ISSN No. : 0974-5505

Pragyaan :

Journal of Management

Institute of Management Studies
Dehradun

Volume 9 : Issue 2, December, 2011

Listed in Ulrich's International Periodicals Directory, USA

Research Papers/Articles

Short Submissions

Pragyaan : Journal of Management

Volume 9 : Issue 2, Dec. 2011

The Editorial Board invites original, unpublished contributions in the form of articles, case studies, research papers, and book reviews.

From the Chief Editor

We draw immense pleasure in presenting the December 2011 issue of *Pragyaan: Journal of Management*. It continues to gain appreciation and provides a platform that stimulates and guides the intellectual quest of management scholars. The research articles submitted for publication in our journal are reviewed by external referees comprising eminent scholars. Our Journal has attained heights in the arena of Management under the invulnerable patronage, with the support of valuable contributions and panel of referees.

The articles presented in this issue address a variety of contemporary national and international issues. The focus areas include: Efficiencies of Manufacturing Factories, Trends in FDI Inflows to India, Role of Public Health Services, Organizational Conflicts, Corporate Credit Valuations, Impulsive Buying, and Social Recruiting.

We would like to express our gratitude to esteemed contributors for their scholarly contributions to the Journal. Appreciation is due to the Editorial Advisory Board, the panel of Referees and the Management of the institute for their constant guidance and support. Many faculty members from the Management Department of the institute provided the necessary editorial support that resulted in enhanced reader friendliness of various articles. We are extremely thankful to all of them. We are also thankful to those who facilitated quality printing of this Journal.

We would continue our endeavor to harness intellectual capital of scholars and practitioners of Management and present the same to our valuable readers. We do our best to oversee a review and decision-making process in which we invite experts to review each paper and encourage them to provide timely, thoughtful, constructive and diplomatic critics. We work towards integrating reviewers' feedback along with our own insights into the final decision and craft fair and balanced action that acknowledges the strength of the manuscript, addresses areas of improvement and clearly convey the editorial decision and its rationale.

We have tried our best to put together all the articles coherently. Suggestions from our readers for adding further value to our Journal are however, solicited.

Dr. Pawan K Aggarwal
Director
IMS Dehradun

Pragyaan: Journal of Management

Volume 9: Issue 2, Dec. 2011

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Research Papers

Efficiencies of Manufacturing Factories in Uttarakhand: An Analysis

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ABSTRACT

Registered manufacturing has come to play an important role in Uttarakhand's economy both in terms of its size and growth. It grew at 33.7% per annum between 2004-05 and 2009-10 and contributes 23.3% of the SGDP. Manufacturing investments in the state were catalyzed by the Concessional Industrial Package of Government of India. The package which came in January 2003 granted various fiscal incentives to units setting up operations in Uttarakhand.

There is an apprehension in many quarters that once the units have availed of the fiscal benefits would they continue their operations in the state. An important aspect in this decision making would be the manufacturing efficiencies and profitability. This paper concludes that the manufacturing efficiencies of factories in the State are much higher than the all India averages. Not only this, they have improved significantly over the period under consideration, while at an all India level the efficiencies have stagnated.

Higher efficiencies have lead to a healthy profitability. In light of this, given the right kind of infrastructure and policy environment, manufacturing will continue to play an important role in the State's economy.

Key words: *Manufacturing, Uttarakhand, Efficiency*

Introduction

Uttarakhand, the 27th State in the country, has made rapid progress since its inception on 9 November 2000. The state's economy grew at 12.9% much higher than the rate of growth of Indian economy at 8.6% during the period 2004-05 to 2010-11 .

Manufacturing has emerged as a leading sector, growing at Compounded Annual Growth Rate, CAGR, of 27.5% in the state, over 2004-05 to 2010-11. As against this all India growth was only 9.5%. Within manufacturing, registered manufacturing grew at a phenomenal pace clocking a CAGR of 33.7%. As a result of this rapid growth, the share of manufacturing in the State Gross Domestic Product (SGDP) increased from 12.7% to almost double at 23.3%. The share of manufacturing in the national GDP on the other hand stagnated over this period. Corresponding all India figures were 15.3% and 15.9%, respectively. Clearly the registered manufacturing has come to play an important role in the state's economy both in terms of growth and its size (contribution to the state GDP).

This paper benchmarks the Efficiency and performance of registered manufacturing in the State as captured by the Annual Survey of Industries, with that at an all India level. Comparison has also been made with Himachal Pradesh, as both Uttarakhand and Himachal Pradesh were recipients of the Government of India's Concessional Industrial Package of 2003, which aimed to catalyze manufacturing in these hilly States.

