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Number 2

December 2018

Editors

Dr. S. Goswami

Dr. V. Senthil



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EDITORIAL

Welcome to the December issue of TBR. Here you will find a collection of articles on various themes contemporary and thought-provoking. The Editorial Committee wishes a belated merry New Year to all readers and authors who have supported the Journal so far. For this issue:

A.Rama and P.Saritha write about online marketing offering many advantages to the customers like cost effectiveness, time effectiveness, easy mode of payment, quick delivery, convenience, multiple options, brand awareness, follow up, etc. They point out some shortcomings like lack of tangibility, damaged goods, defective goods, change of product colours, and the like. Even though there are more disadvantages, online marketing has great attraction for teenagers because they can buy goods and avail services easily and comfortably.

P.Stella in her descriptive Study with reference to BSNL Consumers in Tirunelveli District suggests offering quality service, the best of strategies but at the same time it should be inexpensive. In addition to telephony, modern mobile phone services also support a wide variety of other services such as customer care services, MMS, email, Internet access, short range wireless communications (infrared, Bluetooth), business applications and other services.

Pooja Jain, Mukesh Pal, Sonali Raghuvanshi, and Ramkishore Tripathi in their paper investigate factors behind students choosing management colleges in Dehradun, Uttarakhand. It is both a mixture of ambition and career aspiration. Accordingly, they can be guided.

S.Shrilatha in her study on complaint management analyzes the various services availed and problems of ATM faced by the customers in State Bank of India. Objective is to find out the customers' opinion regarding complaint management system in State Bank of India.

Udayan Kumar Basu in his paper 'Impact of NPA on NIM for commercial banks in India' opines that directed lending guidelines and high statutory liquidity requirements in India restrict the manner in which a commercial bank can deploy the financial resources at its disposal. In other words, CRR, SLR and Priority Sector Lending guidelines can impose constraints on the capital structure and interest rate spread/NIM of the banks. This holds particularly if the level of NPAs cannot be kept to an extremely low level.

R.Neelamegam in his paper 'Passengers' perception of service quality for Southern Railway' looks at service quality yielding comfort to the passengers; it would delight them when the passengers' perception of service quality exceeds their expectations. In this context, service quality comes under his scanner of comparing passengers' expectation with performance of Madurai Division of Southern Railway (SR) Zone of Indian Railway.

D.Ravindran in his article on Rebranding attempts to study the consumer preference and perception on fruit-based drink brands with special reference to Fruitnik brand which was acquired by a national level pharma-based company from local Chennai based soft drinks company. It attempts to understand the product penetration of the product, consumer needs & wants, the potential competitors and the new competition even from the different segment of the market. Product category, however, is the same.

Editorial Team

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Attitude of Teenagers towards Online Buying Through Social Media

A. Rama and P. Saritha

DOI: 10.23837/tbr/2018/v6/n2/178294

Abstract

Online marketing is a set of powerful tools and methodologies used by the business organisation for promoting products and services through the internet. It is also known as internet marketing, web marketing, digital marketing and Search Engine Marketing (SEM). There are around 460 million internet users in the world, India is the second largest online market, ranked after China. By 2021, there will be about 635.8 million internet users in India. Despite the large base of internet users in India, only 26 per cent of the Indian population accessed internet in 2015.

Online marketing outdated the old traditional system of marketing and emerged as a highly growth oriented industry. It is one of the recent marketing techniques that have been preferred by many people in the current scenario. They can shop goods from their home itself. There is no need to spend time in going out for shopping. At the same time they can verify the price of the goods from various shops and can buy goods. It offers many advantages to the customers like cost effectiveness, time effectiveness, easy mode of payment, quick delivery, convenience, multiple options, brand awareness, follow up, etc. There are also few disadvantages like lack of tangibility, damaged goods, defective goods, change of product colours, etc. Even though there are more disadvantages, online marketing has great attraction towards teenagers because they can buy goods and avail services easily, internet renders service for 24X7 and can buy products that are available in global level. Hence, an attempt has been made to study the effect of social media in promoting online shopping among teenagers.

Introduction

Online marketing is the practice of leveraging web based channels to spread a message about a company's brand, products, or services to its potential customers. The methods and techniques used for online marketing include email, social media, display advertising, search engine optimization and more. The main benefit of online marketing is to attract, engage and convert virtual visitors to customers using digital mediums. There are number of tools that can be used to build and maintain online marketing. They are Email marketing, Social media Marketing, Search Engine Optimisation, Display Advertising, Search engine Marketing, Content Marketing, Video Marketing, Marketing Analytics, Marketing Automation, Customer Relationship Management and Content Management System.

Promotion is considered to be crucial not only for customers but also for competitors to survive in this digital world. It is considered as one of the elements of marketing mix. Digital promotion is the use of one or more forms of electronic media to market or advertise a

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product or brand. It is generally used as a part of a company or an organization to increase the sales of a product or service and to create brand awareness among large audience. This is done through social media and search engine marketing.

Digital media includes Internet, social media and social networking sites which are the various ways to interact with consumers. Over 2.7 billion people are using online globally, which is about 40 per cent of the world population. 67percent of internet users use social media globally.

In this modern world, 96 per cent of people are aged between 18-29 years and 93 per cent are between 30-49 years old. It is clear that these people are actively using internet for online marketing by availing promotional aspects from the company or organisations. The major benefits of online promotion are not only to reach millions of potential customers but to capture the target audiences on the basis of geographical locations, and age group. Promotion is most important weapon to attract the customers. In online marketing many promotional methods have been used. They are networking, e-mail publishing, paid advertisements, search engine optimisation, linking strategies, viral strategies and traditional media. Thus promotional techniques are the major successful marketing strategy used by the online suppliers.

Review of Literature

Veena Tripathi (2006) revealed that, teenagers often underestimate the toll that their digital conduct can take on their reputations. The potential of online media is yet to be explored to its full potential in India. But the beginning has already been formed and raising its graph frequently. Social media is playing a crucial role in delivering the impact of online media on teenagers. Hence online marketing highlighting teenagers must be ethically driven. Detail should be checked. One can safely assume that online marketing is here to stay and is an effective medium to bring about changes in the buying behaviour of teenagers.

Syed Shah Alam (2008) has revealed that young consumers are playing an important role in online shopping. The increasing use of Internet by the younger generation in Malaysia provides an emerging prospect for online retailers. It was discovered that website design, website reliability, customer service and privacy are the four key factors which influence young consumer's perceptions of online shopping.

Savita Maan, Sanjeev Kumar (2014) have analyzed the different issue of online shopping. The Study provides insights into consumers' online shopping behaviors and preferences. Moreover, paper also identify the hurdles that customers' face when they want to adopt internet shopping as their main shopping medium. Findings reveals that online shopping brings optimum convenience to the consumers. Privacy and security risk emerges frequently as a reason for being wary about internet shopping. Shopping convenience, immediate possession,

information seeking, social interaction, and variety affects the consumer attitude towards online shopping. The impossibility of product testing, problems with complaints, product return and misuse of personal data are the main uncertainties regarding on-line shopping.

Ajay Kumar Sharma (2016) has revealed the way the teenagers think and behave while going for shopping online. In online shopping platform, a digital market is presented before them in place of real market. They do not make impulsive purchase rather their decisions are affected by a number of reasons discussed above. The study has proved that if these factors are not considered seriously by the company, their decision may be changed. Therefore a company should follow and incorporate these factors.

Objectives of the Study

1. To study the usage pattern of internet among teenagers.
2. To analyze the purpose for using internet.
3. To measure the attitude of teenagers towards online buying through social media.
4. To offer concrete suggestions based on the findings.

Data and Methodology

The study depends on both primary and secondary sources of data. The secondary data have been collected from standard text books, reports, records and websites. The primary data have been collected by administering a well-conceived questionnaire to the respondents. The questionnaire has been pre-tested before it is issued to the respondents. Sampling frame is limited to the teenagers residing in Virudhunagar. Respondents constitute the teenagers who are between the age group 13-19 years. Survey has been conducted from 50 respondents. Convenience sampling method has been used for the selection of the required number of sample respondents in Virudhunagar.

Results and Discussion

In order to study the usage pattern of teenagers towards online buying the following variables such as Means of Accessing Internet, Mode of Internet Connection and Internet Service Provider are considered.

Table 1 Means of Accessing Internet

Means	No. of Respondents	Percentage to Total
Personal Computer	11	22
Laptop	12	24
Mobile	27	54
Total	50	100

Source: Primary Data

Table 1 depicts that 27 respondents (54%) use mobile for accessing internet, followed by 12 respondents (24%) access laptop and 11 respondents (22%) access personal computer.

Table 2 Mode of Internet Connection

Mode	No. of Respondents	Percentage to Total
Cable Modem	8	16
Wireless	8	16
Mobile data	34	68
Total	50	100

Source: Primary Data

Table 2 shows that 34 respondents (68%) use mobile data as the mode of internet, followed by 8 respondents (16%) use cable modem and wireless connection respectively.

Table 3 Details of Internet Service Provider

Internet Service Provider	No. of Respondents	Percentage to Total
BSNL	8	16
Vodafone	7	14
Airtel	12	24
Aircel	2	4
Reliance Jio	19	38
Idea	1	2
MTS	1	2
Total	50	100

Source: Primary Data

Table 3 presents the details of Internet service provider. 19 respondents (38%) use Jio, 12 respondents (24%) use Airtel connection and 8 respondents (16%) use BSNL connection.

Friedman's Test

To find out the significant difference among the ranks given by the respondents for the purpose of using Internet, Friedman's test is applied.

H_{01} : There is no significant difference in the ranks given by respondents to the purpose of using internet.

Table 4 Purpose of using Internet

Purpose	Mean Rank	chi-square value	p Value
Education	3.11	23.091	.000
Shopping	2.07		
Entertainment	3.30		
Communication	3.10		
Information	3.42		

Source: Primary Data

From Table 4, it is clear that, mean rank for the purpose Information is very high of 3.42 and mean rank for the purpose shopping is very low (2.07). Hence shopping is most preferred by the respondents for the purpose of using internet.

As the computed p value is less than the assumed value of 0.05, the above null hypothesis is rejected. Hence, there is significant difference in the ranks assigned by respondents to the purpose of using internet.

Mean Score Analysis

Mean Score Analysis is used to find out the preference and attitude of teenagers towards online buying. Items purchased through online differ from one person to another person.

Table 5 Details of Items Purchased through Online

Items	No. of Respondents	Percentage to Total
Dresses	14	28
Cellphone and its Accessories	11	22
Watches	9	18
Foot wears	5	10
Cooking items	7	14
Pen drives	2	4
Books	2	4
Total	50	100

Source: Primary Data

Table 5 presents the details of items purchased through online, 14 respondents (28%) had purchased dresses and 11 respondents (22%) had purchased cellular phones and its accessories.

Attitude of respondents towards online buying in near future are as follows.

Table 6 Attitude of Respondents towards Online Buying

Preference	Mean Score Analysis
To purchase fashion Jewels	0.30
To purchase dresses	0.37
To buy accessories	0.33
To buy electronics	0.30
To buy cell phone	0.34
To buy books	0.34
To buy utensils	0.30
To buy eatables	0.32
To buy other products	0.30

Source: Primary Data

From Table 5, it is clear that variable 'for purchasing dresses' carries the highest mean score of 0.37 when compared with the other variables. Respondents prefer dresses through online buying in future.

Mode of payment may be through cash or card.

Table 7 Mode of Payment

Mode	No. of Respondents	Percentage to Total
Cash on delivery	29	58
Card payment	21	42
Total	50	100

Source: Primary Data

Table 8 depicts the details of payment of respondent, 29 respondents(58%) had paid cash on delivery and remaining with card payment.

Social media is considered to be an effective promotional tool among teenagers.

Table 8 Social Media as a Marketing Tool

Social Media	No. of Respondents	Percentage to Total
Face Book	39	41
Twitter	5	5
You tube	9	10
gmail	16	17
yahoomail	2	2
Linked in	11	12
Google +	7	7
Google	4	4
Instantgram	2	2
Total	95	100

Source: Primary Data

From Table 8 it is clear that 39 respondents (41%) use Facebook as a media for online buying followed by 16 respondents (17%) access through gmail and 11 respondents (12%) use Linked in media for online buying.

Promotional aspects are very important to attract the target audiences.

Table 9 Promotional Techniques

Promotional Techniques	No. of Respondents	Percentage to Total
Festive Offers	12	24
Discounts	10	20
Combo offer	5	10
Free offer	7	14
Advertisement through Social media	16	32
Total	50	100

Source: Primary Data

From Table 9, 16 respondents (32%) prefer advertisement through social media, followed by 12 respondents (24%) prefer festive offers to buy the products through online.

Suggestions

Teenagers prefer to buy dresses through online and are also interested in social media viz., Facebook as a marketing tool for online buying. They also prefer to watch advertisements in social media and they consider it to be an effective promotional technique for online buying. Organisations can provide free offers and discounts to attract teenagers. It is suggested that teenagers have craze towards online buying, so the manufactures of the goods have to concentrate on providing advertisement through social media and other websites like Amazon, Snapdeal, Shopping zone, ebay, paytm, jabong, shopclues, pepperfry, homeshop18, myntra, flipkart, yebhi.com, etc.

Conclusion

Technology plays a vital role among teenagers in transformation of traditional way of buying to online. Now the teenagers prefer social media for buying products or to avail services through online. Internet is also considered as an important tool for promoting online buying to reach large number of teenagers all over the world. Thus internet provides online buying which is considered to be a promotional craze among teenagers. Teenagers want excitement, a free choice set, a make-believe world of their own, where social identity gives a distinct impression. It also confers an image. That image is consonant with self-choice as well as social choices.

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Consumer Opinion and Satisfaction towards Mobile Phone Services – A Descriptive Study with Special Reference to BSNL Consumers in Tirunelveli District

P. Stella

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Abstract

In the competitive business environment every organization is striving towards success and offering the best satisfactory services to their existing consumers and the new consumers. Satisfying the inner self of an individual is a challenging task and every organization is doing research on identifying the best strategies which induce the consumer to purchase their products and procure their services. Consumer is the king of today's market and Consumer satisfaction is an extent to which consumers are happy with the products or services provided by a business. Consumer satisfaction depends on the performance of the product and service after purchase. A Market starts with the consumer and ends with the consumer satisfaction and consumer delight. The satisfaction of the consumers becomes the most important goal of a business enterprise. The key to ensure consumer preference lies in understanding the consumer, their likes and dislikes, their expectation and motivations. Mobile phone services have become an essential and important role for communication in the modern days. Mobile phone communication is a part of telecommunication, which comes in the form of oral communication. Mobile phone service facilities are easy and faster means of communication and one can communicate with others and manage the business anywhere at any time at a reasonable cost of services. Telecom network in India is growing faster in the world because of its high population and development potential. India has many top network operators such as Vodafone, Airtel, Reliance Jio and BSNL. BSNL a public sector telecom company in India ranks the 17th largest among the telecom companies in the world. If the service provider is unable to satisfy the consumers, they will switch over to another service provider. There are so many strategies to promote and develop the mobile phone services but all are expensive ones. Offering quality service so as to promote the business is the best of strategies but at the same time it should be inexpensive. In addition to telephony, modern mobile phone services also support a wide variety of other services such as customer care services, MMS, email, Internet access, short range wireless communications (infrared, Bluetooth), business applications and others. Hence, the mobile phone service providers are to be very alert and highly sensitive to the needs of the consumers in order to retain them in their circle.

Keywords: Mobile Network Operators, Brand Loyalty, Telecommunication Industry, Consumer Satisfaction, Consumer Preference

Statement of the Problem

In recent times, the country has undergone tremendous changes and has experienced higher rates of growth economically, industrially and technologically. Increasing infrastructure facilities for telecommunication industry have created more and more competition in the field of telecommunication industry. Mobile phone services have become an essential and important element for communication in recent days. Vodafone (35.72%), Airtel (31.84%),

Reliance Jio (15.69%) and BSNL (9.71%) are the four Mobile Network Operators managing the total number of wireless subscribers count to 1,151.94 million at the end of January 2017. It is one of the largest & leading public sector units providing comprehensive range of telecom services in India. BSNL has installed Quality Telecom Network in the country & now focusing on improving it, expanding the network, introducing new services with ICT applications in India. In Mobile Phone Services BSNL stands the last in market share with 9.71%. Therefore, the present study has been undertaken to know about the services offered by BSNL mobile phone services and also the satisfaction of consumer and the brand loyalty of BSNL by using both primary data and secondary data.

