place in the market.*

**Key Words:** *Customer, Perception, Quality, Dairy Products*

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**Introduction**

Due to the fast development in technology the behaviour of the consumer is very much effected. Every producer tries to attach the consumer through different techniques like advertisement, attractive packaging, brand name and a around pricing system. Which has become the true cause of competition? To operate successfully, markets must have a thorough understanding explicit rather than implicit of want makes consumers buy. They have to know why they buy, what needs they are tried to fulfil and what

outside influences affect their product choices in order to design a marketing strategy that will favourably influences related consumer decision. In analysis of consumer behaviour is pre-requisite for the decision of a plan economy because to enable them to have an understanding of the current and future demand of different commodities and watch supplies with the changing pattern of demands. Consumer behaviour is heavily influenced by the consumer psychology. The consumer

buying behaviour is reflected by what we perceive of the product. The perceptions are influenced by variety of social cultural and demographic factors.

The perception of consumers is based on the way they interpret, analysed and evaluate the available to them. The consumer perception is also influence by the set of beliefs the consumer which have gone into shaping his thought process. The attitude towards products depends on the beliefs the customer behaviour. The present-day market is characterized by competition in every field, there are variety of Brands. Customer has varied wide of brands to select. It is imperative that Hero Honda has to take care of the customer. In price and quality fluctuation and price and quality variation.

Individuals and react based on their perceptions, not on the basis of objective reality. For each individual, reality is totally personnel phenomenon based on that person's needs, wants, values and personal experiences. Thus, to the marketer's consumers perceptions are much more important than their knowledge of objective reality. It's not what is so, but what consumer think is so, that affects their actions, their buying habits, their leisure habits, so forth. Because individuals make decisions and take actions based on what they perceive to be reality, it is important that marketers understand the whole notion of perception and its related concepts to more reality determine what factors influence consumers to buy. Knowledge of these principles enables marketers to develop advertisement that have a better-than-average chance of being seen and remembered by their targeted customers

### **Review of Literature**

#### ***International***

**Iraz Hasplot Kaya (2016)** has investigated the consumer perception towards packaged milk turkey- A descriptive study the sampling tolerance is 1222 consumers were interviewed in person. The collected data summarized using descriptive statistics to

analyse the difference between the consumer types the respondents were divided into three groups using the demographic variables and socio economic status age and gender he used a T-test was applied using the SPSS quantum programme (IBM, New York us) consumer should be gained consciousness that their preferences of safe food can be carried out with the use of safe and objective knowledge

**Romica Chandra lal, Fritz yambrach and Lucy mc proud (2015)** has investigated consumer perception towards packaged designs a cross cultural study presented in this paper involved a web-bas survey of 232 individuals among seven different national groups Brazil, China, France, Germany, Italy, USA and vitenam. The study investigates in future work whether economic growth in the countries studied may affect their cultural association and consumer perceptions

**Zenat Fatima (2015)** has investigated the consumer attitude and perception towards green products in this research 70 students are respondents to collect the data sampling techniques are mean rating scale, correlation, pie-chart and bar diagram the attitude of the people towards the eco-friendly products is remarkable this program solicits employee suggestions on how to reduce pollution and recycle material

**Horsue Emmauel Nondzor and Yeboah Solomon Tawaih(2015)** has investigated consumer perception and preference of fast food a study of tertiary students in Ghana in these research 159 respondents the sampling techniques are descriptive statistics frequencies, percentage , mean and standard deviations tables and chart the studies help to market refers to analyze the behavioural characteristics of consumer with respect to the consumption of fast food

#### **National**

**Abhishek Dadhick and Kavaldeep Dixit (2017)** has investigated consumer



perception towards over the counter and brand medicines of major pharmaceuticals company with special reference to Rajasthan sample size for pilot survey is 100 respondents for non-probability 411 respondents sampling technique are multiple linear regression model the study revealed that consumers are aware of brand OTC medicine and mostly they prefer to treat common alignment like headache, fever, cold and cough.

**Saravanam.M and Sajitha (2016)** has investigated consumer perception towards online advertisement in Coimbatore the sample size is 50 respondents sampling tool is percentage analysis the report provides an in depth and very comprehensive picture on consumer perception towards online advertisement target audience includes people with money to spend the internet is the perfect place for any advertisement.

**Jaganathan.A.T, Suresh Kumar Sakthivel.M and Mohanraj.M(2016)** has investigated a study on consumer perception towards online shopping nammakkal in this research 150 respondents are used for sample size the sampling techniques are simple percentage analysis and anova the result of this study reveals thee customers are intake in the future online shopping through internet websites like ebay, flipkart.

### Objectives

- To study the customer perception towards jersey products
- To analyze the perception of customer towards packaging distribution system and maintained by jersey products
- To determine the factors influencing the purchase decisions towards jersey products
- To study the customer satisfaction towards the quality maintained by jersey products

### Research Methodology

The data was obtained through primary and secondary sources in order to answer the research question. The Primary Data was collected through the questionnaires administered to different types of selected sample respondents. The secondary information's were collected from different sources like newspapers, magazines, journals, books, and websites and so on. In this research the interaction with the customers of jersey products was on the basis of particular questionnaire was taken 120 customers and their responses are taken into consideration. A sampling method is a procedure for selecting sample members from a population the sampling method is purposive sampling method. These are the types of questionnaire are used in these study, they are Likert scale and Multiple-Choice Questions.

### Data Analysis

The detailed analysis is presented below:

*Insert table 1 & graph 1*

Table 1 shows that majority of the respondents are females i.e., 69% and male respondents are 31% .

*Insert table 2 & graph 2*

Table 2 shows that majority of the respondents i.e,50% belongs to 20-30 age group , 45% belongs to 31-40, 4% belongs to 41-50, 1% belongs to above 50 Age Group.

*Insert table 3 & graph 3*

From the above table, it shows that majority of the respondents i.e,28% are self employed and 27% are students, 22% are private organizations and 22% are government organization.

*Insert table 4 & graph 4*

From the above table it shows that majority of the respondents i.e,48% belongs above 50000, 37% belongs to 25001-50000, and 14% belongs to upto-25000

*Insert table 5***Fail to Reject Null Hypothesis:**

BA has no significant relationship with the satisfaction with  $\beta=0.178$ ,  $t=-1.359$ . In Brand association it is greater than 0.05 means there is no relationship between Brand association and satisfaction.

**Reject Null Hypothesis:**

PQ has the significant relationship with the satisfaction with  $\beta=0.006$ ,  $t=2.794$ . In perceived quality it is less than 0.05 means there is a relationship between perceived information and satisfaction.