Efficiency is important for reasons of competitiveness, long term sustainability and profitability. Greater efficiency means, cost competitiveness. This enables units do better than their competitors in terms of acquiring market and profitability. This in turn determines the long term sustainability.

The paper is based on data from Annual Survey of Industries for respective years. A brief note on Annual Survey of Industries, and definitions of terms used in this paper are given in the Annexure.

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2. Analysis of Data

2.1 Number of Factories

The number of factories in Uttarakhand grew from 752 in 2004-05 to 1,907 in 2008-09, a CAGR of 26.2%. In Himachal Pradesh, the number of factories grew from 653 to 1,294 in the same period, a CAGR of 18.6%.The corresponding all India growth was only 3.3%, from 1,36,353 factories to 1,55,321 factories. As a result of the rapid growth in Uttarakhand, the all India share of the state in terms of number of factories, doubled from 0.6% in 2004-05 to 1.2% in 2008-09. Himachal Pradesh accounts for only 0.8% of all registered factories in the country. Thus Uttarakhand has managed to attract more number of units as compared to Himachal Pradesh and the CAGR in number of units in the State has been much higher than the growth for Himachal Pradesh and the all India growth.

2.2 Average Size of Factories

Fixed capital per factory, number of people engaged per factory, and output per factory have been used as measures of size of the factory. These ratios measure size in terms of capital, employment and output, respectively.

In terms of fixed capital the average size of factories in Uttarakhand is smaller than that in Himachal Pradesh. However the factories in Uttarakhand on an average employ greater number of people and the output per factory is also higher.

Table 1: Average Size of Factories

Per Factory	Uttarakhand		Himachal Pradesh		All India	
	2004-05	2008-09	2004-05	2008-09	2004-05	2008-09
Fixed Capital (Rs mln)	38.26	114.83	91.08	169.18	37.63	67.99
Number of people engaged	68.8	120.5	67.8	85.2	62.0	72.9
Output (Rs mln)	133.96	434.84	140.49	326.73	122.66	210.71

Source: Calculated from ASI 2004-05 & ASI 2008-09

In 2004-05, the average size of factories in Uttarakhand was similar to the all India average, but has subsequently grown very rapidly. The average size now, is much larger than the all India average. On an average, a factory in the state employs higher fixed capital, provides employment to larger number of people and produces larger output, as compared to all India average.

2.3 Production Efficiency

The output-input ratio, measuring output per unit of input and the Net Value Added (NVA) per unit of output measuring the production efficiency in terms of the value addition, have been used to capture production efficiency.

It would be noted from Table 2 that for 2008-09, the ratios for Uttarakhand are slightly higher than that of Himachal Pradesh. However the improvement in ratios over the period under consideration has been much greater for Uttarakhand than for Himachal Pradesh. As compared to all India, production efficiency for the state is much higher, in terms of both output per unit of input and value addition per unit of output. While the state's efficiency has improved substantially, especially in terms of value addition, the production efficiency at all India level has remained more or less static.

Table 2: Production Efficiency

	Uttarakhand		Himachal Pradesh		All India	
	2004-05	2008-09	2004-05	2008-09	2004-05	2008-09
Output Input ratio	1.3	1.6	1.4	1.5	1.2	1.2
NVA per unit of Output (%)	19.3	34.3	23.8	31.5	15.5	16.1

Source: Calculated from ASI 2004-05 & ASI 2008-09

2.4 Capital Efficiency

Capital efficiency has been captured by output per unit of fixed capital, and is presented in Table 3. The output per unit of fixed capital for the state is much higher as compared to Himachal Pradesh. The ratio is also higher as compared to all India. The ratio for Uttarakhand has improved over the period under consideration, while it declined at the all India level.

Table 3: Capital Efficiency

Per Factory	Uttarakhand		Himachal Pradesh		All India	
	2004-05	2008-09	2004-05	2008-09	2004-05	2008-09
Output per unit of Fixed Capital	3.5	3.8	1.5	1.9	3.3	3.1

Source: Calculated from ASI 2004-05 & ASI 2008-09

2.5 Employee Efficiency & Emoluments

From Table 4, it would be noted that the employee efficiency as measured by NVA per employee is higher for Uttarakhand as compared to that for Himachal Pradesh. However, due to higher emoluments per employee, the total emoluments as a percentage of NVA are also higher for Uttarakhand. Thus, while the employee efficiency in terms of value addition is higher for Uttarakhand the employee costs are also higher.