Significance of the Study

In spite of a well-established network and supporting infrastructure certain service providers weren't able to compete in the market due to lack of quality services and they are not able to satisfy their consumer expectation. Promotional initiatives and innovative strategies have not yielded fruitful results due to poor consumer satisfaction. There is a significant difference between the services offered by different service providers; there is more chance for the subscriber to prefer the service provider, who satisfies consumer by service. So, it is highly essential for the service provider to know the influence of different demographic variables that increase the satisfaction level of the consumers to win their heart. The present study has some objectives to find out the innovative aspects introduced by BSNL towards the consumer satisfaction and the reputation from the consumer by measuring the brand loyalty of BSNL mobile phone services. The study concentrates on the various reasons for the satisfaction and dissatisfaction of the consumers and their brand loyalty towards the mobile phone services of BSNL in Tirunelveli District.

Review of Literature

Review of Literature is a body of text that aims to review the critical points of current knowledge including substantiate finding as well as theoretical and methodological contributions to a particular topic. It is secondary sources which do not report any new or original experimental work. In a simple way review of literature is referred as reviewing the work of literature in relation to a specific topic in research. Most often associated with the academic oriented literature is thesis. Its ultimate goal is to bring the reader up to date with current literature on a topic and forms the basis for another goal, such as future research that may be needed in the area. A well structured literature review is characterized by a logical flow of ideas; current and relevant references with consistent, appropriate referencing style, proper use of terminology and an unbiased and comprehensive view of the previous research on the topic.

M. Nandhini, et al in their article entitled, "A Study on Customer Attitude Perception towards Branded Broad Band" have indicated that the broad band is the new oxygen. It opens up a

large box of information with a single click of a button. Get ready to surf the world in the www with a high speed connection like access mails faster, download music, share multimedia instantly, video chat with friends and play games with someone at the other end of the globe. Market research is essential on a timely basis as there can be an attitude change from individual to individual from time to time.

Mohd Noor and others in their article entitled, “The Influence of the Trust on Customer Satisfaction in Mobile Phone Market: An Empirical Investigation of the Mobile Phone Market” have focused on the impact of trust on customer satisfaction in mobile phone sector. In order to examine the relationship between independent variable (trust) and dependent variable (customer satisfaction), SPSS and Smart (PLS) have been used.

Nemat Sheereen in his article entitled, “A Study on Customer Satisfaction of BSNL Services in Kerala” has stated that BSNL is one of the leading telecommunication service providers in Kerala. Most of the studies conducted in this area indicate exploding development of services provided by number telecommunication providers which opened new world to the customer around the world. This paper analyses the customer satisfaction of BSNL services provided in Kerala. Quality of service and maximum network coverage are the most important factor which satisfy the customers in relation to telecommunication.

Research Gap

- Lack of significant research has been identified in the available literatures on the significant association between consumer satisfaction and brand loyalty of BSNL Mobile Phone Services in Tirunelveli District.
- Complete absence of literature on the factors influencing the consumer to use BSNL services and the opinion of consumer about the service quality of BSNL Mobile Phone Services in Tirunelveli District.
- No major study has been found in the surveyed literatures on the assessment of advertisements and brand awareness of BSNL Mobile Phone Services in Tirunelveli District. (78 reviews are collected for the study)

Objectives of the Study

The objectives of the study are given below:

1. To study the demographic profile of the respondents using BSNL Mobile Phone Services in Tirunelveli District;
2. To identify the factors that influences the consumer towards using BSNL Mobile Phone Services in Tirunelveli District;
3. To know the opinion of consumer about the service quality of BSNL Mobile Phone Services in Tirunelveli District;

4. To analyse the relationship between consumer satisfaction and brand loyalty of BSNL Mobile Phone Services in Tirunelveli District;
5. To analyse the impact of advertisements on brand awareness of BSNL Mobile Phone Services in Tirunelveli District;
6. To identify the significant association between income of consumers and Selection of BSNL Schemes in Tirunelveli District.

Hypotheses of the Study

The following hypotheses are framed based on the above objectives:

H01: There is no significant relationship between the gender, age, education, occupation and income of the respondents and their level of satisfaction.

H02: There is no significant relationship between brand loyalty of BSNL and the level of consumer satisfaction.

Research Design

A research design can be defined as the blue print specifying every stage of action in the course of research. Such a design will indicate whether the course of action planned will minimize the use of resources and maximize the outcome. Research design is the arrangement of conditions for collection and analysis of data in the manner that aims to combine relevance to the research purpose. In this study descriptive research was carried out by the researcher. This type of research describes what exists and may help to uncover new facts and meaning.

The purpose of descriptive research is to observe, describe and document the aspects of a situation as it naturally occurs. This involves the collection of data that will provide an account or description of individuals, groups or situations. Instruments we use to obtain data in descriptive studies include questionnaires, interviews and observations.

Area of the Study

The area of study is Tirunelveli district which consists of three revenue districts (Tirunelveli, Charanmahadevi and Tenkasi), 15 taluks, (Tirunelveli, Palayamkottai, Sankarankovil, Ambasamudram, Radhapuram, Nanguneri, Tenkasi, Shenkottai, Sivagri, V.K. Pudur, Alangulam, Veerakeralampudur, Thiruvengadam, Manur and Kadayannallur) 19 development Blocks and 7 municipalities ("Tirunelveli", 2012). The infrastructure of the district relating to 4G internet connection and other facilities are developing at a greater speed so as to provide technological facilities equivalent to that of the metropolitan cities. The people living in this area are conservative in nature, have more concern towards utility of the product and more price sensitive.

Sampling Design

Disproportionate Stratified Random Sampling method is adopted in the study. The population is divided into different strata (15 taluks). The items in each strata should be homogeneous. That is, each strata contains a few elements, which are similar in every respect. Then in each stratum, a few elements are selected to continue the sample. While making the selection from each strata, the size of the sample (40 samples) from each strata or level is not in proportion to the size of that strata; it is called disproportionate stratified random sampling.

Primary Data

The researcher has used a self designed questionnaire for the purpose of collecting data regarding consumer satisfaction, consumer opinion, influencing factors, brand awareness and loyalty of the consumers. These data are the first hand information generated to achieve the purpose of research. The sample population for this research is composed of consumer of BSNL mobile phone service who had located the study area of Tirunelveli District.

Secondary Data

Secondary data have been collected from various journals, research articles, seminar reports, newspaper, study reports of expert committees, departmental publications, published reports, books, websites and other literature.

Period of the Study

The present study on Consumer Opinion and Satisfaction towards Mobile Phone Services – A descriptive Study with special reference to BSNL Consumers in Tirunelveli District was carried out during the period of June 2015 to December 2017.

Pilot Study

- The researcher has met 25 BSNL mobile phone users at various locations through a personal interview. The pilot study has enabled to limit the questions of study. The pilot study has been very useful to avoid the unwanted questions of the study to the researcher.

Results Analysis and Discussion

It is the process of evaluating data using analytical techniques to examine each component of the data provided by the consumer. After the collection of data, the investigator tabulated all those data. The investigator analyzed the data with the help of a SPSS and Microsoft office package.

Data from various sources is gathered, reviewed, and then analyzed to arrive at a conclusion.

Table 1 Frequency Table for Analyzing the Profile of the Respondents

Variables	Categories	Frequency	Percent
Gender	Male	284	55.9
	Female	224	44.1
Marital Status	single	277	54.5
	Married	231	45.5
Age (in Years)	Below 20	76	15.0
	21-30	188	37.0
	31-40	114	22.4
	41-50	64	12.6
	Above 50	66	13.0
Education	School Level/ Diploma/ITI	74	14.6
	Graduate	193	38.0
	Post-graduate	159	31.3
	Professional	82	16.1
Present Status	Student	74	14.6
	Self Employed	137	27.0
	Private Employee	157	30.9
	Govt Employee	80	15.7
	Pensioner/Retired	22	4.3
	House Wife	38	7.5
Monthly Income	Up to 10000	19	3.7
	10001 - 20000	127	25.0
	20001 - 30000	169	33.3
	30001 - 40000	52	10.2
	40001 - 50000	43	8.5
	No Income	98	19.3
Nature of Family	Nuclear Family	277	54.5
	Joint Family	231	45.5
Area of Living	Rural	269	53.0
	Urban	239	47.0

Source: Primary Data

The above table implies the demographic profile of the respondents who had participated in this research. 37% of the respondents are in the age group of 21-30, 38% of the respondents are graduates, 30.9% of the respondents are private employees, 33.3% of the respondents had earning 20001 – 30000 and 53% of the respondents are living in urban area.

Table 2 Relationship between the overall service Quality and the Brand Loyalty of BSNL Consumer using Correlation in SPSS

Variables		I am loyal to BSNL Brand	Overall service Quality
I am loyal to BSNL Brand	Pearson Correlation	1	.218
	Sig.(2-tailed)		.000
	N	508	508
Overall service Quality	Pearson Correlation	.218	1
	Sig.(2-tailed)	.000	
	N	508	508

Source: Primary Data;

H₀: There is no significant relationship between Consumer Satisfaction and Brand Loyalty.

H₁: There is significant relationship between Consumer Satisfaction and Brand Loyalty.

- From the table it is identified that the value of Pearson Correlation coefficient is .218 which lies in-between 0 to 1. So there is a positive correlation between Consumer Satisfaction and brand loyalty of BSNL.

Based on the results, we can state the following:

- Consumer Satisfaction and Brand Loyalty have a statistically significant linear relationship ($p < .001$).
- The direction of the relationship is positive (i.e., consumer satisfaction and brand loyalty are positively correlated)
- The magnitude, or strength, of the association is approximately weak. ($.1 < |r| < .3$).

Table. 3 The impact of Advertisement on Brand Awareness using Regression in SPSS

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.611 ^a	.373	.372	.617

Dependent Variable: I am aware of the brand,

Independent Variable: Advertisements seen in Media

From the table it is inferred that R value is .611. Hence we identified that the advertisement seen in media creates a positive impact on the brand awareness of BSNL.

Table 4 Factor which influences the consumer to prefer BSNL

Consumer Preference	Frequency	Percentage
Network Quality	83	16.3
Reasonable Tariff Rates	173	34.1
Customer Service Quality	60	11.8
Data Service Quality	60	11.8
Variety of Value Added Services	44	8.7
Friends and Family are using BSNL	62	12.2
High Brand Loyalty	26	5.1
Total	508	100.0

Source: Primary Data

From the table it is inferred that 34.1 percent of consumer prefer BSNL for the reasonable tariff rates, 16.3 percent of the consumer select BSNL for the network quality and 12.2 percent of the consumer prefer BSNL because of their friends and family.

Table 5 The Significant Association between Income of Consumers and Selection of BSNL Schemes

Monthly Income (in Rs): * Scheme of Service Crosstabulation

Count		Scheme of Service		Total
		Pre-paid	Post-Paid	
Monthly Income (in Rs):	Up to 10000	19	0	19
	10001 - 20000	102	18	120
	20001 - 30000	114	34	148
	30001 - 40000	18	55	73
	40001 - 50000	13	37	50
	No Income	98	0	98
Total		364	144	508

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	189.601 ^a	5	.000
Likelihood Ratio	205.903	5	.000
Linear-by-Linear Association	.055	1	.815
N of Valid Cases	508		

The null hypothesis (H_0) and alternative hypothesis (H_1) of the Chi-Square Test of Independence can be expressed in this way:

- H_0 : Selection of BSNL scheme is not associated with Income
- H_1 : Selection of BSNL scheme is associated with Income

Since the p-value is less than our chosen significance level ($\alpha = 0.05$), we reject the null hypothesis. We conclude the selection of BSNL scheme is associated with the income of the respondents.

Suggestions

Based on the finding of the study, the following suggestions are made to improve the service quality of BSNL. To improve its service, BSNL has to reformulate new strategies to gain new consumers' base and to serve its consumer in a qualitative manner. In addition, the process involved in taking new connections should be simplified and made easy. By doing so, more people will be converted as consumers easily. Many respondents are getting communication through SMS, which are not understandable, as they are not sent in the mother tongue of customers. As a result, there must be an option in the mobile phone for getting the message in mother tongue or to get the message converted into the language, which the customers know. Hence, mobile phone service providers have to focus on this area and send messages in an understandable language or communicate with them in local language through customer care operators all around the country. Consumer is not satisfied with the network quality of BSNL. So the organization needs to cover the rural area by increasing the number of network towers. The value added services and the customer care services must get much attention to retain the loyal consumer of BSNL.

Conclusion

Consumer is the strong pillar supporting the service in any field and causing the success to it. Therefore, BSNL has to concentrate to widen its base of consumers, to strengthen its field and achieve success through them by true, sincere and excellent service. In order to have a large number of consumers, BSNL has to expand its services in village and towns. It has created an effective distribution channel to reach the end user. The first achievement of public service provider is to survive in the market among many powerful competitors and admits a big competition. The aim of the public service provider must be, along with its aim of making profit, to make the consumers get benefitted most by its service. Consumers' satisfaction must be the great care of the public service provider like BSNL.

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Socio-Demographic Profile and Career Aspirations of Management Students: An Empirical Study

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Abstract

Management education should keep pace with the opportunities available in the industry as well as aspirations of students. The current study aims to understand the demographic profile like age, education, parents occupation and income level etc. and career aspirations of management students of different colleges/departments in Dehradun city. This study was conducted to analyze the aspirations and career choices of management students and identify the factors responsible for different career choice aspirations. This will help to adapt management education with career aspirations of students and guide students to make informed career choices. Accordingly, the students were surveyed in Dehradun city with the help of a structured questionnaire to capture their demographic details as well as career & aspirations. The data collected was analyzed through statistical analysis and in the end the relationships between demographic variables outlined above and determinants of the career aspirations are presented.

Keywords: Management Education, Socio-Demographic Profile, Career Aspirations, Perception.

1. Introduction

The economic growth of any country depends upon the initiatives taken on the front of human resource development by the country. It is necessary to keep pace with the changes all around, if any country wishes to remain competitive in current scenario. Education is one of the important aspects of human resource development and therefore education system need to keep pace with changes around the world and keep itself updated from time to time. This is much more applicable to management education which needs to keep itself aligned with industry requirements as well as changing aspirations of students.

Management is one field which attract students from diverse backgrounds and fields. Further, the career options after management education are diverse and a student can potentially choose any career. The lists of such career choices can be segregated into Private sector, Government sector, Teaching, Entrepreneurship, Higher studies and so on. Every career option has varied mentions attached to it like social prestige, income, opportunities to grow & so on. The differences in individual perceptions of opportunities and expectations in future relate to socio-economic and educational background and community-related factors.

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The major socioeconomic factors which play a vital role in modelling of career aspirations are parents occupation, income level of parents, the city wherein the student completed his or her education (Jodl, Michael, Malanchuk, Eccles, & Sameroff, 2001).

Socio-Economic Background

Human beings do not live in isolation but get affected by surrounding environment the choice of a career after education is not simply a cost benefit decision wherein one opts for a career for maximum **monetary** benefits but there are multiple factors which ultimately decide a career choice. The socio-economic background is undoubtedly a significant determinant of achievement and post-school choice. With rise in socio-economic status, preference for higher education increases and that for vocational education decreases, so it is useful to separate the socioeconomic background into its different components to bring out the importance of social capital in influencing achievement and post-school choice (A.S.Dhesi, 2001). Socio-economic variables like parent's occupation and income profile of the family are taken into consideration for determining the career aspirations. The decision making is not always individualistic and rationale but also depends on human attempts to order and structure their environment and communicate with each other. People act in part upon the basis of myths, dogmas, ideologies and "half-baked" theories. So the background of the person wherein the individual grown up plays a pivotal role in decision making process (Denzau & North, 1992). Even the society where an individual live is a dynamic place which effect individual decision making to a large extent. The social capital plays an important role in modeling the mindset of an individual. (A.S.Dhesi, 2000)

Another important variable is the educational background of the student. An arts background student decision making is different from science background student. Not only the education but the environment of an engineering college is different from an arts college. It is a common belief in the society that those students who are good at studies opt for science and engineering courses whereas those who are comparatively not so good in studies opt for arts or commerce background. Therefore, it is important that effects of discipline of past education should be examined for future career aspirations of students.

Career Aspiration

Aspiration is "something that you hope to achieve" (Cambridge, 2015). Career aspiration is something that a student is hoping to achieve after completing his or her education. The materialization of career choice depends on the opportunity available and student ability to avail the same but student personal preference for a career is reflected in career aspiration.

2. Literature Survey

Shaikh. 2013 studied career choice of students in university of Pune to identify as to why students select science courses and its correlation with socio-demographic profile of the students. His study pointed out two major observations that contrary to popular belief, the female students are more interested in science subjects compare to male and Marathi medium studied students are more likely to opt for a science course vis-a-vis English medium students.

A. S. Dhesi, 2001 studied Indian pupils' post-school plans and expectations of the benefits of pursuing higher education. He concluded that incentive structure, consequent on institutional structure, socio- economic background, school and community related factors significantly influence expectations.