**Fail to Reject Null Hypothesis:**

BL has no significant relationship with the satisfaction with  $\beta= 0.165$ ,  $t=1.402$ . In Brand loyalty it is greater than 0.05 means there is no relationship between service quality and satisfaction.

**Reject Null Hypothesis:**

PI has the significant relationship with the satisfaction with  $\beta= 0.000$ ,  $t=4.222$ . In Purchase intention it is less than 0.05 means there is a relationship between Purchase intention and satisfaction.

**Suggestions**

- ❖ Company should maintain reasonable prices for huge or Bulk purchase of jersey Products.
- ❖ Company should provide easy accessibility of jersey products to enhance its sales.
- ❖ Company must control leakage in packing and Distribution.
- ❖ Make wide availability of jersey Products for all customers of service sector
- ❖ The company should maintain their market position and try to increase their customers.
- ❖ Enough stock should keep in stockiest place & retailers place.
- ❖ To enable the customers to get in touch with the customer service and provide more free samples and also provide the toll-free number to give solutions of customers and also

retailers feedback and suggestion then

- ❖ The company should provide more services based on the customer preferences,
- ❖ Company should take immediate solutions about the customer's problems.
- ❖ The company should implement some attractive offers when benefits the customer.
- ❖ The company must be aware of to lose their loyalty customers.
- ❖ The Company provides better services compare to other milk companies.
- ❖ It is mainly follow the media and newspaper see that choose the best brand in the global market.
- ❖ Company should maintain the data base of the customer to increase the turn on regular basis

**Conclusion**

Management needs to know the customer to know the customer preference information in order to make sound decisions. Surveys on customer preference can produce favourable or unfavourable result but bringing a number of benefits to management. A study on customer preference helps to understand the performance of the organization and the behaviour of the customers. The study of customer preference of the organization and the behaviour of the customers preference helps to understand the loyalty of the customer towards the products. The management finds a possible way to fulfil the expectations of customers and attracts new customers.

From this study we can conclude that customers are showing interest to availability of milk with retailers on Jersey Milk and Products, but the company has to improve the service and advertisements, quality and mostly replacement and availability of milk the retailers. So that it would satisfy the customers, and this help

the company to get a good market share going for promotional strategies will keep the company at a special place in the market.

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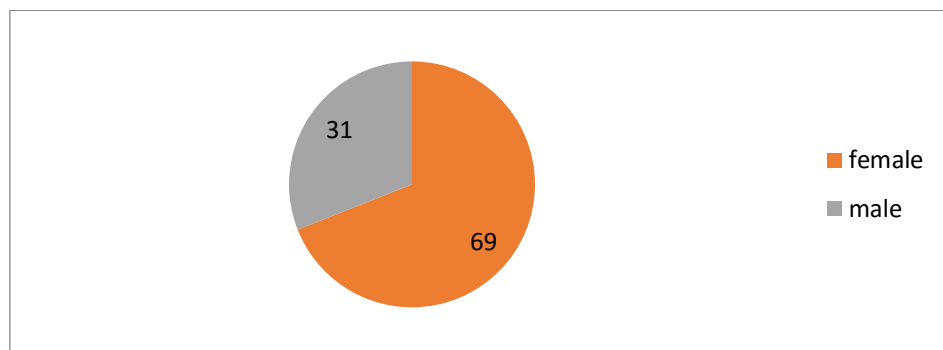
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**Table 1 -- Gender of Respondents**

Gender	No. of Respondents	Percentage
Female	69	69%
Male	31	31%

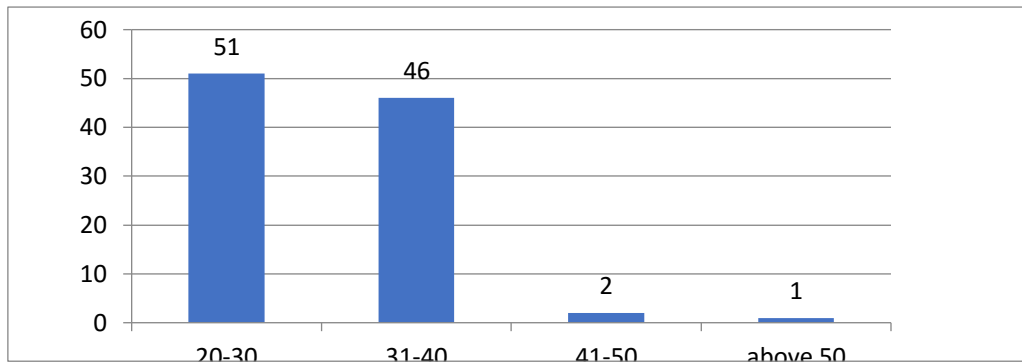
**Graph 1 - Gender of Respondents**



**Table 2 - Age of Respondents**

Options	No. of Respondents	Percentage
Above 20	51	51%
20-30	46	46%
31-40	2	2%
Above 50	1	1%

**Graph 2 - Age of Respondents**



Source: Primary Data

**Table 3 - Occupation of Respondents**

Options	No. of Respondents	Percentage
Private organization	22	22
Government organization	22	22
Self employed	28	28
Student	27	27

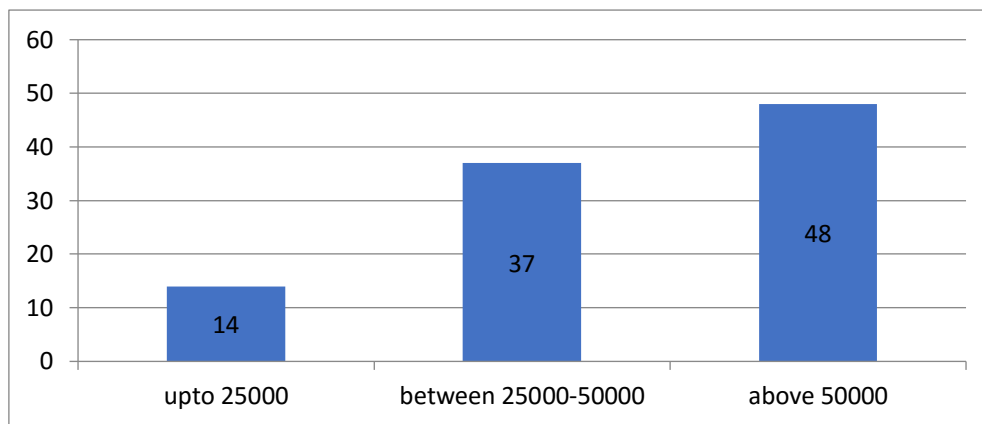
**Graph 3 -Occupation of Respondents**



**Table 4 - Monthly House Hold Income**

Options	No. of Respondents	Percentage
Up to 25000	14	14%
Between 25000-50000	37	37%
Above 50000	48	48%