In another important study in respect of choice of university and demographic variable of students conducted in Istanbul wherein several socio-demographic factors were found to effect the decision making of students to choose a particular university Tamtekin Aydin & Bayir, 2016. The choice of management education by the students in itself is a result of multiple factors including socio-economic variables. In a study conducted on management students of Delhi, it was found that father as a relationship was the most important factor among students to opt for a management career. It was also found that decision for a career in management was to a large extent influenced by the profession of parents. Agarwala, 2008.

3. Research Methodology

As no secondary data was readily available for the purpose of study, therefore, primary data were collected through survey. The sample population for the survey included 4 colleges/ departments in Dehradun city offering management courses. In these Institutes, students currently enrolled in second year of MBA courses, were selected. The sampling plan adopted was convenience sampling. Total 75 questionnaires were collected from these institutes. However, out of 80 questionnaires, 11 were found incomplete and so data collected from 64 students was used for the purpose of analysis.

The instrument for data collection was a structured questionnaire prepared foii^etting requisite information and pre-tested on 15 students to assess validity and reliability. The validity describes how well one can legitimately trust the results of a test as interpreted for a specific purpose. The face validity of the questionnaire was checked by showing the same to two experts in the field who have vast experience of carrying out the research through questionnaire in similar field. The reliability of the instrument was also measured through test-retest reliability. The test retest reliability was checked by administering the questionnaire during pre-testing phase to same students after a gap of few days and checking the responses. The data collected in both the phases was correlating satisfactorily. The data collected was analyzed using various statistical tools and SPSS 22.0 software.

4. Objectives of the Study

1. To ascertain the socio-demographic profile of management students in different departments/Colleges of Dehradun city.
2. To identify career aspirations of management students, and
3. To check relationship between demographic profile and career aspirations of students.

5. Hypothesis of Study

- H01:** There exists no significant difference in management student career aspirations with regard to male and female gender
- H02:** There exists no significant difference in management student career aspirations with regard to age of the student
- H03:** There exists no significant difference in management student career aspirations with regard to occupation of student father
- H04:** There exists no significant difference in management student career aspirations with regard to occupation of student mother
- H05:** There exists no significant difference in management student career aspirations with regard to income level of student family
- H06:** There exists no significant difference in management student career aspirations with regard to educational background of students
- H07:** There exists no significant difference in management student career aspirations with regard to residential status of students
- H08:** There exists no significant difference in management student career aspirations with regard to prior job experience of students

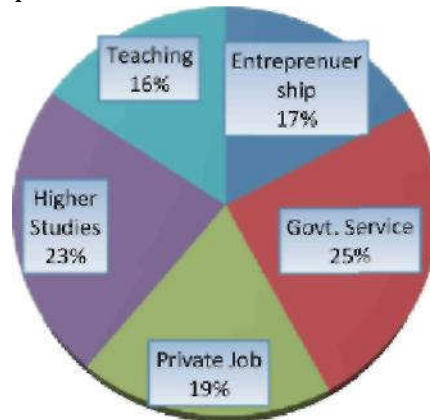
6. Analysis of Results

Table 1 Demographic Profile of Students

Variable	Categories	Count	Percentage
Age wise Classification	20 to 22	6	9
	22 to 24	32	41
	24 & above	26	50
Gender	Male	33	52
	Female	31	48
Father Occupation	Govt. Service	26	41
	Private Service	18	28
	Business	16	25
	Others	4	6
Educational Stream	Science	16	25
	Arts	11	17
	Commerce	22	34
	Professional	10	16
	Others	5	8
Income	30 K to 40 K*	6	9
	40 K to 50 K	5	8
	50 K to 60 K	19	30
	60 K to 70 K	19	30
	70 K and above	15	23
Residential Status	Self Residence	33	52
	Hostel/PG	31	48
Job in the Past/Present	Yes	24	38
	No	40	62

Career Aspirations of Students

The students were asked to select the career aspirations in future by selecting pre-defined options given in questionnaire after completion of management course. The options were Entrepreneurship, Private Job, Government Job, Higher Studies and teaching. The results obtained are presented in this pie chart.



Graph I Career Aspirations of Management Students

Table 2 Association between Career Aspirations and Socio-Demographic Factors

Sr. No.	Variable	Measure of association				
		Contingency Coefficient	Cramer's V	Chi-Square Value	D.F.	P-value
1	Gender	0.383	0.417	11.003	4	.027
2	Age	0.363	0.276	9.587	8	.295
3	Father Occupation	0.612	0.447	38.407	12	.000
4	Mother Occupation	0.480	0.316	19.154	12	.085
5	Family Income	0.503	0.291	21.674	16	.154
6	Educational Background	0.615	0.450	8.519	12	.743
7	Residential Status	0.413	0.262	13.175	12	.356
8	Job Experience	0.413	0.453	13.143	4	.011

The major socio- demographic factors considered in the research were: gender, parents occupation. Family Income level, educational background of students, residential status during course, student work experience. In order to find their career preference they were asked about the career choice they plan to opt after completing their post graduation in management. As per analysis above out of socio-demographic factors tested during the survey, only father's occupation is the only significant factor affecting the career aspirations of the students.

Therefore among the hypothesis made in the study, the hypothesis Ho 1.2, Ho 1.4, Ho 1.5, Ho 1.6, Ho 1.7 & Ho 1.8 are accepted and Ho 1.3 "There exists no significant difference in management student career aspirations with regard to occupation of student's father is rejected with the confidence level of 1%.

Further, while analyzing data for hypothesis H0I "There exists no significant difference in management student career aspirations with regard to male and female gender" It was observed during the data analysis that there are differences in the career choice made by male and female students as shown in Table 4, but the chi-square value in Table 1 above is non-significant at 5% confidence level. Accordingly, a new variable was created in SPSS wherein the career aspiration of government service and private service was merged. Further, another new variable academics has been identified by merging higher studies and teaching as both the choices are related to academic aspiration. Again all the independent variable were analyzed for their relationship with new career choice modified variable which has entrepreneurship, service and academics as options for career aspirations. All the analysis have returned a non-significant chi-square value except father's occupation and gender. The results are shown in following table 3.

Table 3 Association between Modified Career Aspirations (New Variable) and Socio-Demographic Factors

Sr, No.	Variable	Measure of association				
		Contingency Coefficient	Cramer's V	Chi-Square Value	D.F.	P-value
1	Gender	0.376	0.406	10.528	2	.005
2	Father Occupation	0.519	0.429	23.594	6	.001

As per chi-square value shown above, the hypothesis Ho 1.1 is also rejected at 5% confidence level.

Table 4 Cross Tabulation of Father Occupation and Career Aspirations

Career Aspirations		Entrepreneurship	Govt. Service/Private Service	Higher Studies/Teaching
Father Occupation	Govt. Service	0	61	39
	Private Service	11	33	56
	Business	51	18	31
	Others	17	44	39

Father's occupation relationship with career aspirations show some interesting results. Majority of the students whose father is in government service would like to opt for service and there is negligible interest in entrepreneurship or setting up own business. Compared to this, the students whose father is in business field are much more inclined towards setting up own business and less interested in higher studies or service. This is in line with findings that

parents value do get transferred to adolescents especially in academics choice (Jodl et al 2001). (Agarwala, 2008) also concluded that "father" was the most significant individual influencing the career choice of Indian management students. Parental socio-economic characteristics, attitude and behavior are important determinants of pupils' intellectual development and his/her expectations (A. Dhesi. 2000).

Table 4 Cross Tabulation of Gender and Career Aspirations

Career Aspirations		Entrepreneurship	Govt, Sen ice/Private Service	Higher Studies/Teaching
Gender	Male	27	52	21
	Female	6	35	58

From the above, it is evident that female are less interested in entrepreneurship compared to males. Males are almost five times more likely to embark into entrepreneurial ventures compared to females. This is in line with previous research that men report significantly higher levels of entrepreneurial self-efficacy versus women (Chowdhury, 2005) (Elizabeth J. Gatewood, Shaver. Powers, & Gartner, 2012). Further, the aspirations of females for higher studies are much more compare to males. This is typical of the societal make up of mindset wherein the females are expected to be more successful in teaching career and found that their participation is gradually increasing in teaching profession especially in developing world (Handelman, 2010) (Sidani, 2005) (Celikten. 2005).

7. Discussion

In this study, the researcher formulated and tested eight research hypotheses to guide the study. The result of this study showed that there is significant relationship between parent's occupational background and student's career aspirations'. Some important findings out of the above are that government job as a career is still the most sought option followed by higher studies. The managerial job in an industry is still not a highly preferred option. In spite of the Start up India program of the government, the entrepreneurship aspirations in students are yet to realize its full potential. Further, the entrepreneurship as a career aspiration especially among females is quite low.

8. Conclusion

The above findings will definitely help management institutes in identifying the career aspirations of current students and make necessary amendments in their training so that students can be introduced to various options available after management education and they may be properly guided about pros and cons of every career option so that an informed decision can be made by the students. The demographic segregation of current students especially at institute level with the socio-demographic data available at institute end and will help the institute to customize their curriculum content and pedagogy so that optimum knowledge can be shared with the students.

9. Limitations of the Study

This study was conducted only in four management institutes located in Dehradun city. Due to limited resources, so it cannot be generalized for every institute. Further, the career aspirations available to the students in the questionnaire were limited and so may not capture all possible career avenues available to the students.

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A Study on Complaint Management System with Special Reference to State Bank of India Vellore Branches

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Abstract

India's banking sector is growing at a fast pace. The banking sector has become most attracted and preferred among the world. Since it is a growing opportunity it cannot be matched along with any other country in the world. The banking sector is the backbone of any economy. The objectives of the study are to analyze the various services availed and problems of ATM faced by the customers in State Bank of India and to find out the customers' opinion regarding complaint management system in State Bank of India. The sample size is 52. Customers prefer to avail the ATM facility and Credit card. This study relates to the problems of ATM as respondents prefer to avail the ATM facility. The problems relating to ATM card were card ill functioning, card lost or stolen and no cash at an ATM are resolved in one week. The complaint management of SBI reveals that the respondents agreed towards complaints procedure is clear, ease of access, speeded response of staff, informing of the statement of the complaint, strong commitment and having a follow of procedure.

Keywords: Banking, ATM, Complaints, SBI, Management.

1. Introduction

India's banking sector is growing at a fast pace. The banking sector has become most attracted and preferred among the world. Since it is a growing opportunity it cannot be matched along with any other country in the world. The banking sector is the backbone of any economy. Thus, it creates the strong and efficient business and financial background for the business market for the companies and the customers. As this sector becomes more efficient in business and compete with up-to-date technology and advanced operations, it will be more beneficial to the business, companies and the customers. Hence, SBI is in up-to-date technology and introduced lots of products and services to the customers. The customers of SBI are increasing rapidly due to their latest and innovative services/ products. The SBI employees are finding it difficult to maintain this voluminous growth of customers. SBI has completed core banking of all the branches in India at the end of 2007. Customers to avail various types of services in SBI. Due to their latest technology and advancement of services complaints also increasing at a faster rate. According to RBI report complaints against SBI and its associates were in 2016 is 29,585 and 2017 is 35,950. Hence this study intended to analysis the complaint management system in State Bank of India with reference to Vellore city.

1.1. Statement of the Problem

The previous study has revealed that customers are only satisfied when their complaints/ problems/ grievances are sorted by the Bank in a stipulated period of time. Hence this study is an attempt to find out the problems and complaints behind the customers in State Bank of India.

1.2. Objectives of the Study

- To analyze the various services availed and problems of ATM faced by the customers in State Bank of India.
- To find out the customers' opinion regarding complaint management system in State Bank of India.
- To find out the influence of demographic profile on Complaint Management System.

1.3. Hypothesis

- There is no association between ATM card facility and No Cash at ATM.

2. Review of Literature

Wissem Hakiri et al.,(2012) attempt to provide a database for retail banks so as to better manage the customer complaints and lead a better customer complaint management system. The main aim is complaints management is to restore a complaining customer's satisfaction in order to stabilise the relationship with the bank. This approach integrates itself within relational marketing and is an aspect of CRM. The study is the first step of elaborating a "good" complaints management procedure for customers. The digitalised solution allows customer care, a direct access to setting the complaints by having the necessary information in an efficient and quick management of complaints.

Chikosha and Vutete (2011) view that the study focussed on establishing the effectiveness of customer complaints handling systems in the commercial banking sector, with a case study on commercial banks in Harare. This study aims to develop a deeper into the major drivers of complaints in Zimbabwean commercial banks as compared to those in other countries. The study established that customers indeed had common complaints and these include queuing time, lack of product variety, high maintenance fees, high transaction fees, rigid credit facility application requirements, high interest rates as opposed to profit margins, irregular turnaround time for electronic transfers, inconsistency of statement dispatch to customers and cash withdrawal limits being too low.

3. Research Methodology

This study is based on Primary and Secondary Data. The Primary Data is collected through well structured questionnaire. The sample size was 52. The questionnaire is distributed to the SBI customers of Vellore Branches. The Sampling Technique adopted is a Convenient Random Sampling. The questionnaire consists of various sections with multiple choice and Likert's five point scale. Cronbach's Alpha test is applied to validate and to test the reliability. It is revealed 0.75 or 75%. The statistical tools applied for this study are Percentage analysis, ANOVA and Chi-Square.

Table 3.1- Age of the Respondents

Age	Frequency	Percent	Cumulative percent
Below 20 years	3	5.8	5.8
21 -30 years	22	42.3	48.1
31 -40 years	21	40.4	88.5
41 -50 years	5	9.6	98.1
Above 50 years	1	1.9	100.0
Total	52	100.0	

Source: Primary Data

From the above table it is inferred that 3 (5.8%) of the respondents are below 20 years of age, 22 (42.3%) of the respondents are in between the age group of 21-30 years. Further, 21 (40.4%) of the respondents are 31-40 years of age, 5 (9.6%) of the respondents are in between the age of 41-50 years and finally 1 (1.9%) of the respondent are above 50 years.

Table 3.2 - Gender

Gender	Frequency	Percent	Cumulative Percent
Male	25	48.1	48.1
Female	27	51.9	100.0
Total	52	100.0	

Source: Primary Data

From the above table it is inferred that 25 (48.1%) of respondents are male and 27 (51.9%) respondents are female.

Table 3.3 - Monthly Income

Monthly Income ₹	Frequency	Percent	Cumulative Percent
Upto-10000	11	21.2	21.2
10001-20000	7	13.5	34.6
20001-30000	14	26.9	61.5
30001-40000	14	26.9	88.5
40001-50000	6	11.5	100.0
Total	52	100.0	

Source: Primary Data

The above table indicates that 11(21.2%) of the respondents' income are upto Rs.10,000 and 7 (13.5%) of the respondents are earning an income of between Rs.10,001-20,000. Further, 14 (26.9%) of the respondents has got an income between Rs. 20,001-30,000, 14 (26.9%) of the respondents earns monthly income between 30,001-40,000 and 6 (11.5%) of the respondents are earning between Rs. 40,001-50,000.

Table 3.4 - Marital Status

Marital Status	Frequency	Percent	Cumulative Percent
Married	26	50.0	50.0
Unmarried	23	44.2	94.2
Widow	3	5.8	100.0
Total	52	100.0	

Source: Primary Data

It is inferred from the above table that 26 (50%) of the respondents are married, 23 (44.2%) of the respondents are unmarried and 3 (5.8%) of the respondents are widowed.

Table 3.5 - Education Qualifications

Education Qualification	Frequency	Percent	Cumulative Percent
Graduate	27	51.9	51.9
Postgraduate	18	34.6	86.5
Profession	4	7.7	94.2
Others	3	5.8	100.0
Total	52	100.0	

Source: Primary Data

The above table reveals that 27(51.9%) of the respondents are Graduating and 18 (34.6%) of the respondents has pursued Post Graduate Degree. Further, 4 (7.7%) of the respondents has pursued Professional Degree like Engineering, Medicine, Law, Chartered Accountant and so on. It has found that 3 (5.8%) of the respondents has pursued Diploma, ITI.

Table 3.6 - Occupation

Occupation	Frequency	Percent	Cumulative Percent
Govt employee	14	26.9	26.9
Private employee	20	38.5	65.4
Business	6	11.5	76.9
Student	10	19.2	96.2
Housewife	2	3.8	100.0
Total	52	100.0	

Source: Primary Data

As shown in the above table it is inferred that 14 (26.9%) of the respondents are Government employee and 20 (38.5%) of the respondents are working with private organisations. Followed by 6 (11.5%) of the respondents are doing their own business, 10 (19.2%) of the respondents are students and 2 (3.8%) of the respondents are housewife.

Table 3.7 - Maintaining an Account in SBI

Years	Frequency	Percent	Cumulative Percent
Less than 1 yr	5	9.6	9.6
1-5 years	21	40.4	50.0
5-10 years	18	34.6	84.6
10-15 years	7	13.5	98.1
Above 15 years	1	1.9	100.0
Total	52	100.0	

Source: Primary Data

It is observed from the above table that 5 (9.6%) of the respondents are maintaining an account for less than 1 year and 21 (40.4%) of the respondents are having an account for 1-5 years. It is also found out that 18 (34.6%) of the respondents are maintaining an account for 5-10 years, 7 (13.5%) of the respondents are holding an account for 10-15 years and 1(1.9 %) of the respondents are maintaining an account for more than 15 years.

Table 3.8 - Type of Account in SBI

Type of Account	Frequency	Percent	Cumulative Percent
Current	9	17.3	17.3
Saving	29	55.8	73.1
Loan account	6	11.5	84.6
Term deposit	8	15.4	100.0
Total	52	100.0	

Source: Primary Data

As shown in the above table it is inferred that 9 (17.3%) of the respondents are current account holders and 29 (55.8%) of the respondents are having Saving Bank Account. Further, 6 (11.5%) of the respondents have taken loan and 8(15.4%) of the respondents are Term deposit holders. This indicates that most of respondents' are Saving Bank Account holder.

Table 3.9 - Purpose of Opening an Account in SBI

Opening a Account	Frequency	Percent	Cumulative Percent
Saving	32	61.5	61.5
Fund transfer	12	23.1	84.6
Cashless	1	1.9	86.5
Compulsory	7	13.5	100.0
Total	52	100.0	

Source: Primary Data

It is found out from the above table that 32 (61.5%) of the respondents for the purpose of saving and 12 (23.1%) of the respondents have open an account to transfer the fund. Further, 1(1.9%) of the respondents have open an account for cashless economy and 7(13.5%) of the respondents got an account as it is mandatory.

Table 3.10 - Types of Services

S. No	Type of services	Yes	No	Total
1.	ATM service	51(98.1%)	1(1.9%)	52(100%)
2.	Debit card	44(84.6%)	8(15.4%)	52(100%)
3.	Credit card	31(59.6%)	21(40.4%)	52(100%)
4.	M- banking	38(73.1%)	14(26.9%)	52(100%)
5.	Internet banking	38(73.1%)	14(26.9%)	52(100%)
6.	E-banking	31(59.6%)	21(40.4%)	52(100%)

Source: Primary Data

The above table reveals that 51(98.1%) of the respondents are using the ATM CARD and 44 (84.6%) of the respondents are using the debit card. Further, 38(73.1%) of the respondents are using the M- banking and 38 (73.1%) of the respondents are using the Internet banking. It is also found out that 21(40.4%) of respondents are not using the credit card and E-banking. This indicates that majority of respondents are availing ATM facility.

Table 3.11 - ATM Problems

S.No.	Problems	Immediately	Within one week	One to Three weeks	More than 3 weeks	Others	Total
1	Card is ill functioning	6 (11.5%)	24 (46.2%)	16 (30.8%)	15 (9.6%)	1 (1.9%)	52 (100%)
2	Complaints about payment of cards	10 (19.2%)	22 (43.2%)	12 (23.1%)	4 (7.7%)	4 (7.7%)	52 (100%)
3	Card lost or stolen	15 (28.8%)	20 (38.5%)	12 (23.1%)	5 (9.6%)	-	52 (100%)
4	Deficient or unreadable card	10 (19.2%)	19 (36.5%)	16 (30.8%)	7 (13.5%)	-	52 (100%)
5	Request of canceling a card	11 (21.2%)	18 (34.6%)	19 (36.5%)	4 (7.7%)	-	52 (100%)
6	No cash at the ATM	15 (28.8%)	19 (36.5%)	8 (15.4%)	9 (17.3%)	1 (1.9%)	52 (100%)
7	Electronic unit- feeding is blocked	15 (28.8%)	17 (32.7%)	16 (30.8%)	3 (5.8%)	1 (1.9%)	52 (100%)
8	Withdrawal limit	10 (19.2%)	15 (28.8%)	16 (30.8%)	10 (19.2%)	1 (1.9%)	52 (100%)
9	Electronic payment problems	15 (28.8%)	9 (17.3%)	18 (34.6%)	9 (17.3%)	1 (1.9%)	52 (100%)

Source: Primary Data

It is inferred from the above table that 24 (46.2%) of the respondents are facing the problem of card ill functioning and 22 (43.3%) of the respondents are facing the problem in payment of cards were responded within one week. Further, 20 (38.5%) of the respondents have lost their ATM cards, 19 (36.5%) of the respondents are facing the problem of unreadable ATM cards, no

cash in ATM and Electronic unit feeding is blocked was solved by the Banks within one week. It is found that 16 (30.8%) of the respondents are facing problems in withdrawal limit and electronic payment problems in one to three weeks by the Bank staff. 4 (7.7%) of the respondents problem of payment through ATM cards are resolved through court/ Banking Ombudsman.

Table 3.12 - Complaint Management System

S.No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	Complaint procedures are clear	8 (15.4%)	31 (59.6%)	17 (32.7%)	2 (3.8%)	2 (3.8%)
2.	Providing a speedy response	10 (19.2%)	23 (44.2%)	16 (30.8%)	3 (5.8%)	-
3.	Reliability of response	14 (26.9%)	13 (25.0%)	17 (32.7%)	7 (13.5%)	1 (1.9%)
4.	Having a single point of contact for complaints	12 (23.0%)	17 (32.7%)	17 (32.7%)	6 (11.5%)	-
5.	Ease of access to the complaint process	6 (11.5%)	29 (55.8%)	12 (23.0%)	3 (5.8%)	2 (3.8%)
6.	Informing about the status of the complaint	6 (11.5%)	19 (36.5%)	18 (34.6%)	8 (15.4%)	1 (1.9%)
7.	Strong commitment by the staff towards customers Complaint	1 (1.9%)	28 (53.8%)	18 (34.6%)	2 (3.8%)	3 (5.8%)
8.	Fairness and consistency in resolving the complaints	6 (11.5%)	12 (23%)	25 (48%)	8 (15.4%)	1 (1.9%)
9.	Employees are empowered to deal with the situation	7 (13.5%)	20 (38.5%)	15 (28.8%)	8 (15.4%)	2 (3.8%)
10.	Having a follow-up procedure	8 (15.4%)	25 (4.8%)	15 (28.8%)	1 (1.9%)	3 (5.8%)

Source: Primary Data

From the above table it is inferred that 14 (26.9%) of the respondents are strongly agreeing to reliability of response. Further, 29 (55.8%) of the respondents are agreeing to ease of access to the complaint process and 25 (48%) of the respondents are neutral to fairness and consistency in resolving the complaints. Finally 3 (5.8%) of the respondents are strongly disagreeing with the follow-up procedure of customers after resolution.

Table 3.13 - Influence of Occupation on Complaint Management System

Complaint Management System		Sum of Squares	Df	Mean Square	F	Sig.
Complaint procedures are clear	Between Groups	2.240	4	.560	.685	.606
	Within Groups	38.433	47	.818		
	Total	40.673	51			
Providing a speedy response	Between Groups	.840	4	.210	.287	.885
	Within Groups	34.390	47	.732		
	Total	35.231	51			
Reliability of response	Between Groups	12.251	4	3.063	2.995	.028
	Within Groups	48.057	47	1.022		
	Total	60.308	51			
Having a single point of contact for complaints	Between Groups	9.152	4	2.288	2.808	.036
	Within Groups	38.290	47	.815		
	Total	47.442	51			
Fairness and consistency in complaints	Between Groups	5.716	4	1.429	1.744	.156
	Within Groups	38.514	47	.819		
	Total	44.231	51			
Employees are empowered to deal with the situation	Between Groups	3.595	4	.899	.827	.515
	Within Groups	51.098	47	1.087		
	Total	54.692	51			
Having a follow-up procedure	Between Groups	1.941	4	.485	.498	.738
	Within Groups	45.829	47	.975		
	Total	47.769	51			

Source: Primary Data

From the above table it denotes that the factors like Reliability of response ($F = 2.995$; $P = .028$) and Having a single point of contact for complaints ($F = 2.808$; $P = .036$) is statistically significant at 5% level. Hence there is an association between occupation and reliability of response / having a single point of contact for complaints in State Bank of India. This implies the customers agree that complaint management system in State Bank of India has got proper reliable response and contact point towards customer's complaints.

Table 3.14 - Association between ATM card facility and No Cash at ATM

ATM card		No Cash at ATM					Total
		Immediately	Within one week	One to three weeks	More than 3 weeks	Others	
S1	Yes	15	19	8	8	1	51
	No	0	0	0	1	0	1
Total		15	19	8	9	1	52

Source: Primary Data

Chi-Square Tests			
	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.871 ^a	4	.301
Likelihood Ratio	3.604	4	.462
Linear-by-Linear Association	2.425	11	.119
N of Valid Cases	52		

The above table indicates that (Chi Square χ^2 – 4.87; P- .301) is statistically insignificant at 5% level. Hence there is no association between ATM card and No cash in ATM. This implies that the customer's availing ATM card facility receives the same response from the Bank towards the problem of no cash in ATM.

Hypothesis Testing 1

“There is no association between ATM card facility and No Cash at ATM”.

Chi- Square Analysis of association clearly revealed that the hypotheses are accepted at 5% level. Therefore, it can be concluded that there is no association between the ATM card facility and No Cash at ATM in SBI.

4. Major Findings

The finding of the study reveals the following results:

- Nearly half i.e., 42% of respondents are in the age group of 21-30 years and More than half (51%) of respondents are female.
- Around 26% of respondents are earning an Income of above Rs 30,000. Half (50%) of the respondents are married and 51% of respondents have completed their Under Graduate.
- Nearly 38% of the respondents are working as Private Employees in a different Organisation.
- Around 40% of the respondents are maintaining an account in State Bank of India for less than 1 year and more than half (55%) of respondents are maintaining a Saving Bank account in State Bank of India.
- More than 60% of respondents are opening an account for saving the money in State Bank of India.

Findings Pertaining to Second Objective

Types of Services

- Majority (98%) of the respondents is using the ATM Card facility in State Bank of India and 59% of respondents are using the Credit card.
- 46% of the respondents claim that card ill functioning are responded within one week and 38.5% of the respondents ATM card lost/ Stolen card problems are resolved within one week.
- Around 30% of respondents claim that withdrawal limit are extended within one to three weeks and 36% of respondent conveys that unreadable card issues are solved within one to three weeks.
- 36.5% of the respondents ATM problem is no cash in the machine. It has been solved within a week.

Complaint Management System

- More than 60% of respondents are agreeing that complaint procedure is clear and 44% of respondents agree towards providing a speedy response for complaints.
- More than 50% of respondents agree that strong commitment by the staff towards customers' complaint and 38% of respondents agree that employees are empowered to deal with the situation.

Suggestions

This study examined the customer's complaint management system in State Bank of India in Vellore City. The primary objective of this study was to identify the problems and complaint management system in State Bank of India.

- The customers can be satisfied if they are provided with better and efficient services with less transaction cost.
- Though such an effective and sample scheme is available for complaint of grievance, the general public is not well aware of the scheme.
- Banking Ombudsman Scheme awareness must be created among customers in the SBI.
- The complaints are registered regarding ATM cards.
- The bank has to focus in the car loan, education loan, personal loan, agricultural loan and gold loan.

4.1. Scope for Further Research

- This study can be conducted with the same title in some other Banks.
- This complaint management can be undertaken with products also.

5. Conclusion

Complaint management is very crucial tool of enhancing customer loyalty, risk minimization and CRM. The study as divided into three segment first segment consists of availing various services offered by SBI. Customers prefer to avail the ATM card facility and Credit card.

The major problem faced by the customers while availing the services are replied by the bank within one week. The general problems faced by the customers of SBI are mostly resolved by the SBI officials in the Bank premises. The problems handled by the bank are card is not functioning properly, No cash at ATM, extend the withdrawal limit, ATM card lost/ stolen and unreadable card. The complaint management of SBI reveals that the complaints procedure is clear, ease of access, speedy response of staff, informing of the statement of the complaint, strong commitment and having a follow up procedure.

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Impact of NPA on NIM for Commercial Banks in India

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Abstract

Around 2011, the Indian economy was passing through a phase marked by persistently high level of inflation. As a part of its monetary measures to tackle such inflation, Reserve Bank of India - the country's central bank had raised the policy rates on a number of occasions. This had led to hikes in both the deposit and lending rates of the Indian commercial banks. The industry and the chambers of commerce were expressing their concern about the repeated hikes in lending rates which, they pointed out, could have dampened the very spirit of investment in the country. At the same time, the depositors were also complaining about persistent negative real rates of interest on their investments. Moreover, in India, the interest received by the depositors from commercial banks is also subject to usual taxation.

Such a scenario, where both depositors and borrowers felt unhappy and were voicing concerns, was attributed to large Net Interest Margins (NIMs) of Indian banks. Even the regulator had been openly asking the commercial banks to gradually cut their lending rates and raise their deposit rates - so that they could steadily march towards a regime of sufficiently low NIMs. Many Indian banks, particularly some giants in the public sector, on the other hand, voiced the need to stick to high NIMs in view of their operating environment. In short, the issue appeared to be gradually acquiring the shape of a major controversy. A comprehensive logical analysis of the subject and all associated issues was thus considered necessary to facilitate a proper understanding of the overall scenario and its important policy implications.

In this context, it is important to note that directed lending guidelines and high statutory liquidity requirements in India restrict the manner in which a commercial bank can deploy the financial resources at its disposal. In other words, CRR, SLR and Priority Sector Lending guidelines can impose constraints on the capital structure and interest rate spread/NIM of the banks - particularly if the level of NPAs cannot be contained to an extremely low level. To understand the mechanism for this, we started with a basic structure of the balance sheet of an Indian bank complying with the various regulatory requirements, and carried out a mathematical analysis to arrive at the relationship among interest rate spread, deposit rate and level of NPA for a given Return on Net-Worth (RONW). It is observed that for low levels of NPA, a threshold level of interest rate spread becomes essential in order to achieve a positive RONW. Further, the value of this threshold goes up as the level of NPA increases. In other words, interest rate spread increases with increase of NPA. Also, any change of deposit rate has a multiplier effect on the loan rate and interest rate spread.

Meanwhile, the overall economic environment of India and financial health of its banking sector have undergone substantial change. Aided by relatively low price of crude oil in the global market, inflation plummeted over the last few years and the policy rates have been considerably lowered by RBI. This has resulted in lowering of both deposit and loan rates by Indian banks. Further, RBI has lowered CRR and SLR also. At the same time, the NPA for the banking sector has increased substantially. However, such burgeoning NPAs have been accompanied by falling NIMs as against the rising NIMs of earlier times.

It is clear from the foregoing discussion that interest rate spread need not be positively correlated with NPA for all values of the latter. We try to understand the relationship among NPA, interest rate spread/NIM and banks' deposit rate over the entire range of NPA, by interpreting the outcome of our mathematical analysis for different levels of NPA. Our analysis, which explains the impact of NPA on NIM for various ranges of NPA, leads to observations that correspond closely to those from RBI's Occasional Paper in this regard.

Keywords: NPA, Interest Rate Spread, Net Interest Margin (NIM), Priority Sector Loan, Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), REPO Rate, Reverse REPO Rate.

The original article with the title "Some Possible Reasons for High NIM of Indian Banks" was presented on 23/11/2011 at the Macao International Symposium on Accounting and Finance, 2011 (proceeding not published). Subsequently, there have been some changes in the economic environment and the article is updated to accommodate the same. The title is also suitably altered to reflect such changes.

1. Introduction

India has finally taken off as a financial power and has been recording, along with China, impressive rates of economic growth. The growth model officially adopted by India is one of financial inclusion, which relies heavily on the contributions from the commercial banking sector - particularly the public sector Banks (PSBs) having their outlets even in remote rural areas. However, such Banks have repeatedly come under criticism from analysts and most importantly from their regulator, Reserve Bank of India (RBI), for their rather high Net Interest Margin (NIM) and transaction costs.

Around 2011, India witnessed continuing high rates of inflation fuelled by high crude prices in the global market. As a part of its monetary measures to combat inflation, RBI had raised the policy rates time and again. From the beginning of 2010 to May, 2011, RBI had raised the CRR by 100 basis points (from 5% to 6%), the REPO Rate by 250 basis points (from 4.75% to 7.25%) and the Reverse REPO Rate by 300 basis points (from 3.25% to 6.25%). Such measures had resulted in the banks raising their lending rates repeatedly over this period. For instance, the Base Rate (a rate of interest introduced with effect from 01/07/2010, below which no commercial bank is allowed to lend) of State Bank of India (SBI), the largest bank of India, went up from 7.5% as on 01/07/2010 to 9.25% as on 12/05/2011. The BPLR (Benchmark Prime Lending Rate, which is applicable to loans existing prior to 01/07/2010 unless such borrowers opted to migrate to the system of Base Rate) also went up to 14% on 12/05/2011. Both the Base Rate and the BPLR were hiked by SBI by 0.75% with effect from 12/05/2011. Other Banks also followed more or less a similar course of action. With such a concerted northward march of lending rates in the wake of an unabated bout of inflation, the captains of industry and the chambers of commerce were more and more apprehensive about the overall investment climate in the country.