**Graph 4 - Monthly House Hold Income**



**Table 5 - Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.340	.932		1.437	.154
BA	-.075	.055	-.107	-1.359	.178
PQ	.207	.074	.323	2.794	.006
BL	.095	.068	.165	1.402	.165
PI	.287	.068	.422	4.222	.000

a. Dependent Variable: ST

**AN ASSESSMENT OF SERVICE QUALITY OF  
COMMERCIAL BANKS IN ANDHRA PRADESH  
(With Special Reference to ICICI, Chittoor)**

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**Abstract**

*In dynamic global market, the most competitive advantage lies in delivering high quality service to the customers everywhere in every organization. The need to achieve customer satisfaction lies in its ability to deliver better quality products and services to the customers. Like many other financial services industries now it is facing a rapidly changing market situation with new technologies, economic uncertainties, fierce competition, and especially more demanding customers. Now, the existing situation has created various challenges and opportunities for Indian Commercial Banks. The changing climate has presented an unprecedented set of challenges. Service quality is one integral part of any facet of banking and it defines future of any banking organization. Since, foreign banks are playing in Indian market, the number of services offered has increased and banks have laid emphasis on meeting the customer expectations. So, it is very much important to point out the key success factors in the banking industry, in terms service quality with the help of five dimensions of SERVQUAL model viz. keeping assurance, reliability, responsiveness, physical facilities and empathy, keeping in view the increasing market tendency and the fierce competition. The study basically aims to analyze the service quality of commercial banks in India. SERVQUAL scale is used to determine the service quality. The findings show that the 'Reliability', 'Responsiveness' and 'Empathy' are three most important dimensions determining the service quality of commercial banks in India.*

**Key Words:** *SERVQUAL, tangible, assurance, reliability, responsiveness and empathy etc.*

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**Introduction**

The banking industry is highly competitive, with banks not only competing among each other; but also, with non-banks and other financial institutions. All the services and facilities provided by the commercial banks play a very important role for measuring the level of the banking service quality along with the banking performance. In this research, we tried to analyze the expectations and perceptions of the customers of ICICI, availing the services of commercial banks by using the service quality model. The whole study is carried

out by using SERVQUAL on the basis of the five dimensions i.e. tangibility (physical facilities), reliability, responsiveness, assurance, and empathy. Major focus of the study is to identify the service quality gaps between consumer's expectations and perceptions of ICICI in Chittoor district. The study found that what the consumer's expectations are much more than their perception view.

**AP Banking Sector: An Overview**

Challenges coming from several fronts (e.g. structural, regulatory and customer-related)

make the banking landscape in Andhra Pradesh more competitive than ever before. Structurally, the banking system in Andhra Pradesh is a universal banking system in that the banks offer a wide range of services ranging from retail banking to corporate banking and asset management. As per RBI survey there are 34 Scheduled Commercial Banks with 1410 branches and 9 Regional Rural Banks. Besides these, there are 316 branches of Andhra Pradesh state. The state has a fairly well spread structure of banks with one branch of commercial bank for around 17 thousand persons on an average. Therefore, this research also focused on the measurement of customer satisfaction through delivery of different dimensions of service quality in the different branches of ICICI, Chittoor district. Bank managers we interviewed during the course of the study are keenly aware that in today's market what they firmly believe that the success in the future will rest on delivering excellent service to customers that will determine the performance of the banks for which they need higher & developed infrastructure. Nowadays banks are also facing a lot of competition and need a high market share and provide better services to their customers so that they can attract the new customers and old customers do not try to leave them.

### Dimensions of Service Quality

SERVQUAL was originally developed by Parasuraman (1985). The model consists of ten components. SERVQUAL provides a technology for measuring and managing service quality (SQ). SERVQUAL fills a gap between what the customer expects by way of SQ and what he is actually getting. SQ is presented as a multi-dimensional construct. In the original formulation Parasuraman et. al (1985) identified ten components of SQ. In their 1988 work these ten dimensions were reduced to five dimensions as follows:

- (A) Tangibles
- (B) Assurance
- (C) Reliability
- (D) Empathy
- (E) Responsiveness

SERVQUAL are widely used in a large no of studies including higher education, banking and public services etc.

Parasuraman et al. (1985; 1988) initially described five dimensions of service quality: reliability, tangibles, responsiveness, assurance and empathy. Parasuraman et al. (1991a) argued that reliability was mainly concerned with the outcome of service whereas tangibles, responsiveness, assurance and empathy were concerned with the service delivery process. The customers not only judge the accuracy and dependability (i.e. reliability) of the delivered service but they also judge the other dimensions as the service is being delivered (Parasuraman et al., 1991a).

#### A. Tangibility/ Physical Facilities

It means that the things, which are physically observed by the customers in the bank branch including large ATM network, personnel, physical facilities, materials and appearance. Able and skilled personnel, the quality of banking products and services, brochures and cards may represent tangibles. These qualities provide concrete cues for customers to evaluate the capability of the service provider. Basically, it refers to the physical facilities which mean 'representing service physically'. It includes the modern looking equipment that visually appeals the physical facilities like the goods pamphlets or proformas and statements etc. It helps the consumers to evaluate the service quality level of the banks.

#### B. Reliability

Reliability refers to the trust in bank's ability of performing service in a proper



way, such as acting according to promises and declarations. A reliable service means the banker is able to provide Internet connection that is working at desired level throughout the day without significant failures; banker should not misuse the cardholder information and there should be frequent update of new technologies. It means 'delivering of promises' by the bank to its customers accurately and timely. Customers take a keen interest on those who keep their promises in time.

### **C. Responsiveness**

It refers to service provider's "willingness to help customers" and provide prompt service. It can be measured by the amount of time needed to deal with customers' reported problems and the response duration once the customer filed a service request. Responsiveness can be defined as employees willing to help the customers and giving the services promptly and within time. It puts emphasis on promptness and attentiveness while dealing with customers.

### **D. Assurance**

Assurance is related to the knowledge and courtesy of employees and their ability to inspire trust and confidence. Bankers may demonstrate assurance to the customers by courteous behaviour and by providing essential knowledge to guide the customer's problems. Assurance refers to the 'inspiring trust and confidence'. It is defined as knowledge of the employees about the organization. Customers want to do transaction only when they feel safe. For that employees must win the trust and confidence of the customers.

### **E. Empathy**

It refers to the caring; individualized attention the service provider gives to its customers. Furthermore, customers in the bank may come from different social background and hence the banker should emphasize personalized attention on

customers and understand specific needs of customers based on their requirements. Empathy can be defined as 'treating individually' or when the organization (or firm) gives individual attention to the customers. The employees should understand each particular need of their customers.