At the same time, the hikes in rates of interest offered on Bank deposits were often not enough to cover even the rise in prices. For instance, as from 12/05/2011, SBI did not at all raise the rates on deposits for periods exceeding 180 days. It was acknowledged even by RBI that depositors were receiving negative real rates of interest for quite some time. On top of this, they are required to pay tax on their interest income.

Thus, while borrowers were exasperated with ever increasing lending rates, depositors were smarting under the impact of negative real rates of interest. Such a state of affairs was attributed to high Net Interest Margin (NIM) of the Indian banks. It is not only the analysts but also the Banking regulator that had come up quite openly around this time with a plea for the Indian banks to squeeze their NIM. In end April, 2011 SBI enjoyed a NIM of 3.4% p.a. while HDFC Bank enjoyed a NIM of 4.2% p.a. Various other PSU banks such as the Union Bank of India and the Canara Bank also enjoyed NIM of around 3% p.a. In contrast, NIM in developed countries generally ranges between 1.5 to 2% p.a. RBI wanted the Indian banks to emulate the example of their counterparts in the developed countries and bridge the NIM gap between them and the counterparts. So, it prodded them in March, 2011 to raise deposit rates to encourage people to save more and put the Indian economy on the road to sustained double-digit growth. Incidentally, this was not the first time that RBI asked the banks to increase their deposit rates. It had been asking the banks to do so to retain their depositors since, in its opinion, rising inflation drives net earnings from bank deposits into the negative zone. Simultaneously, terming NIM of Indian banks as "usurious" and out of sync with international levels, RBI also wanted the Indian banks to lower their lending rates by cutting on salaries, wages, transaction costs and level of NPAs.

However, the response of the Indian banks, particularly the large PSU banks, to such a call from the RBI governor was far from enthusiastic. The chairman of SBI told in December, 2010 that a minimum NIM of 3% was required for PSU banks to take care of provisions and other requirements. According to him, countries with low NIMs have also low base interest rates whereas India has both higher interest rates and higher transaction costs. The Union Bank of India, another large PSU bank, stated in March, 2011 that its NIM was to be 3.25% in 2010-11 and 3.10% in 2011-12. In May, 2011, the Canara Bank, yet another large PSU bank, declared that it recorded a NIM of 3.12% in 2010-11 and was hopeful of maintaining its NIM at about 3 per cent during the next financial year, the pressure from interest rate hikes announced by RBI notwithstanding.

In the Monetary Policy Statement by the governor of RBI on 03/05/2011, the REPO and Reverse REPO rates were both hiked by 0.50%, to 7.25% and 6.25% respectively. The interest rate on Savings Bank Deposits was also hiked from 3.5% to 4% p.a. In response, with effect from 12/05/2011, SBI hiked both the Base Rate and the BPLR by 0.75%, to 9.25% and 14% respectively. Deposit rates were hiked only for short term deposits with maturity up to 180 days. Thus, SBI was actually looking forward to a hike of its NIM to about 3.50% by the end of 2011-12.

On 17/05/2011, SBI declared its financial results for the 4th quarter ended 31/03/2011. It disclosed a 99% drop in net profit to Rs 21 crore [1 crore = 10 million] for the quarter against Rs 1,867 crore during the corresponding period of the last year. Profits were dragged down by higher loan loss provision and standard assets provision on teaser home loans as well as provisions towards pension and gratuity. Provisions were up 82 per cent at Rs 6,059 crore as against Rs 3,327 crore for the corresponding period of last year. Loan loss provisions were at Rs 3,264 crore while those for standard assets and investment depreciation were at Rs 631 crore and Rs 304 crore respectively. This apart, the bank made provision of Rs 500 crore in the last quarter on account of teaser home loans (RBI had raised the standard asset provisioning requirement on teaser loans by 5 times to 2% and SBI's exposure to teaser loans was around Rs 25,000 crore). The position could have been much worse unless RBI allowed the additional pension cost of Rs 7,927 crore to be charged to the Reserves. Consequently, SBI's Capital Adequacy Ratio was down to 11.98% from 13.39%. The tier-I capital had also fallen to 7.77% and it was keenly awaiting government subscription of the proposed rights issue worth Rs 20,000 crore to boost its tier-I capital. Also, in an interview dated 24/05/2011, the chairman of SBI declared that it already had signals of a further upward movement of NIM and thereby expected to tide over the temporary crisis.

All these developments on the ground thus throw up the following 3 important issues:

1. Is there any Structural Rigidity in the operations of Indian banks that may require them to look for high NIM?
2. What is the influence of deposit/base rate on NIM of such banks?
3. What is the impact of increasing NPA on NIM?

Meanwhile, the economic environment in India has undergone considerable change. Abetted by lowering of crude oil prices in the global market, inflation has abated. This has brought about lowering of benchmark rates by RBI. As at end May 2018, REPO, Reverse REPO and MSF rates stood at 6%, 5.75% and 6.25% respectively. CRR and SLR have also been lowered by RBI in the mean time and currently they stand at 4% and 19.5% of NDTL respectively.

At the same time, NPA has virtually skyrocketed and the gross NPA as on 31/03/2018 has surpassed the Rs 10 trillion mark, i.e. nearly 11.8% of the total loan assets. As on 31/03/2018, State Bank of India, the biggest Indian lender, alone had a gross NPA figure of Rs 2.23 trillion (nearly 10.91% of its total loan assets) and IDBI Bank had the highest Gross NPA Ratio of nearly 28%. The NIMs of SBI and Union Bank of India have also fallen to 2.67% and 2.17% respectively during 2017-18.

This shows that, over the entire range of NPA, Interest rate spread/NIM may not increase with increase of NPA. While for low levels of NPA an increase of NPA may lead to an increase of NIM, this may not hold true for the entire range of NPA. The interest rate spread required to

achieve a positive RONW varies with the bank deposit rate also. In this article, we try to understand such inter-dependences among interest rate spread/NIM, the level of NPA and the bank deposit rate using our way of mathematical analysis.

2. Interest Rate Spread and Net Interest Margin (NIM)

NIM (Net Interest Margin) of a commercial bank is a measure of the excess of interest income over interest expense scaled by its total asset. It can be computed by dividing the Net Interest Income (NII) of the bank by its Average Assets, where NII is worked out by subtracting Total Interest Expenditure from Total Interest Income. Lower the ratio, the more efficient is the banking system on the whole. Without any loss of generality, banks in developed economies typically operate on margins smaller than those of developing and emerging economies.

However, when analysed at individual bank level, a bank with a high NIM is considered more efficient as compared to a bank with a low NIM, since high NIM can raise profitability. This indicates as to how effectively a bank deploys its funds to generate income from credit and investment operations.

NIM, though not exactly the same as interest rate spread (difference between loan interest rate and deposit interest rate for a bank), is very closely related with it. Other parameters remaining constant, if interest spread of a bank increases, its NIM does the same. A threshold for interest spread to secure full redemption of depositors' money will warrant a threshold for NIM as well. Given a fixed value of deposit rate, such a threshold for interest spread/NIM would require a minimum value of interest rate for bank loan.

According to the Indian credit rating agency "CARE",

Interest Rate Spread = (Interest Income/Average Interest earning Assets) – (Interest Expenses/Average Interest bearing Liabilities), and

Net Interest Margin (NIM) = (Net Interest Income/ Average Assets), where

Net Interest Income (NII) = (Total Interest Income – Total Interest Expenditure).

3. NPA, Interest Rate Spread and NIM

A. Introduction

Liberalization of the financial sector in India has witnessed the advent of the so called universal banks, equipped to provide the whole range of financial services, both fund based and non-fund based, to meet the varied requirements of diverse categories of their clients. These banks also enjoy a large extent of autonomy to decide the rates of interest on their deposits and loans. However, according to the Banking Regulation Act, commercial banks in India are still subject to the directives of Reserve Bank of India (RBI) on interest rates on loans and advances and are bound to give effect to all kinds of revision of interest rates, whether upwards or downwards, on all categories of existing advances from the date the concerned

directives/revised interest rates come into force. Towards this end, RBI issues from time to time certain policy directions by adjusting some quantity based (like CRR & SLR) or price based (like REPO & Reverse REPO, MSF, Bank-Rate) benchmark rates. RBI has also issued detailed guidelines about the methodology for fixing internal benchmark rates such as the Base-Rate and Marginal Cost of Funds based Lending Rate (MCLR) as also for harmonisation of the Base Rate with the MCLR etc. Also, there is no unfettered freedom of investment for the lendable resources of commercial banks in India, and directed lending has to account for at least 40% of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure (CEOBE), whichever is higher [1]. Out of this, 18% of ANBC or CEOBE, whichever is higher, has to be allocated to the agriculture segment. Within the 18% target for agriculture, a sub target of 8% of ANBC or CEOBE, whichever is higher, is to be allocated for Small and Marginal Farmers. There is also a sub-target of 7.50% of ANBC or CEOBE, whichever is higher, for bank lending to the Micro Enterprises in the country.

RBI also stipulates the following reserve requirements/liquidity ratios:

1. Every commercial bank operating in India has to maintain a Cash Reserve Ratio (CRR) by way of balance in its account with RBI. The minimum CRR required to be mandatorily maintained by a bank is at present 4% of its Net Demand and Time Liability (NDTL). This asset has zero risk weight and earns no income for the bank.
2. Every commercial bank operating in India has to maintain a Statutory Liquidity Ratio (SLR) by way of investment in stipulated government securities etc. (SLR assets). The minimum SLR required to be mandatorily maintained by a bank is 19.5% of its Net Demand and Time Liability (NDTL) w.e.f. October 14, 2017 [2]. This asset, assumed to be free from default/credit risk, bears a small market risk and yields typically risk free rates of return (benchmark rates of treasury securities). Such a consistently high level of SLR also facilitates the substantial borrowing programme of the government, who issues securities in plenty in order to meet the fiscal deficit.

In keeping with the recommendations of the Basel Accord, the central bank has made it mandatory for each Indian Bank to maintain a minimum level of risk capital. This requirement, known as the Capital Adequacy Requirement (CAR), demands that every Bank has to maintain a level of capital that must not be lower than a stipulated percentage of its risk-weighted assets and off-balance sheet exposures. This demands that every bank must have at least a threshold capital commensurate with its risk-weighted assets and off-balance sheet exposure. The off-balance sheet items lead to non – interest or fee-based income (commission income), and are of great importance to any bank because these help to boost the bank's overall Return on Assets (ROA).

RBI also sets from time to time appropriate norms for Income Recognition and Asset Classification by banks (IRAC norms) [3] so that the realizable income of any bank as well as the quality of its overall asset portfolio can be properly disclosed in its statements of accounts.

The guidelines warrant that all assets of a bank are to be primarily classified under two broad heads - performing or standard and non-performing. As long as an asset yields income or cash inflows as expected, it remains a performing or standard asset. Any asset for which the principal or interest or both are overdue for payment for a period of 90 days or more from the respective due date, on the other hand, is to be classified as a non performing asset (NPA). An asset, including a leased asset, becomes nonperforming when it ceases to generate income for the Bank.

An asset under the non-performing category can be further classified under the following three sub heads depending on the degree of their impairment:

- a. Sub-standard Asset
- b. Doubtful Asset
- c. Loss Asset.

RBI also stipulates the extent of provision that any bank needs to create in respect of such impaired assets. A small provision is also required to be created in respect of the performing assets as a measure of prudence.

NPAs are stressed assets carried by Banks, recovery of which is doubtful. Hence any increase in their level as a percentage of the total loan portfolio can push the affected Bank towards default and eventual bankruptcy.

Different extents of provision on these NPAs are required to be created by debit to the Profit and Loss Account of the bank. Moreover, income in such non performing accounts can be booked only if it is actually received and not merely on accrual basis.

As for market related investments by any commercial bank, these are required to be marked to market. This can expose the bank to interest rate and/or exchange risk apart from the conventional credit risk.

We work out below a basic structure of the balance sheet of an Indian bank complying with the various regulatory requirements, and estimate the minimum spread between its rate of interest on commercial loans and that on its deposits, required for continued servicing of the claims of depositors (with non-negative RONW) for a given level of non-performing assets.

B. Basic Structure of Balance Sheet of a Commercial Bank in India:

Let us consider the basic structure for the balance sheet [4, 5] of a commercial bank in India that has disbursed a priority sector loan of Rs.100 units. We assume that:

- a. The bank has a CAR/NW of 10% (of Risk Weighted Assets and Off Balance Sheet Exposure);
- b. All loan assets have 100% Risk Weight;
- c. CRR is 4% of Deposits and has a zero Risk Weight (deposit with RBI has no risk);

- d. Income from CRR is nil (RBI does not pay any interest on CRR);
- e. SLR is 20% of Deposits* and has small risk weight from market risk (ignored for simplicity of computation);
- f. SLR securities have an average yield of 6% p.a.;
- g. Directed (Priority Sector) lending is worth Rs 100 units, which accounts for 40% of total credit and yields, on the average, 8% p.a.;
- h. Off-balance sheet exposure is 10% of total balance sheet size and Conversion Factor is 50%;
- i. A fraction of the credit portfolio (including Priority Sector loans) is NPA, and recovery from NPA comes to 50% of NPA;
- j. Commission income on off-balance sheet items is 1% p.a.
- k. "Rs" stand for "Indian Rupees", unit for the Indian currency.

Then, basic structure for the balance sheet of the commercial bank would look as under:

Liability (Rs. in units)		Asset (Rs. in units)	
Net Worth	28	CRR	12
Deposits	292	SLR Investment	58
		Directed Lending	100
		Commercial Loan	150
Total	320	Total	320

Off-balance sheet items aggregate Rs. 64 units and the consequential exposure (Conversion Factor = 50%) is Rs. 32 units i.e. 10% of the total balance sheet size.

Directed (Priority Sector) Lending (40% of Total loan)	= Rs 100 units (assumed)
Commercial Loan (60% of Total Loan)	= Rs 150 units
Total Loan Rs (100 + 150) units	= Rs 250 units
Off Balance Sheet Exposure @ 10% of B.S. size	= Rs 32 units
Net worth	= 10% of Rs. (250+32) units ~ Rs 28 units
Deposits	= Rs. (250 - 28)/0.76# units ~ Rs 292 units
CRR	= 4% of Deposits ~ Rs 12 units
SLR	= 20% of Deposits~ Rs 58 units
Commission Income	= 1% of Rs. 64 units = Rs 0.64 unit
NPA	= A Fraction of Rs. 250 units
Recovery from NPA	= 50% of NPA

*Actually, SLR is currently 19.5 % of NDTL. In order to make the working look simple, we have considered SLR to be 20% of NDTL. The requisite amendments, if necessary, can easily be carried out. Only the figures may not then look like round numbers. Otherwise, there is no difficulty.

$[(CRR + SLR) = 24\% \text{ of NDTL} = 0.24 \text{ Deposit; Fraction of Deposit available for funding Loan Assets} = 76\% \text{ Deposit} = 0.76 \text{ Deposit; So, Deposits required to fund Loans worth Rs 222 (250 less Net Worth of 28) units} = \text{Rs } (222/0.76) \text{ units}] \sim \text{Rs 292 units.}$

C. Return on Net-Worth (RONW) and NPA

$$\begin{aligned} \text{EPS} &= (\text{Earning for equity shares}) / (\text{No. of equity shares}) \\ &= \text{Return on Net worth (RONW)} \times \text{Net worth per share} \\ &= \text{RONW} \times \text{Book Value per share.} \end{aligned}$$

The aim of the commercial bank would be to maximize its EPS or RONW under the available circumstances. Let us consider below the situations for 5 different values of NPA, viz. (i) NPA = 0; (ii) NPA = 2% of Total Loan Assets (iii) NPA = 4% of Total Loan Assets; (iv) NPA = 6 % of Total Loan Assets and (v) NPA = 10% of Total Loan Assets.

1. NPA = 0

The net return available to the equity investors for a year can be written down as:

$$N = [150(1+\alpha) + 100(1+0.08) + 58(1+0.06) + 12 + 0.64 - 292(1+d)] - 28,$$

where α = yield per annum for the commercial loan, and d = weighted average rate of interest per annum for the bank's deposits

A positive value for N implies a net positive return (pre-tax) for equity investors, while a negative value for N indicates a corresponding erosion of their net worth during the related year.

$$\begin{aligned} N &= [150 + 100 + 8 + 58 + 3.48 + 12 + 0.64 - 292] - 28 + 150\alpha - 292d \\ &= [332.12 - 320] + 150\alpha - 292d \\ &= 12.12 + 150(d + \delta) - 292d, \text{ where } \delta \text{ is the interest rate spread for the commercial loan } [\delta = (\alpha - d) > 0]; \\ &= 12.12 - 142d + 150\delta, \text{ where } \delta > 0. \end{aligned}$$

Thus, $\text{RONW} > 0$ (some positive return for equity investors) requires that $12.12 - 142d + 150\delta > 0$.