### **Objective of the Study**

This research paper aims to evaluate the service quality in ICICI, AP. It also analyzes the customer satisfaction or dissatisfaction that is related to the expected and actual service quality of the commercial banks.

### **Data Collection Method & Sampling**

The study is based both on primary as well as on secondary data. Primary data has been collected from those persons who are having their accounts in different branches of ICICI in AP, Chittoor district, by filling up a well-structured questionnaire and through direct personal interview with the bank customers. Secondary data is collected from the banking journals, magazines, bank's website and from different RBI publications. The sample population used for this study consists of any person having the account in the concerned bank. The total sample is consisting of 250 respondents. Out of 250, some people refused to take part in this research as they show a negative interest in such a topic. So, our calculation mainly based on 200 respondents.

### **Research Approach**

'Survey research approach' is followed for the collection of primary data and a direct personal interview of the respondent is conducted by filling up a proper arranged questionnaire form for the communication purpose. Research instrument A five-point Likert scales have been used in case of close ended questions.

### Limitations of the Study

The following limitations are observed during the research on finding the impact of service quality towards the Customer Satisfaction.

1. The study is limited to commercial banks i.e. ICICI Chittoor district with local exposure. So the findings may not be applicable to other private sector and foreign banks.
2. Due to time and cost factor only 220 customers were surveyed.
3. The information gathering was carried out through specific bank customers mainly at head office branches of the selected banks within Chittoor district
4. The study is limited to the Banking industry of Chittoor. So, the findings of the research cannot be applicable to other industries.

### Analysis & Interpretation of Data

*Insert Table 1 and figure 1*

It is clear from the Table1, that only a few i.e. about 60%, respondents are satisfied with the services provided by the ICICI bank where as 40% are dissatisfied with the services offered by ICICI bank.

*Insert table 2 and figure 2*

From the table 2, it is noted that, 80.22% as against 60.25% actual rate. About 86.55% are satisfied with the reliability of bank employees, whereas the actual rate is 70.22%. Likewise, the rate of other types of expected and actual service qualities are 87.25% and 74.56% in case of responsiveness, 78.46% and 62.23% in case of assurance and finally, 75.58% and 62.87% in case of empathy.

*Insert table 3 and figure 3*

From the table 3, it is found that, most of the dissatisfied customers about 87.55%

consider responsiveness as the main dimension of services quality that they expect from the bank, but in actual case the percentage is very less i.e. 62.56%. Again, the expected and actual service qualities assumed by the dissatisfied customers on tangible is 80.27% and 57.21%, in case of reliability it is 85.55% and 56.22%, in case of assurance it is 80.46% and 64.23%, where as in case of empathy it is 85.58% and 56.87%.

### Discussion

It is clear from the respondents regarding the overall satisfaction or dissatisfaction with the ICICI banking services quality, that most of the customers i.e. about 60% are satisfied with the banking service quality provided by the bank, while very less nearly 40% customers are not satisfied only. Important is that, customers who were dissatisfied consider the reliability, responsiveness and empathy to be more important than any other service quality dimensions. Next to responsiveness they are considering empathy as one of the important factor also for the banking performance. However, on over all basis of the services quality, ICICI bank performance was good as observed from the survey.

### Conclusion

The dissatisfied customers find reliability, responsiveness and empathy dimensions as the importance dimensions, where ICICI is lacked. So far as the satisfied customers are concerned, there exist a small gap between the expected service quality (what type of services the customers expect exactly from the bank) and actual service quality (what type of services are getting from bank in real sense). The suggestion of the customers is that the bank should generate a strong confidence among the customers that its primary objective can be achieved through

the provision of a good SQ level accurately and timely with a strong performance.

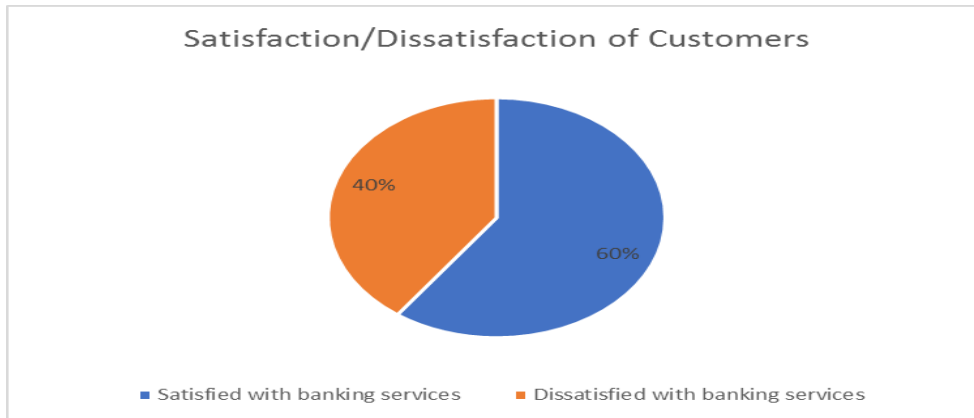
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**Table 1:** Overall Satisfaction and Dissatisfaction of the Customers towards ICICI

S. No.	Response	No. of Respondents	Percentage (%)
1	Satisfied with banking services	120	60%
2	Dissatisfied with banking services	80	40%
	<b>Total</b>	<b>200</b>	<b>100%</b>

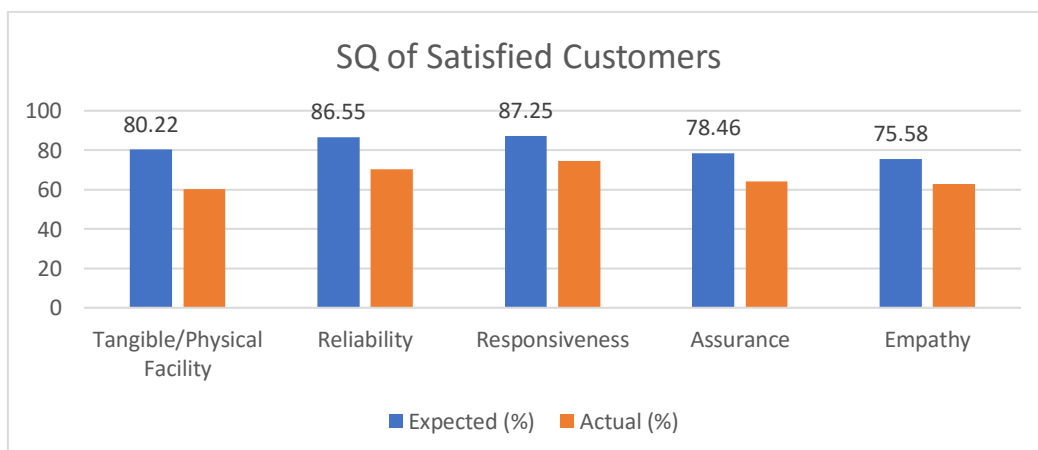
**Figure:1:** Overall satisfaction and dissatisfaction of the customers towards the ICICI