Since $\delta > 0$, $142d < 12.12$ would guarantee that $\text{RONW} > 0$ for all values of δ .

Or, $d < (12.12/142) < 8.54\%$ would guarantee a positive RONW for all values of δ .

Or, $\text{RONW} > 0$ for all values of δ as long as $d < 8.54\%$ (quite an acceptable value).

As a matter of fact, a reasonable δ of 2% and a deposit rate of 6% (current REPO rate) would lead to a Return on Net Worth ($\text{RONW} = N/28$) of nearly 23.6%.

A healthy return of 20% on net worth can be achieved with a rather conservative value for Interest Rate Spread of 1.33%.

In other words, a reasonable return on net worth (now-a-days commercial banks are mostly listed entities, and share-holders require a risk based rate of return) can be achieved without any undue restriction on the value of d or δ . So, there is no undue constraint on interest rate spread or NIM that could lead to a certain degree of structural rigidity.

2. NPA = 2% of Total Loan Assets

The net return available to the equity investors for a year can be written down as:

$$N = [147(1+\alpha) + 1.50 + 98(1+0.08) + 1 + 58(1+0.06) + 12 + 0.64 - 292(1+d)] - 28,$$

where α = yield per annum for the commercial loan and d = weighted average rate of interest per annum for the bank's deposits

A positive value for N implies a net positive return (pre-tax) for equity investors, while a negative value for N indicates a corresponding erosion of their net worth during the related year.

$$\begin{aligned} N &= [147 + 1.50 + 98 + 7.84 + 1 + 58 + 3.48 + 12 + 0.64 - 292] - 28 + 147\alpha - 292d \\ &= [329.46 - 320] + 147\alpha - 292d \\ &= 9.46 + 147(d + \delta) - 292d, \text{ where } \delta \text{ is the interest rate spread for the commercial loan} \\ &\quad [\delta = (\alpha - d) > 0]; \\ &= 9.46 - 145d + 147\delta, \text{ where } \delta > 0. \end{aligned}$$

Thus, $\text{RONW} > 0$ (some positive return for equity investors) requires that $9.46 - 145d + 147\delta > 0$.

Since $\delta > 0$, $145d < 9.46$ would guarantee that $\text{RONW} > 0$ for all values of δ .

Or, $d < (9.46/145) < 6.52\%$ would guarantee a positive RONW for all values of δ .

Or, $\text{RONW} > 0$ for all values of δ as long as $d < 6.52\%$ (a likely value).

As a matter of fact, a reasonable δ of 2% and a deposit rate of 6% (current REPO rate) would lead to a Return on Net Worth ($\text{RONW} = N/28$) of nearly 13.2%.

A healthy return of 20% on net worth would require an Interest Rate Spread of 3.3%.

However, a moderate return of 10% on share holders' fund would require a comfortable Interest Rate Spread of 1.4% only.

Hence, a return on net worth of 20% (now-a-days commercial banks are mostly listed entities, and share-holders require a risk based rate of return) can be achieved only with a δ of 3.3%. Otherwise, for an interest rate spread of 2%, RONW would be restricted to only around 13%.

Further, for a given value of RONW, as d increases (decreases), δ and α also have to increase (decrease). An increase of 1% in the value of d would warrant an increase of 0.99% for δ and 1.99% for α . In other words, an increase of 1% of the deposit rate would warrant an increase of a tad less than 2% of the commercial loan rate in order that shareholders' return remains unchanged.

3. NPA = 4% of Total Loan Assets

The net return available to the equity investors can be written down as:

$$\begin{aligned} N &= [144(1+\alpha) + 3 + 96(1+0.08) + 2 + 58(1+0.06) + 12 + 0.64 - 292(1+d)] - 28 \\ &= [144 + 3 + 96 + 7.68 + 2 + 58 + 3.48 + 12 + 0.64 - 292 - 28] + 144\alpha - 292d \\ &= 6.80 - 148d + 144\delta \end{aligned}$$

Thus, $\text{RONW} > 0$ requires that $6.80 - 148d + 144\delta > 0$.

Since $\delta > 0$, $148d < 6.80$ would guarantee that $\text{RONW} > 0$ for all values of δ .

Or, $d < (6.80/148) < 4.59\%$ would ensure a positive RONW for all values of δ .

This means that $\text{RONW} > 0$ for all values of δ as long as $d < 4.59\%$ (may be little difficult to fulfil for an Indian bank at all times).

It appears that, for NPA = 4% of total loan assets, a positive Return on Net Worth ($\text{RONW} = N/28$) can be achieved for a deposit rate of 6% (current REPO rate) only if the spread (δ) exceeds a threshold value of nearly 1.44%. As a matter of fact, a reasonable δ of 2% and a deposit rate of 6% would lead to a positive Return on Net Worth of nearly 2.86% (perhaps too little to be acceptable).

Even a moderate Return on Net-Worth (RONW) of 10% would require a considerably high spread (δ) of nearly 3.39 % i.e. a loan rate of nearly 9.39%.

Further, for a given value of RONW, as d increases (decreases), δ and, therefore, α also have to increase (decrease). An increase of 1% in the value of d would warrant an increase of nearly 1.03% for δ and, therefore, a hike of nearly 2.03% for α . In other words, any change of the deposit rate has a multiplier effect on the change of commercial loan rate (α) or the interest rate spread (δ).

4. NPA = 6% of Total Loan Assets

The net return available to the equity investors can be written down as:

$$\begin{aligned} N &= [141(1+\alpha) + 4.5 + 94(1+0.08) + 3 + 58(1+0.06) + 12 + 0.64 - 292(1+d)] - 28 \\ &= [141 + 4.5 + 94 + 7.52 + 3 + 58 + 3.48 + 12 + 0.64 - 292 - 28] + 141\alpha - 292d \\ &= 4.14 - 151d + 141\delta \end{aligned}$$

Thus, $RONW > 0$ requires that $4.14 - 151d + 141\delta > 0$.

Since $\delta > 0$, $151d < 4.14$ would guarantee that $RONW > 0$ for all values of δ .

Or, $d < (4.14/151) < 2.74\%$ would ensure a positive $RONW$ for all values of δ .

This means that $RONW > 0$ for all values of δ as long as $d < 2.74\%$ (hard to fulfil for an Indian bank at all times).

It appears that, for $NPA = 6\%$ of total loan assets, a positive Return on Net Worth ($RONW = N/28$) can be achieved for a deposit rate of 6% (current REPO rate) only if the spread (δ) exceeds a threshold value of nearly 3.5% . As a matter of fact, a reasonable δ of 2% and a deposit rate of 6% would lead to a negative Return on Net Worth of nearly $(-)$ 7.5% (a loss situation – obviously unacceptable).

Even a moderate Return on Net-Worth ($RONW$) of 10% would require a very high spread (δ) of nearly 5.5% , i.e. a loan rate of approximately 11.5% .

Further, for a given value of $RONW$, as d increases (decreases), δ and α also have to increase (decrease). An increase of 1% in the value of d would warrant an increase of 1.07% for δ and, therefore, a hike of 2.07% for α . In other words, any increase of the deposit rate has a multiplier effect on the increase of commercial loan rate (α) or even the spread (δ). Also, with increase of the level of NPA, the multiplier effect is accentuated.

5. NPA = 10% of Total Loan Assets

The net return available to the equity investors can be written down as:

$$\begin{aligned} N &= [135(1+\alpha) + 7.5 + 90(1+0.08) + 5 + 58(1+0.06) + 12 + 0.64 - 292(1+d)] - 28 \\ &= [135 + 7.5 + 90 + 7.2 + 5 + 58 + 3.48 + 12 + 0.64 - 292 - 28] + 135\alpha - 292d \\ &= -1.18 - 157d + 135\delta \end{aligned}$$

Thus, $RONW > 0$ requires that $-1.18 - 157d + 135\delta > 0$.

Since both the first 2 terms have negative sign, no value of d can guarantee a positive value of $RONW$ for all values of δ .

$RONW > 0$ if $135\delta > 1.18 + 157d$, i.e. $\delta > (1.18/135) + (157/135)d$
 Or, $\delta > 0.01 + 1.16d$

If deposit rate is 6% (current REPO rate), then $RONW > 0$ would require a spread (δ) $> 7.85\%$ i.e. a commercial loan rate of 13.85%, which is more than double the deposit rate. Such a high loan rate/spread is obviously unrealistic in a competitive scenario, and the concerned commercial bank would either stop or be restrained from sanctioning fresh commercial loans. As a matter of fact, RBI has already classified a number of commercial banks under the PCA (Prompt Corrective Action) category in view of their high NPA ratios. In other words, the lending rate has to be unacceptably high if the Bank has to earn any reasonable return on Net Worth for a high NPA ratio. This is not a feasible scenario and a bank has to be careful not to slip into such a financial quagmire. Controlling the net loss from NPA for any commercial bank is thus of paramount importance.

Moreover, a reasonable δ of 2% and a deposit rate of 6% would lead to a negative Return on Net Worth of nearly (-) 28 % (a hefty loss – clearly unacceptable and calling for drastic measures).

Even a moderate Return on Net-Worth (RONW) of 10% would require a very high spread (δ) of nearly 10%, i.e. a loan rate of approximately 16%.

The article at [5] also highlights that the ever-growing pressure on interest spreads and the need to contain and reduce the cost of intermediation make it imperative for banks to minimize their Gross NPA as a percentage to their Loan and Investment Assets. With global competition coming into play in ever increasing proportions, the Indian banks have to acquire the ability to survive and prosper on thinner interest spreads and lower costs of intermediation. However, as we have discussed, large proportion of non-performing assets as a percentage of aggregate loans and investments in a commercial bank's balance sheet is likely to prove to be a stumbling block towards this end (of surviving with smaller interest rate spreads).

It is important to observe that with improved recovery of NPAs, the lending rate as well as interest rate spread can come down drastically. Concrete steps to cleanse the balance sheets of commercial banks are, therefore, the need of the hour to ensure that the interest rate rigidities can be handled effectively.

Our mathematical analysis now allows us to answer the 3 questions raised in paragraph 1 of the article seriatim as under:

1. Structural Rigidity: Commercial banks are mostly listed entities and its equity holders expect a reasonable risk based rate of return. An Indian bank complying with all necessary regulatory guidelines requires, for a non-negligible NPA level, a threshold interest rate

spread/NIM in order that its RONW is non negative. Also, the deposit rates prevailing in India are none-too-small. Thus, there is some structural rigidity in the operations of Indian banks that may require them to look for high NIM.

2. With increase in the rate of bank deposit, the threshold for interest rate spread/NIM also increases.
3. As for the impact of NPA on NIM for Indian banks, we have already identified the issue – viz. that NIM increases with the level of NPA for lower range of NPAs, while NIM decreases with NPA for high levels of NPA. The final discussion on this topic is postponed to the last paragraph i.e. paragraph number 4.

It is also quite interesting to note that a rather recently published RBI Occasional Paper of 2016 [6] reports exactly similar findings in regard to impact of NPA on NIM. This will be discussed in some detail in the next paragraph [paragraph 4 that follows immediately].

4. Observations from our analysis and conclusion

We have recorded some of our findings from the previous paragraph in a tabular form below. From our analysis of the scenarios for different levels of NPA (Gross NPA Ratio), we find that the threshold value for the interest rate spread (δ) required for ensuring a non-negative Return on Net-Worth (RONW) increases as NPA increases.

d = 6%			
Gross NPA Ratio (%)	RONW = 0	RONW = 10%	Interest Rate Spread (2%)
0	No constraint on δ (for $d < 8.54$)	No constraint on δ (for $d < 8.54$)	RONW = 23.6%
2	No constraint on δ (for $d < 6.52$)	$\delta = 1.4\%$	RONW = 13.2%
4	$\delta = 1.44\%$	$\delta = 3.39\%$	RONW = 2.86%
6	$\delta = 3.50\%$	$\delta = 5.50\%$	RONW = (-) 7.50%
10	$\delta = 7.85\%$	$\delta = 10\%$	RONW = (-) 28%

We observe that so long as the level of Gross NPA is rather small, i.e. the required value of interest rate spread (δ) is in the feasible range (not unacceptably high), lending at corresponding loan rates (α) would take place, and higher values of interest rate spread would be realized in practice. Such a higher value of realized interest rate spread (δ) is to automatically translate to a higher value of NIM.

However, once the NPA level becomes quite high and the corresponding required level of interest rate spread (δ) is unacceptably high, such lending does not fructify in reality. In other words, the bank is not in a position to fix its loan interest rate at the high required rates as shown in the table because of competition and also RBI's guidelines about fixing its internal benchmark rates. Instead, it may have to invest the deployable resources, if any, in relatively safe assets at lower rates. This may be either a conscious decision on the part of the bank or

the consequence of a course of action mandated under the regulatory guidelines. As a matter of fact, RBI has already classified a large number of ailing PSU banks under the “Prompt Corrective Action (PCA)” category [6] and debarred many of them from sanctioning fresh loans & accepting deposits.

So, although the required interest rate spread is very high, the realized interest rate spread may be comparatively low. Moreover, a large chunk of the interest bearing assets being non-performing in nature, these do not contribute at all to the stream of interest received. Further, there is requirement for creation of provision on NPAs as per IRAC norms. Hence the NIM tends to fall at such high levels of NPA.

It is quite interesting to note that our method of mathematical analysis leads to findings that are quite similar to those of Joice John et al. in RBI Occasional Paper – 2016 on “Asset Quality and Monetary Transmission in India” [7], which states as under:

At a low level of gross NPA ratio, banks were able to pass on the burden of deterioration in asset quality to their borrowers in the form of higher lending rates, which were reflected in increase in NIM. However, as the gross NPA ratio rose, banks were unable to increase interest rates further due to competitive pressures. In contrast, banks might have made provisions for bad assets and also might not have been allowed to recognise interest income on such assets. All this resulted in the decline in NIM.

In sub-period I, when the gross NPA/stressed assets ratio was relatively low, but rising, banks were able to pass on the burden of deterioration in asset quality on to their lending rates and protect NIMs. In sub-period II, however, when the gross NPA ratio was high and rising, banks were not able to protect their NIMs as in a competitive environment there are limits up to which banks can charge extra credit risk premia.

Another observation from our analysis is about the rise (fall) of interest rate spread (δ) for the bank with rise (fall) of its deposit rate (d) and hence the loan rate (α).

In this context, it is interesting to note that, since the financial crisis of 2008, the Federal Reserve in USA maintained interest rates of zero or close to it. This suppression in overall lending rates decreased the banks’ NIM for over a decade. Accordingly, during this recession, the average net interest margin (NIM) for banks in the USA shed nearly a quarter of its value before finally picking up in 2015. As observed by the Federal Reserve Bank of Richmond in the Economic Brief EB15-03 of March, 2015 – Explaining the Decline in the Number of Banks since the Great Recession by Roisin McCord, Edward Simpson Prescott, and Tim Sablik [8], An important factor in bank profitability is the net interest margin, or the spread between deposit rates and lending rates. The Fed’s policy of keeping the federal funds rate near zero since 2008 has pushed lending rates down, which has kept the net interest margin relatively small. So, the above observation of ours appears to hold good even for banks in the USA.

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Passengers' Perception of Service Quality: A Study with Reference to Madurai Division of Southern Railway

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Abstract

After globalization, service quality has assumed greater significance in rail transport owing to rail passengers' expectation of improved service quality in Indian Railways (IR), as well as existence of keen competition from the road transportation sector. Service quality is a business management term used to indicate achievement in service. Usually, service quality yields comfort to the passengers; it would delight them when the passengers' perception of service quality exceeds their expectations. In this context, service quality comes under the scanner of a comparison of passengers' expectation with performance of Madurai Division of Southern Railway (SR) Zone of Indian Railway. This research paper is an outcome of the present author's research project sponsored under ICSSR's Senior Fellowship.

Keywords: *Service quality, Perception and Expectation of service quality, Gap analysis, Dimensions of service quality, Southern Railway.*

Introduction

Indian Railway (IR) is the public enterprise, owned and run by the Union Government through the Ministry of Railway. The IR is one of the world's largest public utility service in terms of the number of employees and rolling stock. For administrative convenience, IR is divided into 17 zones including Southern Railway (SR) zone; these zones are further subdivided into divisions. At present, the SR has six railway divisions such as Chennai, Madurai, Palghat, Salem, Tiruchy and Trivandrum. Madurai Railway Division was formed in 1856; it spans over 1,356 kms making it the largest railway division of SR¹. At present, the Madurai division covers 11 districts in Tamil Nadu and one district in Kerala. Under the modern consumerism, rail passengers are craving for quality service from the SR/IR. The Ministry of Railway has to ponder over the service quality of SR/IR where for mass movement of men and materials, rail transport is highly suitable.