**Table 2:** Measurement of Service Quality of Satisfied Customers

S. No.	Service Quality Dimension	Expected (%)	Actual (%)
1	Tangible/Physical Facility	80.22	60.25
2	Reliability	86.55	70.22
3	Responsiveness	87.25	74.56
4	Assurance	78.46	64.23
5	Empathy	75.58	62.87

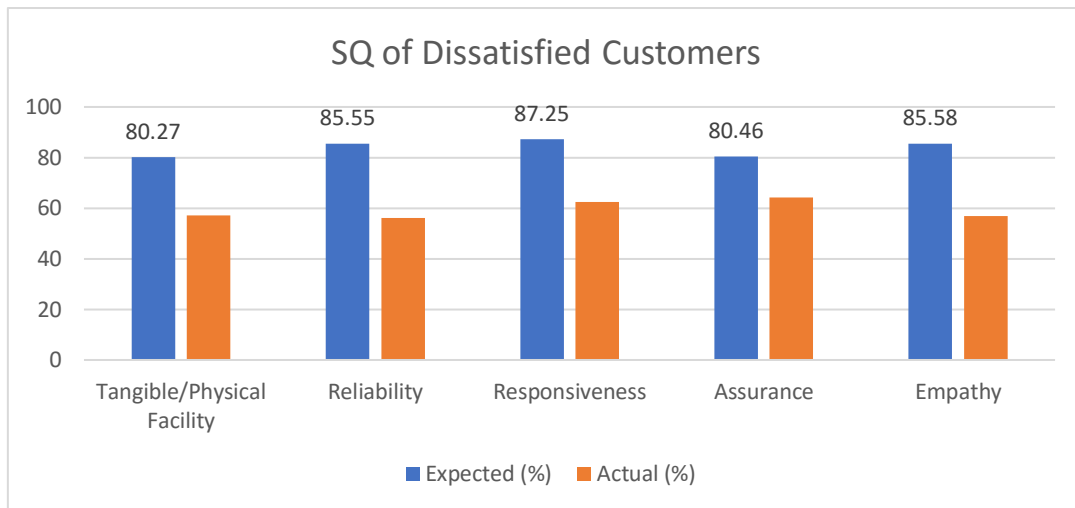
**Figure 2:** Measurement of Service Quality of Satisfied Customers



**Table 3:** Measurement of Service Quality of Dissatisfied Customers

S. No	Service Quality Dimension	Expected (%)	Actual (%)
1	Tangible/Physical Facility	80.27	57.21
2	Reliability	85.55	56.22
3	Responsiveness	87.25	62.56
4	Assurance	80.46	64.23
5	Empathy	85.58	56.87

**Figure 3:** Measurement of Service Quality of Dissatisfied Customers



**IMPACT & PERCEPTION OF GOODS AND SERVICES TAX (GST) ON ONLINE SHOPPERS WITH REFERENCE TO KADAPA CITY**

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**Abstract**

*The Goods and Services Tax (GST) has become one of the important famous topics since its introduction in India. GST was effectively started in July 2017. The new tax policy implemented has brought about changes in the country particularly in income tax and online and off-line business transactions. Based on literatures and previous studies, few factors have been identified to know the perceived impacts of GST on online shoppers. These factors are the changes in the shopping behaviour, level of knowledge, and demographic factors of online shoppers. Thus, this study examines the perceived impacts of Goods and Services Tax implementation on online shoppers in Kadapa city, particularly in Kadapa urban area. This study used survey method for collecting the data of 100 respondents. Questionnaires have been distributed to online customers who are living in Kadapa urban area. The findings indicated that there is an impact on online shoppers since the buying preferences were changed and observed that level of knowledge is less towards GST.*

**Keywords:** Goods and Services Tax, online shoppers, online stores, India

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**Introduction**

GST is an Indirect Tax which has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017; Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition.

In simple words, Goods and Service Tax (GST) is an indirect tax levied on the supply of goods and services. This law has replaced many indirect tax laws that previously existed in India.

GST is one indirect tax for the entire country.

So, before Goods and Service Tax, the pattern of tax levy was as follows:

*Insert figure 1*

Under the GST regime, the tax will be levied at every point of sale. In case of intra-state sales, Central GST and State GST will be charged. Inter-state sales will be chargeable to Integrated GST.

Now let us try to understand the definition of Goods and Service Tax – “GST is a comprehensive, multi-stage, destination-based tax that will be levied on every value addition.”

Multi-stage

There are multiple change-of-hands an item goes through along its supply chain: from manufacture to final sale to the consumer.

*Insert figure 2*

Value Addition

*Insert figure 3*

Journey of GST in India

The GST journey began in the year 2000 when a committee was set up to draft law. It took 17 years from then for the Law to evolve. In 2017 the GST Bill was passed in the Lok Sabha and Rajya Sabha. On 1st July 2017 the GST Law came into force.

*Insert figure 4*

What is GST in India?

GST is one indirect tax for the whole nation, which will make India one unified common market. GST is a single tax on the supply of goods and services. GST is a destination-based tax which is levied only on value addition at each stage because credits of input taxes paid at procurement of inputs will be available. Thus, the final consumer will bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages

What taxes will be levied under GST?

1. Central GST (CGST)
2. State GST (SGST)

*Insert figure 5*

Online shopping is a form of electronic commerce which allows customers to directly buy goods and services from a seller over the Internet using a web browser. Consumers directly find number of a product of interest by visiting the website which displays the same available products at different e-retailers. As of 2016, customers can shop online using a range of different computers and devices, for online shopping.

### Literature Review

- 1) Jaspreet Kaur (2016)<sup>3</sup> “studied “Goods and service tax (GST) and its impact” The main aim of GST is to replace all

taxes with single tax, bringing it all under single umbrella. The objective is to eliminate tax on tax. This paper will throw light on GST its features and also effect of GST on prices of goods & services. Some of the goods prices fallen down and vice versa. But overall it will be a great change

- 2) Dr. Ramesh R Kulkarni (2016)<sup>4</sup>, examined that “Awareness and preparedness about goods and services tax among the retail businesses in India - an empirical study of Hubli-dharwad city” The GST system is not only seen as the main source of revenue for the government, but it is also assume to change the way how the retail traders do their business and comply with the tax structure .An analysis has been made in this study to know the awareness about the GST among retail traders in a city like Hubli-Dharwad. Interestingly, the study has found that a majority of the respondents are aware of the new GST reform; a large number of those traders are still not prepared to adopt the GST. While the new GST tax structure is likely to be implemented from the next financial year (2017-18).
- 3) Amanuddin Shamsuddin, Deviga C. Seagaran, Ghirthanah Rajasegaran, Logeshvini J, Keshenan, Sathiya Kumar Selvam (2016)<sup>5</sup>, conducted a study that examines the perceived impacts of Goods and Services Tax implementation on the Small Medium Enterprise (SMEs) in Malaysia, particularly in Johor Bahru area. Based on previous literature, 3 factors have been identified that posed the most impacts to Small Medium Enterprises towards the GST implementation. These factors are the level of knowledge, subjective norm and demographic factors of SMEs. The findings indicated that level of knowledge and subjective norm have significant relationships with perceived impact of SMEs towards GST implementation. Findings from this

study is a more comprehensive understanding on GST and their impacts on businesses, in particular SMEs.