Review of Literature

Rajeswari and Santa Kumari (2014) investigated the passengers' perception of service quality of Indian Railway. They applied a modified SERVQUAL instrument including eight service quality dimensions. Result indicated that passengers perceived the quality of service delivered was not satisfactory.

Hemant Sharma and Sonali Yadav (2013) in their paper on "Service quality improvement- An empirical study of Indian Railways" found the customers' perception of service quality with the SERVQUAL instrument in terms of five dimensions of service quality, i.e., tangibles, reliability, responsiveness, empathy, and assurance.

Balakrishnan (2012) focused on service quality attributes impacting passenger satisfaction with rail service. He concluded that the railway administration had failed to take necessary steps for the improvement of services to the passengers.

Nag Bodhibrata (2012) discusses the measures adopted to check malpractices in public procurement in the Indian Railways. He points out that internal and external check by independent bodies and strong organizational structures have contributed to procurement processes safeguarding institutional interests.

Rajasekhar and Devi Prasad (2011) explored the concept of rail transport service quality with the standard scale of SERVQUAL developed by Parasuraman et al. They concluded that raising the service quality is one of the ways to improve the competitiveness of passenger's traffic.

Nagatia et al (2010) concluded that safety and travel cost are the significant variables of service quality in travel industry.

Chopra Vikram (2009) describes the achievements of passenger reservation system. The improvement in unreserved ticketing has become a boon for ordinary passengers.

The present study deviates from the earlier studies by developing a new multi instrument, i.e., R-S QUAL (and is not based on the standard SERVQUAL scale developed by Parasuraman and others) to measure service quality of SR by gap analysis-mean value analysis.

Statement of the Problem

Improvement in service quality of SR/IR is severely hampered by funds crunch. A large part of revenue of IR is obtained from freight traffic and the passenger fare is cross subsidized with profit earning freight traffic. To worsen the situation, the IR is losing freight traffic to road transportation. Table 1 shows the net loss of Southern Railway (SR) zone of IR for the period 2011-2012 to 2013-2014.

Table 1 Net loss of Southern Railway Zone of IR Yearwise

Year	Gross earnings (Rs.IN 000')	Working expenses (Rs.in 000')	Net earnings/ (Rs.in 000')
2011-2012	56,08,07,60	68,74,32,58	-16,66,24,98
2012-2013	60,28,75,34	78,73,20,46	-18,44,45,12
2013-2014	68,45,54,54	90,48,12,96	-22,02,58,42

Source: www.Indianrailways.gov.in

The above discussion/analysis pinpoints lack of funds of IR/SR. the Government of India cannot shut its eyes on improving the service quality of SR/IR citing the case of funds crunch. The Ministry of Indian Railway has to balance both these aspects, namely, augmenting its financial resources and upgrading its service quality.

The Objectives of the Study are:

1. To study the passengers' perceived level of service quality in Madurai division of Southern Railway zone of IR.
2. To study the passengers' expected level of service quality in Madurai division of SR.
3. To identify priorities for improvement (PFI) in service quality attributes of in the study division for SR by performing gap analysis.

Data and Methodology

The study depended primarily on primary data which were collected through a structured and an undisguised questionnaire. The researcher combined random sampling method with non random sampling method for selecting 434 sample passengers in the study division of SR. Statistical formula was used for determining the sample size. The sample survey was conducted for a period of nine months, in 2016-2017. Relevant statistical tools such as percentage calculation, weighted average, confirmatory factor analysis (CFA) and paired t-test were applied. Gap analysis was made to find the difference between passengers' perceived mean value and expected mean value in service quality attributes of SR.

Hypotheses Tested are Given Below

- H01: There is no difference between expected level and perceived level of rail passengers in terms of the dimension 'basic amenities' in SR.
- H02: There is no difference between expectation and perception of passengers in terms of dimension modern amenities in Madurai division of SR.
- H03: There is no difference between expectation and perception of passengers for the dimension ticket booking facilities of SR.
- H04: There is no variation between expectation and perception of passengers for the dimension service operational activities of SR.

Results and Discussion

Service quality denotes a gap between one's perceived and expected level of service. Most studies in the area of service quality have been based on the model developed by Parasuraman et al. (1985, 1988) which makes a comparison of customer expectation and perception of service delivery. In 1988, they modified the previous ten dimensions to five dimensions of service quality, i.e., reliability, assurance, tangibles, empathy and responsiveness or 'RATER' scale. Parasuraman, Zeithaml and Berry evolved a 22 item multiple attribute scale termed SERVQUAL to measure service quality in service and retail concerns; the SERVQUAL scale measured service quality along five distinct dimensions/factors, namely, Tangibility, Reliability, Responsiveness, Assurance and Empathy (RATER) by performing gap analysis.

It is to be noted that several authors in their studies have used SERVQUAL scale with the above mentioned five dimensions to measure service quality in trading and financial concerns; at the same time, several others have objected to SERVQUAL instrument to measure service quality. In his ICSSR's sponsored project, the present author has conceptualized rail passengers' perception of service quality as their level of experience with service quality attributes and their expectations as how these attributes are considered important by the passengers in Madurai division of SR. In this context, it is apt to note that the renowned author Crosby (1979) defined service quality in this sense, namely, "service quality is the conformance to requirements".

Service quality in India railway- a mammoth public utility concern is totally different from any other product/service environment.

The present author has evolved a 29 item multiple attribute scale compressed into two main dimensions (captioned "R-S QUAL") as the base to measure service quality in Southern Railway.

The two main dimensions are: 1.Passenger amenities and 2.Service operational activities. To have a realistic approach, the first main dimension was subdivided into three sub dimensions, namely, (a) Basic amenities; (b) modern (tech driven) amenities and (c) Ticket booking facilities. The other main dimension, i.e., service performance activities does not have any subdivision. Thus ultimately, the gap analysis- mean analysis was used to measure the four dimensions of service quality in Madurai division of SR.

Reliability Test of Service Quality Dimension/Constructs

According to Bruce Thompson (2002) reliability refers to the extent to which a scale produces consistent result if repeated measurements are made. Cronbach's alpha is the most widely used measure of reliability used as a lower bound estimate of the reliability of the constructs. George and Mallery (2003) provide the following rules of thumb: $\geq .8$ is good; $\geq .7$ is acceptable; and $\geq .6$ is questionable. There are four dimensions of service quality: 'Basic amenities' have 10 attributes/variables such as drinking water facility in the station, toilet facility, lighting and fans, platform shelters, cleanliness in the station and coaches, seating facility, foot overbridge facility, trolley path facility, adequacy of parking space, and availability of autos and public transport buses.

'Modern Amenities' encompass six attributes such as touch screen facility, coach indication board mobile phone charger facility, display of name chart in reserved coaches, escalator facility and Wi-Fi facility. Ticket booking facilities have five attributes such as online booking facility, booking facility in advance, season ticket facility, ticket cancellation facility, and Tatkal scheme booking facility.

'Service operational activities' include eight attributes such as passenger fare, safety in journey, service frequency, punctuality in service, connectivity of trains, announcements about train timings, running of semi high speed trains and cooperativeness of railway staff. Table 2 presents a summary of reliability statistics (Cronbach's alpha) run on SPSS.

Table 2 Summary of Reliability Statistics

S.No.	Dimension	No. of items in the dimension	Cronbach's alpha	
			Perception (Experience)	Expectation (Importance)
1	Basic amenities	10	0.823	0.847
2	Modern amenities	6	0.814	0.758
3	Ticket booking facilities	5	0.811	0.719
4	Service operational activities	8	0.861	0.859

Source: Primary data, Result calculated

A notable feature is that all the four dimensions have a value more than 0.7 and most are above 0.8 in passengers' perception and expectations of service quality of Madurai division in SR. It indicates that the scale items have good internal consistency. Further, the validity of the scale was tested by content validity by contacting the experts in the field.

The last but the most important step before performing gap analysis is testing the validity of the four dimensions/ constructs. The construct validity was carried out with confirmatory factor analysis (CFA). Performance of CFA revealed that all the 29 attributes/items were highly aligned with their corresponding dimensions. As the validity of dimensions was confirmed, the researcher proceeded to perform gap analysis through mean analysis.

Gap analysis-Mean analysis

The R-SQUAL model is the right choice to find the perception and expectation of passengers. This model would show the service quality gap in the service provided by the SR. of course, the gap may be positive or negative. Gap analysis is the difference/gap between passengers' (numbering 434) perceived mean and their expected mean for the 29 attributes/items under the four broad dimensions/constructs. A positive gap value would show that the passengers' actual experience/perception is more than expectation, indicating good service (that attribute doesn't require improvement). A negative gap value denotes the passengers' experience is less than their expectation, indicating not a good/poor service (that attribute requires improvement by the Southern Railway). Both perceptions and expectations of passengers for the 29 service quality attributes under four dimensions were measured with a 5 point numerical scale to rate their level of perception/expectation. The expectation score one denotes very low level of expectation and 5 is very high level of expectation. For the perception, score1 is very low level of service quality experience and 5 denotes very high level of service quality experience. Service quality gap values are the difference between the

passengers' perception and expectation scores (P-E). The quality score measures the service quality gap or the extent to which expectations exceed perceptions. The more positive the P-E scores, the higher level of service quality received by the rail passengers, and vice versa.

The details of the result of service gaps in all the 29 attributes under the four dimensions are presented in table 3

Table 3 Gap Analysis with Paired Sample T-Test

S.No	Service quality dimensions	Variables/Attributes	Expectation (E) (Importance)	Perception (P) (Experience)	Gap (P-E)	t-test	Sig.
I Passenger Amenities							
SQ1	Basic Amenities	1. Drinking water facility in the station	4.35	3.42	-0.93	13.055	.000
		2. Toilet facility in the station	4.27	3.12	-1.15	14.922	.000
		3. Lighting& fans in the station	4.26	3.20	-1.06	16.405	.000
		4. Shelters in the platforms	4.19	3.58	-0.61	9.836	.000
		5. Cleanliness in station & coaches	4.28	3.04	-1.24	16.838	.000
		6. Seating facility in the station &coaches	4.27	3.42	-0.85	12.466	.000
		7. Foot over bridge facility in the station	4.17	3.51	-0.66	10.318	.000
		8. Trolley path facility in the station	4.08	2.93	-1.15	14.308	.000
		9. Adequacy of parking space & parking charge	4.15	3.57	-0.58	10.621	.000
		10. Availability of auto & public transport buses	4.11	3.49	-0.62	9.669	.000
	Grand mean		4.213	3.328			
SQ2	Modern amenities	11. Touch screen facility in the station	4.15	3.44	-0.71	10.083	.000
		12. Coach indication board in the station	4.06	3.41	-0.65	9.154	.000
		13. Mobile phone charger facility in the station	4.16	3.35	-0.81	11.501	.000
		14. Display of name chart in reserved coaches	4.13	3.49	-0.64	9.000	.000
		15. Escalator & lift facility	4.11	3.09	-1.02	12.997	.000
		16. WI-FI Facility	3.96	2.91	-1.05	13.473	.000
	Grand mean		4.095	3.280			
SQ3	Booking Facilities	17. Online booking facility	4.11	3.73	-0.38	5.871	.000
		18. Booking ticket facility in advance	4.15	3.66	-0.49	7.581	.000
		19. Season ticket facility	4.13	3.59	-0.54	8.306	.000
		20. Ticket cancellation facility	4.14	3.42	-0.72	10.331	.000
		21. Tatkal & premium tatkal schemes booking facility	4.03	3.32	-0.71	11.644	.000
	Grand mean		4.112	3.544			
SQ4	II Service Operational Features	22. Passengers' fare	4.29	3.56	-0.73	12.056	.000
		23. Safety in journey	4.30	3.23	-1.07	16.548	.000
		24. Frequency of service	4.19	3.39	-0.8-	12.890	.000
		25. Punctuality of service	4.25	2.97	-1.28	17.054	.000
		26. Existence of connectivity of trains	4.17	3.31	-0.86	14.414	.000
		27. Announcements about train timing	4.25	3.51	-0.74	12.615	.000
		28. Running of semi high speed & high speed trains	4.18	3.20	-0.98	14.101	.000
		29. Cooperativeness of staff	4.16	3.27	-0.89	13.306	.000
	Grand mean		4.224	3.305			

p- Value <0.05

A striking disclosure of the above gap analysis is that there is a negative gap (grey area) in all the 29 variables of the four service quality dimensions of Southern Railway. It means the passengers' level of experience/perception of service quality lags behind their expected level of the service quality for all the 29 attributes of service quality of Southern Railway.

Another important revelation is that individual attribute wise, the negative gap is wider in the attributes cleanliness in station and coaches (-1.24), followed by toilet facility (-1.15), trolley path facility (-1.15), and lighting and fans (1.06) under the dimension basic facilities. Similarly, the negative gap is wider in the attributes Wi-Fi facility (-1.05), and escalator facility (-1.02), in the dimension modern amenities. One could also observe the negative gap is bigger in the attributes punctuality of train service (-1.28), followed by safety in journey (-1.07) under the dimension service operational activities of SR. Thus, the study has pinpointed the deep grey areas in the individual attributes under the broad dimensions of service quality indicating priorities for improvement by the IR/SR.

Significance Testing

Test of significance is made for each of the pairs of attributes of service quality under the four dimensions. The null hypothesis of no difference/gap between each pair of attributes is verified by paired t-test at 0.05 significance level. If there is no difference between the means, it shows that the passengers' experiences or perceptions are exactly as expected, and so the null hypothesis is accepted; otherwise, the alternative hypothesis is accepted.

From the observance of probability in the last column of the above Table 3, one can conclude that there is a difference (negative gap) in the mean of the pairs of all the 29 attributes of service quality dimensions; it means all the null hypotheses are rejected. Similarly, the null hypothesis of grand mean for each pair of all the four dimensions is verified by paired t-test (vide Table 4)

H₀: There is no difference between expectation and perception of passengers in terms of the dimension basic amenities in Madurai division Southern Railway zone (of IR). Similar null hypothesis was formulated for the other three broad dimensions of service quality.

Table 4 Pair Differences between Perception & Expectation in Sq Dimensions of Southern Railway

Pair	Dimensions	Grand Mean value		Gap score (P-E)	Statistic	Sig.
		(P)	(E)			
Pair1	Basic Amenities Perceived-Basic amenities expected	3.328	4.213	-0.885	-54.328	.000
Pair2	Modern Amenities Perceived- Modern amenities expected	3.280	4.095	-0.815	-26.323	.000
Pair3	Booking facilities Perceived-Booking facilities expected	3.544	4.112	-0.568	-19.61	.002
Pair4	Service Operational features Perceived - Service Operational features Expected	3.305	4.224	-0.919	-41.263	.000

Source: Primary data

As the p-value 0.000 is far less than the significance 0.05, null hypothesis in terms of all the four broad dimensions are rejected. It means there are negative gaps in all the four pairs of dimensions of service quality of SR.

Suggestion and Conclusion

A remarkable revelation is that grand mean difference is bigger in two dimensions, namely, service operational activities and basic amenities with the larger negative (grand mean) value of -0.919 and -0.885 respectively. At this juncture, it is noticeable that individual pair of attributes in the dimension basic amenities, namely, cleanliness and toilet facility have registered a bigger negative gap; similarly, the individual pairs of attributes in the broad dimension service operational activities, namely, punctuality in service and safety in rail journey have shown a larger negative gap. The Ministry of Indian Railway should ponder over these negative gaps.

The crux of the problem is how to close the negative gaps in the service quality of IR/SR? Now the Indian Railway/Southern Railway is at cross roads. It is caught in between Scylla and Charybdis. That is to say, amid dire financial straits, the IR.SR has to overcome the lacunae in its service quality. The real situation is this- there is fierce competition in surface transportation; now the rail passengers are craving for improved rail service. Being so, the pragmatic solution lies in augmenting the revenue of SR/IR from passenger traffic, so that the rail passengers' expectations of robust service would be fulfilled.

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Rebranding Effect on Consumer Preference of FBD Retailing

D. Ravindran

Abstract

In India especially in the southern region, the penetration of soft drinks is unavoidable. Though multinational giants with the mega-budget promotional campaign are acquiring the market share, still the share of regional and local brands are existing with their uniqueness and brand attachment to customers' mind. Though the carbonated drinks occupy major space and volume in the market, separate segment exists for the fruit-based drinks (FBD) for flavors like mango, orange, grape, guava etc. Among them 'mango' flavor is ever dominant in the fruit-based category of soft drinks. This article attempts to study the consumer preference and perception on fruit-based drink brands with special reference to Fruitnik brand which was acquired by a national level pharma-based company from local Chennai based soft drinks company. It attempts to understand the product penetration of the product, consumer needs & wants, the potential competitors and the new competition even from the different segment of the market, provide an idea about what are the improvements can be done for the product. This will help the company to sort out the necessary needs of the retailers and consumers.