4) Mr. Pratiksinh Vaghela (2014)<sup>6</sup>, “A study on consumer perception towards online shopping, analyzed that online consumer perception. The objective of this research is to study the perception of the customers towards online shopping and also discriminate this perception gender wise it is found that most of the customers were perceived that online shopping is better option than manual shopping and most of the customers were satisfied with their online shopping transactions.

5) Bo Dai, Sandra Forsythe & Wi-Suk Kwon (2014), “The impact of online shopping experience on risk perceptions and online purchase intentions: does product category matter” Finding indicate that online shopping experience is a strong positive predictor of online shoppers’ purchase intentions for the two product categories (i.e. non-digital and digital products) examined. Online shopping experience is negatively related to perceptions of product and financial risks associated with online shopping regardless of product category.

6) Thompson S. H. TEO (2002) “Attitudes toward online shopping and the Internet” Find that Internet usage in Singapore is most prevalent among ages 20 to 24 years. Online stores providing customized advertisements to target this potential group & the desired target group to meet their needs and, ultimately.

7) Attitudes toward online shopping and the

8) Internet

9) Attitudes toward online shopping

### Objectives of the Study

- 1) To study the impact of GST on online shoppers in Kadapa city.
- 2) To assess the perception of online shoppers towards GST.

### Research Methodology

Simple percentage data analysis techniques are used to analyze the data collected from the

Primary sources by doing a sample survey on impact of GST on online shoppers in Kadapa city.

**Instrument:** A questionnaire is designed having 12 questions exploring the impact and perception of the online shoppers on GST. Then the questionnaires were filled by the Online shoppers.

**Sample:** A sample of 100online shoppers has been chosen from Kadapa city, which is situated in part of Andhra Pradesh State, in India. The respondents were chosen on convenience basis and were studied using questionnaire method of data collection. The questionnaire was instrumented on a sample of 100 by adopting convenient sampling method.

### Data Analysis and Interpretations

#### *Insert table 1*

The respondent profile of the online shoppers, Kadapa city which includes demographic and socio-economic profile is displayed in table-1. Majority of respondents are in the age group of 25-30 years (48%), between 30-40 years (38%), below 25 years (10%)and 40 above (04%). Males (75%) and female (25%). Majority of the respondents Occupation is employees (51%), Business (29%), House wife (0%) and others are (10%). Most of the respondents have income 25000-50000 (48%), 10000-25000 at (45%), below 10000 (5%), and above 1 lacks at (02%).

#### *Insert table 2*

Majority of the online shoppers dealing with electronic retail shopping are 40% 1-3 years, 25%, 6-12 months, 20%, Over 3 years, 15%, < 6 months.

#### *Insert table 3*



Majority of the respondents 15%, online shoppers said that GST impact is very high, 20% high Impact of GST ,40% Average Impact of GST and 25% low GST impact on online shopping.

*Insert table 4*

Majority of the respondents 60% notice any price change after GST and remaining 40% respondents said that they did not notice the price changes after GST.

*Insert table 5*

59% of the online shoppers are not aware on GST and 41% are having awareness on GST.

*Insert table 6*

58% of the online shoppers said that GST is Advantageous and 42% are said that GST is not Advantageous for online shoppers.

*Insert table 7*

All the respondents are agreed that there is a Transparency in online billing and guarantee.

*Insert table 8*

80% of the online shoppers are said that Online stores are increases Rate of tax on Products and 20% Of the online shoppers are said that Online stores are not increases Rate of tax on Products.

*Insert table 9*

51% of the online shoppers are not satisfied with present GST rates and 49% are satisfied with the present GST rates.

### Findings

- Majority of the online shoppers dealing with electronic retail shopping are 40% 1-3 years,25%, 6-12 months,20%, Over 3 years,15%, < 6 months.

- Majority of the respondents 15%, online shoppers said that GST impact is very high, 20% high Impact of GST ,40% Average Impact of GST and 25% low GST impact on online shopping.

- Majority of the respondents 60% notice any price change after GST and remaining 40% respondents said they not noticed price changes after GST.

- 59% of the online shoppers are not aware on GST and 41% are having awareness on GST.

- 58% of the online shoppers said that GST is Advantageous and 42% are said that GST is not Advantageous for online shoppers.

- All the respondents are agreeing that there is a Transparency in online billing and guarantee.

- 80% of the online shoppers are said that Online stores are increases Rate of tax on Products and 20% Of the online shoppers are said that Online stores are not increases Rate of tax on Products .

- 51% of the online shoppers are not satisfied with present GST rates and 49% are satisfied with the present GST rates.

### Conclusion

In the modern age, many products have become part of basic needs. Every household are mostly purchasing products through online. Before GST product cost is less in online. Due to GST in online stores some products cost, and service charges increased. There is a impact of goods and services tax (GST) on online shoppers purchase preferences.

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**Table 1 - Frequency Analysis on Age, Gender, Occupation and Income**

S. No.	Particulars	Frequency	Percentage
1	<b>Age</b>		
	Below 25	10	10
	25-30	48	48
	30-40	38	38
	40 Above	4	4
	<b>Total</b>	<b>100</b>	<b>100</b>
2	<b>Gender</b>		
	Male	75	75
	Female	25	25
	<b>Total</b>	<b>100</b>	<b>100</b>
3	<b>Occupation</b>		
	Employee	51	51
	Business	29	29
	House wife	00	00
	Others	10	10
	<b>Total</b>	<b>100</b>	<b>100</b>
4	<b>Income per month</b>		
	Below Rs. 10000	5	5
	10000-25000	45	45
	25000-50000	48	48
	Above 1 Lakh	02	02
	<b>Total</b>	<b>100</b>	<b>100</b>

Source: Primary data

**Table 2 - Length of Relation with Retail Electronic Shopping**

S. No.	No. of years	No. of respondents	% of respondents
1	< 6 months	15	15
2	6-12 months	25	25
3	1-3 years	40	40
4	Over 3 years	20	20
	Total	100	100

Source: Primary data

**Table 3 -Opinion on Impact of GST on Online Shopping Behaviour**

S. No.	No. of years	No. of respondents	% of respondents
1	Very high	15	15
2	High	20	20
3	Average	40	40
4	low	25	25
	Total	100	100

Source: Primary data

**Table 4 – Opinion on Price Changes after GST**

S. No.	Level of respondents	No. of respondents	% of respondents
1	Yes	60	100
2	No	40	00
	Total	100	100

Source: Primary data

**Table 5 -Awareness of GST**

S. No.	Level of respondents	No. of respondents	% of respondents
1	Yes	41	25
2	No	59	75
	Total	100	100

Source: Primary data

**Table 6 - GST Advantageous for Online Shoppers**

S. No.	Level of respondents	No. of respondents	% of respondents
1	Yes	58	58
2	No	42	42
	Total	100	100

Source: Primary data

**Table 7 - Transparency in Online Billing and Guarantee**

S. No.	Level of respondents	No. of respondents	% of respondents
1	Yes	78	78
2	No	22	22
	Total	100	100

Source: Primary data

**Table 8 – Opinion on Increase in Rates of Products of Online Stores after GST**

S. No.	Level of respondents	No. of respondents	% of respondents
1	Yes	80	80
2	No	20	20
	Total	100	100

Source: Primary data

**Table 9 – Satisfaction with the Present GST Rates**

S. No.	Level of respondents	No. of respondents	% of respondents
1	Yes	49	49
2	No	51	51
	Total	100	100

Source: Primary data

**ROLE OF E-GOVERNANCE IN ADMINISTRATIVE MANAGEMENT  
A CASE STUDY OF ANDHRA PRADESH STATE**

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**Abstract**

*E-Governance means the complete transformation of the processes of Governance using the implementation of Information & Communication Technology. It aims at bringing in faster and transparent service delivery, accountability, information sharing and people participation in the decision making and govt. processes. An attempt has been made to examine the efficacy of E-Governance particularly those who are residing in urban and rural areas are affected by the E-Governance for unbelievable transformation of the technology. The key aspects like accurate information, Transparency, Delivery system, Accountability taken into consideration.*

**Key Words:** *E-governance, administration, decision-making, information and communication technology*

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**Introduction**

In the present study, an attempt has been made to examine the efficacy of E-Governance particularly those who are residing in urban and rural areas are affected by the E-Governance for unbelievable transformation of the technology. The key aspects like accurate information, Transparency, Delivery system, Accountability taken into consideration.

E-Governance means the complete transformation of the processes of Governance using the implementation of Information & Communication Technology. It aims at bringing in faster and transparent service delivery, accountability, information sharing and people participation in the decision making and govt. processes.

**Need for The Study**

To analyse about the levels of awareness, participation and involvement of the people in the E-Governance system. The investigator wants to study the

implementation of E-Governance process through aspects like Awareness of public, Transparency, Delivery system, Accountability in the administration.

**Objectives of the Study**

1. To analyse the effect of E-Governance in Public Administration.
2. To examine the efforts made by the government for the promotion of E-Governance.
3. To explore the possibilities for successful implementation of the programme.
4. To recommend with few suggestions for better performance of E-Governance.
5. To explore the levels of delivery system of E-Governance in the real life.

**Research Methodology**

- The primary sources of data collection for the study include fieldwork, relevant documents, reports and guidelines issued by the ministry of ICT of India and Government of Andhra Pradesh.
- In addition to the collected information through the above methods, substantial

information was also collected through informal discussions with the officials and scholars.

### **Role of E-Governance in Andhra Pradesh**

The Government of Andhra Pradesh has described some of the major benefits of e-governance in Andhra Pradesh.

First, it allows citizen-government transactions at any convenient time or place throughout the day or year. At present, citizens can usually transact business with government departments only during office hours. With Electronic Government initiative, however, most government services will be available 24 hours of the day.

Second, cross-departmental integration of information provides a one-stop interface for all transactions between citizens and the government. This will increase the convenience of citizens in more ways than one. For instance, a change of address provided to one government department will be incorporated in the databases of other departments without the need for multiple correspondence. IT will, therefore, make it possible for the government to deliver one stop, non-stop services to its citizens.

Third, the use of IT and the integration of databases and services remove the element of monopoly in the dispensation of government services to citizens. Many of the maladies of government currently arise from its monopoly of information. The Electronic Government initiative, therefore, will also reduce the scope for corrupt practices.

Fourth, the government functions most efficiently due to IT applications. The government provides fast, less expensive, reliable service to the citizens and gives transparent, open information to the citizens. E-governance facilitates improved interface between citizen and government. Therefore, government's transactions and business are open, transparent, responsive,

efficient and accountable. Finally, e-governance facilitates economic development on the one hand and democracy on the other hand.

• Some of the major e-governance projects are given below.

IT Projects in Andhra Pradesh • APSWAN (Andhra Pradesh State Wide Area Network): The APSWAN connects the Secretariat, Hyderabad with all the 23-district headquarters and two other important towns, Vijayawada and Tirupati through a 2 Mbps dedicated network meeting the data, voice and video communication needs of the government.

• Video-conferencing facility: The government used the video-conferencing facility to discuss topics ranging from the state's environment program, the farmer's bazaar (Rythu Bazaar) scheme, price monitoring and implementation of road works to sanitation and public health schemes apart from the power generation and water levels with field functionaries from across the state.

• CARD (Computer-aided Administration of Registration Department): This project was introduced to quicken the process registration of deeds. Under this system, citizens can complete the process of registering their deeds within an hour. Acclaimed as the best example of e-Governance in India, the CARD project has registered around 1.4 million documents in 25 months at the computerised centres in Andhra Pradesh.

• TWINS (Twin Cities Network Services): The objective of the TWINS project is to provide integrated citizen services in a single window mode. It provides the citizens of the twin cities of Hyderabad and Secunderabad, selected services and information of departments and agencies of the state and central government, including the payment of utility bills, issues of certificates and provision of information useful to the citizens. Currently in its pilot mode at one service: The APDMS is a GIS-based system, which has created base maps

of all the 1,125 mandals and constituent revenue villages and habitations. Apart from basic data, a suite of applications, which superimpose thematic data on the road network, community infrastructure, basic demographic data, soil and geomorphological data, etc, is also a part of the project. The information is available on the Intranet and provides a good support to research, analysis, project design and monitoring in the area of development planning.

Computerisation of departments: The state government has prioritized departments and agencies on a rational criterion for Computerisation to successfully meet the objectives of its e-governance project like: Improve quality of citizen services. Improve internal efficiencies of a government department or agency. Better enforcement of law. Promotion and outreach activities. Education and information.