Keywords: Consumer perception, Consumer preference, Factors, Rebranding effect

Statement of the Problem

The research is mainly focused to find out the consumers Perception towards the brand Fruitnik in Sivaganga district. It gives an idea, where FRUITNIK is positioned amidst the big players, and what are the attributes that consumers care the most when buying a product. Therefore the survey was conducted in Sivaganga district to know about the consumer perception towards Fruitnik fruit drinks. The questionnaire was framed in such a way to collect overall information about the positive and negative factors of consumer's perception towards the product.

Objectives of the Study

- To study the consumer perception towards the Fruitnik brand.
- To identify the factors influencing consumer preference for fruit drinks.
- To analyze the impact of Rebranding after Amrutanjan takes over of Fruitnik in the consumer's mind.
- The period of the survey was only three months (Feb 2018- April 2018) and so current scenario may vary with the result.
- There may be errors in communication, understanding, perception, and interpretation which might affect the accuracy of the results.

Review of Literature

Surroundings affect their choice of products, services, and companies (Kotler et al. 2005). The reason why consumers buy what they do is often deeply rooted in their minds, consequently consumers do not truly know what affects their purchases as “ninety-five percent of the thought, emotion, and learning [that drive our purchases] occur in the unconscious mind- that is without our awareness” (Armstrong et al. 2005).

Consumers' purchase process is affected by a number of different factors, some of which marketers cannot control, such as cultural, social, personal, and psychological factors. However, these factors must be taken into consideration in order to reach target consumers effectively (Kotler et al. 2005).

Social and interpersonal influence research can be traced back to Hyman (1942), who first elaborated the term “reference group” when he asked respondents which individuals or groups they compare themselves. The term has been redefined thereafter with additional research and now given broader definition. The cultural factor is a social class, which is constituted upon among other variables: occupation, income, education, and wealth (Blackwell et al. 2001).

The second classification of factors affecting consumer behavior is social grouping, which is composed of small groups, social roles and status, and family that affect all individuals to some extent. However, some people are affected by groups in which they do not belong to; these reference groups include aspirational groups, groups that a person desires to belong to and a fan's admiration for an idol, etc. (Ibid). Finally, a wife, husband or a child have strong influences on a consumer and thus the family is the most vital consumer buying organization in society (Kotler et al. 2005).

Consumers' personal characteristics, like for instance age and life-cycle stage, occupation, economic situation, lifestyle, as well as personality and self-concept influence consumers' buying behavior. Moreover, depending on a person's occupation and financial situation, as well as the stage in life a person is in, his/her demands for products shift. A person's lifestyle forms his/her world and the way he/she decides to act, thus a person's activities, interests, and opinions constitute their lifestyle, as well as affecting the choice of products (Armstrong et al. 2005). Four objects constitute this group of factors, namely motivation, perception, learning, and beliefs & attitudes. When a person is motivated, he/she acts accordingly and the actions taken are affected by the person's perception of the situation. Perception is the individual selection, organization and interpretation of the information which flows through people's senses, and consequently, a meaningful picture of the world is formed. When people experience new things, changes take place in their behavior, i.e. they learn new things when they take action. As a result, beliefs and attitudes are acquired and hence affect the buying behavior (Armstrong et al. 2005).

Companies today recognize that they cannot appeal to all consumers in the marketplace since consumers are too numerous, too widely scattered, and too varied in their needs and buying

practices. Therefore, companies must identify those parts of the market that they can best serve, and thus build the right relationship with the right customers. This is also known as target marketing and is the process of evaluating each market segment's attractiveness and selecting one or more segments to enter (Armstrong et al. 2005). Moreover, buyers within this segment share common needs or characteristics that the company in turn decides to serve (Kotler et al. 2002). This thesis will focus specifically on demographic segmentation, particularly that of age.

Seeing as consumers' needs and interests for products vary depending on age, companies employ age segmentation, offering different products or using different marketing approaches for different age groups (Armstrong et al. 2005). Blackwell et al. (2001) divide the different age groups into the following: children, teenagers, young adults, and baby boomers, thus the thesis will concentrate on teenagers, young adults.

A brand can be defined as a "name, term, symbol, or design, or a combination of them, which is intended to signify the goods or services of one seller or group of sellers and to differentiate them from those of competitors" (Keller 1993, p. 2). Brand image takes place when brand associations held in the mind of consumers are conveyed onto a consumer's perception about a brand. These associations can either be developed from direct experience with the product, from the information communicated by the company, or from previous associations held about the company and origin, etc. (Martinez et al. 2003).

Brand equity is, according to Aaker (2005) "a set of assets and liabilities to a brand's name and symbol that adds to or subtracts from the value provided by a product or service to a firm and/or a firm's customers". These assets and liabilities can be grouped into four categories: brand loyalty, brand awareness, perceived quality, and brand associations. Brand loyalty is a "form of repeat purchasing behavior reflecting a conscious decision to continue buying the same brand" (Solomon et al. 2001).

Brand awareness entails that recognition is communicated to a brand, which allows consumers to identify with the brand product, and thus providing companies with constant competitive advantage (Aaker, 2005). For low involvement products, products "bought frequently and with a minimum of thought and effort" awareness can affect a consumer's buying decision through a sense of familiarity, whereas for high involvement products, brand awareness provides consumers with a sense of presence and assurance (Aaker, 2005).

Perceived quality can be defined as "the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives" (Aaker, 1991). Perceived quality is initially a consumer's perception about a product, and this is a tangible overall opinion about a brand.

Brand association can either be linked directly or indirectly with a customer's thought about a brand. Those associations that have the clearest significance are built upon product attributes, such as physical product characteristics and non-material product characteristics (Armstrong et al. 2005), and customer benefits - "the desirable consequences consumers seek when

buying and using products and brands” (Peter et al. 1994), which provide customers with a motive to buy the product, consequently resulting in brand loyalty (Aaker, 1991).

Positioning refers to “consumers’ perception of a brand as compared with that of competitors’ brands, that is, the mental image that a brand, or the company as a whole, evokes” (Czinkota et al. 2001,). More specifically, consumers are often not interested in attributes as such but are rather concerned with what the attributes will actually do for them (Armstrong et al. 2005). Another way in which marketers can position brands is by associating a brand with a name that encompasses pleasing and desired benefits (Peter et al. 1994). However, strong brands go beyond attribute or benefit positioning, and instead are positioned on strong beliefs and values. (Armstrong et al. 2005).

Research Methodology

Research Design: Descriptive

Sources of Data Collection

- **Primary data:** Primary data are collected directly from sample respondents through a structured questionnaire.
- **Secondary data:** Secondary data collected from standard textbooks, Newspapers, journals, and internet.
- **Sampling technique:** Convenient random sampling. Random sampling is a method of sampling is selected so that all samples of the same size have an equal chance of being selected from the population.

Sample size: 900 respondents.

Research area: Sivaganga District.

(From Sivaganga District – Karaikudi, Devakottai, Thirupathur and Kallal areas)

Tools for collecting data: a Direct survey with structured questionnaire

Data Interpretation and Inferences

Table 1 Age Wise Classification of the Respondents

Age of the respondents (in years)	No of respondents	Percentage
12 to 19	171	19 %
20 to 29	342	38 %
30 to 39	198	22 %
40 to 49	117	13 %
50 and above	72	8 %

(Source: Primary data)

Table 2 Preference of Carbonated Fruit Drinks

Preference of the respondents	No of respondents	Percentage
Carbonated drinks	37	4 %
Non Carbonated drinks	863	96 %

(Source: Primary data)

Table 3 Need for Consumption of Fruit Drink Products

Need for consumption of fruit drinks	No of respondents	Percentage
Along with the food	135	25.33 %
While travelling / entertaining	254	12.33 %
In home	113	27.00 %
For refreshment & thirst	349	06.45 %
When exhausted	49	27.00%

(Source: Primary data)

Chi-square test - 1

Gender vs. Preference of Pack size by fruit drink consumers

Ho: There is no significant difference between the age of the respondents and their preferred channel of purchase of fruit drinks.

Table 4 Gender vs. Preference of Pack size by fruit drink consumers

Preferred channel to buy fruit drinks	Age of the respondents (in years)					
	12 to 19	20 to 29	30 to 39	40 to 49	50 and above	Total
Petty shop	96	23	50	29	30	228
Modern retails	26	36	27	16	6	111
Convenience stores	15	86	56	58	28	243
Groceries	2	18	28	7	3	58
Bakeries	29	171	36	4	3	243
Others	3	8	1	3	2	17
Total	171	342	198	117	72	900

Calculated Value	Tabulated Value	Significance level	Degree of freedom
316.29	31.41	5%	20

Calculated value > Table value

* Thus Ho is rejected

Inference

As null hypothesis is rejected, it is proved that there exists a significant difference between the age of the respondents and their preferred channel of purchase of fruit drinks. Thus it reveals that consumers of different age groups have their own channel of preference to buy fruit drinks.

Chi-square test - 2

Occupation Vs Frequency of Consumption of Fruit Drinks

Ho: There is no significant difference between the occupation of the consumers and frequency of consumption of fruit drinks.

Table 5 Occupation Vs Frequency of Consumption of Fruit Drinks

Occupation of the respondents	The frequency of consumption of fruit drinks					
	Once in two days	Weekly twice	Weekly once	Fortnightly once	Monthly once	Total
House wives	0	2	0	1	0	3
Unemployed	2	18	23	15	12	70
Retired	0	1	7	9	12	29
Employed	65	109	88	12	97	371
Self -employed	36	16	34	5	39	130
College goers	65	64	31	17	0	177
School goers	21	6	78	4	11	120
Total	189	216	261	63	171	900

Calculated Value	Tabulated Value	Significance level	Degree of freedom
286.94	36.415	5%	24

Calculated value > Table value

* Thus Ho is rejected

Inference: As null hypothesis is rejected, it is proved that, there exists a significant difference between the occupation of the consumers and frequency of consumption fruit drinks. Thus the consumption frequency pattern differs with the occupation of the consumers.

Chi-square test - 3

Gender Vs Flavor preference for Fruitnik drinks

Ho: The preference of flavor by the fruit drink consumers is independent of their gender.

Table 6 Gender Vs Flavor Preference for Fruitnik Drinks

New flavor Preferred by the Fruitnik consumers	Gender of the respondents		
	Male	female	Total
Strawberry	38	49	87
Lime	125	67	192
Pineapple	66	29	95
Orange	112	105	217
Watermelon	5	27	32
Pomegranate	12	44	56
Litche	2	6	8
Others	56	65	121
Total	445	363	808

Calculated Value	Tabulated Value	Significance level	Degree of freedom
73.83	14.067	5%	7

Calculated value > Table value

* Thus H_0 is rejected

Inference

As null hypothesis is rejected, it is proved that, the preference of flavor by the fruit drink consumers varies with their gender category.

Findings

- Even though it has a consumer preference in its taste over other products, it fails in the race with other competitors due to lack of availability of a product in the market. Slice and Maaza are been replaced by most of the consumers, due to the availability of Fruitnik products as well as their attractive media promotions.
- Most of the people perceive that Amrutanjan can revive Fruitnik, provided it includes additional health benefits in their product.
- About 84% of consumer heard about Fruitnik product, they perceive it as an old brand with better taste compared to other products.
- It was found that consumers of different age groups have their own channel of preference to buy fruit drinks.
- Occupation of the consumers and frequency of consumption fruit drinks is found be a related factor.
- The preference of flavor by the fruit drink consumers varies with their gender category.

Suggestions

- Promotion equipment such as glow sign board, banner, rack, freezers, etc. can be provided to retailers in time so that they can increase their sales in which both retailers as well as a company should have well benefited.
- Freebies and offers can be a good promo especially to start with. They might vary according to age and gender.
- More improvement is required in the distribution network at the time.
- Consumers love flavors like orange and lime. But both these flavors already amidst huge competition. So a surprise package like strawberry, watermelon or pomegranate might do the trick.
- Package design of the product should be very attractive so that the consumers will start buying due to the impression created by the attractive packaging.
- Logos talk more about a product. It has to be making sure that things like natural, safety, tasty and more near to a fruit juice should be themed with style. The logo should support the fact that Fruitnik is traditional, trustful and more importantly health which are the aspects that Amrutanjan is known for.

- The Brand ambassador should be someone who symbolizes good health and along with him/her a cartoon character (someone very popular among kids) can also be introduced so that Fruitnik does not lose its target audience-kids.

Limitations of the Study

- The research study covered only a few areas of Sivaganga district, so it cannot represent the complete consumer base of Tamilnadu / India.
- Only 900 samples were surveyed which might not reflect the entire consumer group.
- The period of the survey was only three months (Feb 2018- April 2018) and so current scenario may vary with the result.

Conclusion

The soft drink industry is in the growing phase all over the world ahead of the FMCG industry's growth due to increasing consumer acceptance and profitability. Non-carbonated fruit drinks and juice-based drinks are picking up nowadays showing steady rise in demand. As Fruitnik is basically non-carbonated fruit drink, it will definitely have an increase in acceptance among the soft drink consumers. As still, there exists the perception mismatch and confusion between the Amrutanjan's health care business and Fruitnik drinks in the consumers' mind, advertisement and promotional activities should be initiated to create trust and clarity to acquire market share in the teenage and children segments in India which is the creamy layer for today's soft drink giants.

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BOOK REVIEW

CONFLICTS, By EDWARD de BONO, VERMILION PRESS, LONDON, 272 pages, Price Rs 499./-

--S.Goswami

Edward de Bono is a leading writer in the area of creative thinking. He ponders into brain's self-organising information system that forms asymmetric patterns. He argues for a fundamentally new shift in our thinking approach for solving conflicts. The first step is a reappraisal of our argumentative/clash type of thinking. Conflict thinking about conflict is not adequate and we must shift to 'design' thinking with all creative value inputs. Value can be realized through: enhancement, removal of defects, problem solving, simplification, creation of convenience, reduction of hassle, improved design, greater durability, higher security, reduced cost, and numerous other ways we are told.

It is forty years since De Bono invented the concept of 'lateral thinking'. In that time he has written 68 books, in 40 languages, with 1,400 people teaching his methods worldwide. He has garnered some major plaudits, including being named by a group of South African professors as one of the 250 people who have contributed most to mankind. A planet is also named after him. The International Astronomical Association removed the distant planet DE73 of its drab moniker and renamed it 'EdeBono' in his honour. Three roads to conflict resolution exist. Fight/ litigate, negotiate/ bargain, and devise a design. The design road wants a third party that can look at the situation from a third party angle. Third party forms a triangular thinking. Normal ways of solving conflicts are primitive, rude, inadequate, costly, and worst, destructive. Third party should be effective and entrepreneurial and possess skill and flair. It is not a neutral administrative function that can be done by bureaucracy. It needs an architect like flair combining creativity and practicality in a design that will be accepted by the parties in conflict. Design is different from negotiation, we learn from his book.

Bono expands nicely, ' False confidence and the euphoria of righteousness are always difficult to cope with. Timidity and caution are but weak words. We need a much stronger image to bring to mind the comparison between sensible behaviour and childishness of most conflicts. Perhaps we should practise going to the brink of conflicts we know we will never have in order to establish the value of conflict avoidance.

'The key question is whether a party is in control of the situation or just hanging on from moment to moment. The momentum of events may carry things along to such a stage where one party (and even both) are so locked into the situation they can do no more than survive. This is a totally absurd situation where the conflict has become a sort of Frankenstein monster with all parties just serving its appetite.'

Bono hints at Concept Review. A review examines established concepts. Dominating concepts, blocking concepts, changing concepts, emerging concepts and concept needs. It is a kind of functional map at concept level. The purpose is to create awareness of the state of conflict. Same job or activity can generate different concepts. However, a grouping has to be organised.

The reality is that one has got to deal with people who do not always agree with him or her. How well you do this has a significant impact on how happy and productive one will become. This book has some refreshing ideas on how this can happen. Like most de Bono books, it is like a walk in the green park - enjoyable and refreshing. An amazing read that is amazingly honest and particularly useful in analysing what a disagreement or conflict really is. What is its value and what do we 'create' from it voluntarily that perhaps we do not need to call for thoughts. In its core, how do we solve problems as a society, in interpersonal relationships and most importantly within our own mind are what this book touches upon. By highlighting how the current system holds us back and offering practical alternatives De Bono paves the way for a grassroots shift in conflict resolution. There are ambitious musings about world bodies resolving conflicts that never happens. In a way, this book sounds more academic than a prophecy. Chapters speak out principles, rather than a coordinated elucidation of thoughts. However, it is comforting to read the following lines towards the end of Prof. De Bono's book :

“In any organisation, the most effective executives are those who best learn the patterns of that same organisation. These patterns include the patterns of performance, the patterns of value, market patterns etc.”

Professor

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