- Local Language Initiative: A committee (headed by the chairman of the Official Language Commission) to design and develop standards for the use of Telugu (our local language) font on computers, has made several recommendations as the standards for using Telugu in computers. The government will implement the same to promote use of computers in rural areas.
- Collectorate: The government is computerizing all the 23 collectorates of the state by developing common software with the following objectives: - Provide a computerized interface to citizen for all needs. - Work flow automation of all standard licensing and permit procedures. - Dissemination of Information useful to citizens. - Monitoring of all developmental activities.
- Internet Policy: The entire secretariat workplace comprising of 2,000 nodes has been brought into a LAN with a bandwidth of 10 Mbps to 622 Mbps over optic fibre cable.
- E-mail Policy: Presently, all employees of the secretariat have access to e-mail facility and the

same would soon be available to all the offices at district level.

- Data Warehousing: The data warehousing project being jointly implemented by the AP state government and C-DAC, Pune, has two core objects: Person object and Land object. The main source of data for these core objects is the MPHS data and land records data. The data has been loaded into P ARAM, the Indian super computer. The Web-enabled data will be made available to all government agencies for planning and analysis. The person object has information like name, father's name, sex religion, caste, occupation, while the land object contains name of owner, extent of land, nature of land, nature of crops raised, type of irrigation source etc. Different types of analysis can be made on both the objects with different permutations and combinations.

### Modes in E-Governance

1. Simple Information Dissemination - A one-way broadcasting of information stage from Govt to the constituents.
2. Two-Way Communication - A request and response form of communication which is generally done in the manner of emails, website form filling, etc.
3. Online Service Transactions - Citizens can perform a number of online services and financial transactions on a website in a self-service form.
4. Integration (Vertical & Horizontal) - Via this method the government attempts inter & intra-governmental integration by means of ICT to remove the hierarchical barriers inducing red-tapism in service delivery and information dissemination.
5. Political Participation - Online voting, online polling, online public forums and wider interaction with the government.

## Types of E-Governance

E Governance models used for different situations for different responsibilities and tasks.

1. Broadcasting Model - It is a simple model that focuses on information dissemination and broadcasting which is useful to the people pertaining to Governance via ICT and convergent media. This leads to a more informed citizenry which is better able to judge the functioning of the entire governance mechanisms and make an informed opinion about them thus empowering the public to exercise their rights and responsibilities in a prudent and objective manner. This leads to an accountable, efficient and responsive government. The use of ICT also opens up an alternate channel for people to access information as well as validate existing information from different sources to keep the Government on its toes.
2. The Critical Flow Model - It is based on disseminating information of critical value to the targeted population. The strength of this model is that it can be used advantageously anywhere and anytime to transfer critical information to the strategic user group.
3. Comparative Analysis Model - The model focuses on gathering the best practices/best way of governance in various countries all over the world and then uses them to evaluate the current governance practices being analysed. The results are then used to advocate positive changes or influence "public opinion" on the same. The comparison could be made over a period of time in order to get the picture of the past and present situations and the effect that a particular intervention has had on it. The strength of this model lies in the infinite capacity of digital networks to store varied information and retrieve as well as transmit it instantly

across all geographical and hierarchical barriers.

4. E-Advocacy/Mobilization And Lobbying Model - This model focuses on adding the opinions and concerns expressed by virtual communities. It helps the global civil society to impact global decision-making processes. Its basis is setting up a planned, directed flow of information to build strong virtual allies in order to complement actions in the real world. Virtual communities are formed which share similar values and concerns and these communities in turn link up and network with or support real life groups/activities for concerted action. This helps mobilize and leverage human resources and information beyond geographical, institutional and bureaucratic barriers to use it for concerted action.
5. The Interactive Service Model - In this model the various services offered by the government become directly available to its citizens in an interactive manner by opening up an interactive Government to Consumer to Govt. (G2C2G) channel in various aspects of governance such as e-ballots, redressing specific grievances online, sharing of concerns and providing expertise, opinion polls on various issues, etc. Thus, this model opens avenues for direct participation of individuals in governance processes and brings in greater objectivity and transparency in the decision-making processes through ICT.

## Findings of the Study

1. Best quality public services – E-Governance provides to deliver services to the citizens with greater accountability, responsiveness and sensitivity for efficient utilization-Governance provides online redressal of grievances ensures officials



accountability and also sensitises them. Better quality of services like Video tele conferences and online redressal process help public for more convenient and easy method in the administrative process.

2. Transparency – E-Governance provides clear and accurate information and helps to make the service delivery efficient and accountable.

3. Economic prosperity – E-Governance reduce transaction costs making services cheaper. regarding markets, products, agriculture, health, education, weather, etc. and also provides access that lead to better and more opportunities and prosperity in such areas.

4. Saving of Paper- Paperwork is reduced to a great extent with communication being enabled via electronic route and storage and retrieval of information in the electronic form. By saving paper it helps to save environment conservation automatically.

5. Elimination of Hierarchy - Through the introduction of Intranet and LAN there has been a reduction in procedural delays caused by hierarchical processed in organisations as it has become possible to send and receive information and data across various levels in an organisation instantaneously helping the involvement of all levels in decision making.

### Suggestions

There is need to harness and adopt some suggestions for improving the capacity and need of E-Governance.

1. Development of Human Resources – There is a need for improving quality manpower in India In spite of growing rate of employment in various sectors. A gap exists between demand and supply in the IT Manpower market. To bridge this gap we need to have more technical institutes to

impart quality education and training to build a pool of human resources in the field.

2. Training for capacity building – Training should be providing in various computer skills for effective service delivery. Though this training is being carried out to all the basic public functionaries, yet its effective use of ICT is yet to be seen.

3. Rural areas access – There are 10 million users of the Internet in the country, more than 75% of these users are in urban India alone which exposes the reach of the rural and disadvantaged sections. However, Gram Panchayats are being roped in to expand ICTs reach. The National Informatics Centre (NIC) has developed a comprehensive web-based software for Panchayati Raj and rural applications viz. Andhra Pradesh which is a step in the right direction.

4. strengthening the infrastructure- Providing infrastructure facilities for internet and IT promotional organizations either by fiber optics or by radio communication with the aim to ' boost efficiency and enhance market integration' through Internet/Intranet for sustainable regional development.

5. Information utilization for the public usage – It is to identify to develop the information which is helpful for the public usage and convenience for better governance and administration in the easy way and better access.

6. Legal security- Government should provide legal security and cyber laws to enable transactions over the Internet. Credit card safety transaction facility for consumers should be provided for utilizing online facilities. Therefore, strict and universal cyber laws need to be enacted and efficiently implemented for public convenience and utilization.

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