As compared to all India the value addition per employee is much higher for Uttarakhand. Inspite of the emoluments per employee being double for Uttarakhand as compared to all India, the emoluments as a percentage of NVA remains much lower for Uttarakhand as compared to all India. This has been possible because of substantial improvement in emoluments to NVA ratio for Uttarakhand while it improved only marginally at the all India level.

Table 4: Employee Efficiency and Emoluments

Per Factory	Uttarakhand		Himachal Pradesh		All India	
	2004-05	2008-09	2004-05	2008-09	2004-05	2008-09
NVA per employee (Rs mln)	37.63	123.77	49.34	120.94	30.75	46.59
Total emoluments to NVA (%)	27.7	17.9	15.1	11.3	24.8	24.5
Emoluments per employee (Rs mln)	0.1	0.22	0.07	0.14	0.08	0.11

Source: Calculated from ASI 2004-05 & ASI 2008-09

Over the period under consideration the employee efficiency has improved tremendously for Uttarakhand and Himachal Pradesh, while the improvement at an all India level has not been on that scale. As a result of this the emoluments as percentage of NVA have gone down considerably for both the states, inspite of substantial increase in emoluments.

2.6 Profitability

Profitability is defined as profits as a percentage of output. Profitability of the factories in the State is a healthy 26.1%. This is a direct outcome of higher efficiencies, both production and labour efficiencies, as seen in the above sections.

Table 5: Profitability

Per Factory	Uttarakhand		Himachal Pradesh		All India	
	2004-05	2008-09	2004-05	2008-09	2004-05	2008-09
Profitability (%)	10.5	26.1	8.6	9.1	15.2	25.6

Source: Calculated from ASI 2004-05 & ASI 2008-09

3. Conclusions

Manufacturing, and within that registered manufacturing has played a key role in the rapid economic growth of the state. Manufacturing grew at a CAGR of 27.5%, during 2004-05 to 2010-11. Within manufacturing, the registered manufacturing grew at a CAGR of 33.7 %. As a result of this rapid growth the share of manufacturing in SGDP increased from 12.7% to almost double at 23.3%.

In terms of efficiencies-scale, production, capital and employee efficiencies, the state outperformed the all India averages. It also outperformed Himachal Pradesh, a State with similar terrain as Uttarakhand also a State where industry enjoys similar fiscal benefits as Uttarakhand.

In addition to higher efficiencies in absolute terms, the efficiencies in the state have improved considerably over the period under consideration, whereas at an all India level, efficiencies have more less remained stagnant.

This has translated into a healthy profitability for registered manufacturing in the state.

There is a general apprehension in the State that once the manufacturing units in the State stop getting fiscal incentives, they may wind up operations from the State. However given the high efficiencies of units and correspondingly high profitability, it is unlikely that the units would wind up operations after the period of fiscal incentives is over.

In a nutshell registered manufacturing in the state has robust efficiencies and a healthy profitability. If the state could continue to focus on improving the Investment Climate in terms of supporting good infrastructure, transparent policy environment and simplification of procedures related to various clearances and compliances for industry, manufacturing in the State would continue to play an important role in driving the economic growth.

Annexure

Note on Annual Survey of Industries and Definitions

The Annual Survey of Industries provides the most comprehensive data on registered manufacturing sector. The ASI extends to the entire country except the States of Arunachal Pradesh, Mizoram, and Sikkim and Union Territory of Lakshadweep. It covers all factories registered under Sections 2m(i) and 2m(ii) of the Factories Act, 1948 i.e. those factories employing 10 or more workers and using power; and those employing 20 or more workers without using power. The survey also covers bidi and cigar manufacturing establishments registered under the Bidi & Cigar Workers (Conditions of Employment) Act, 1966 with coverage as above. All electricity undertakings engaged in generation, transmission and distribution of electricity registered with the Central Electricity Authority (CEA) are covered under ASI irrespective of their employment size. Certain servicing units and activities like water supply, cold storage, repairing of motor vehicles and other consumer durables like watches etc. are covered under the Survey. Though servicing industries like motion picture production, personal services like laundry services, job dyeing, etc. are covered under the Survey but data are not tabulated, as these industries do not fall under the scope of industrial sector defined by the United Nations. Defence establishments, oil storage and distribution depots, restaurants, hotels, café and computer services and the technical training institutes, etc. are excluded from the purview of the Survey.

The primary unit of enumeration in the survey is a factory in the case of manufacturing industries, a workshop in the case of repair services, an undertaking or a licensee in the case of electricity, gas & water supply undertakings and an establishment in the case of bidi & cigar industries.

Definitions

Factory: is one that is registered under sections 2m (i) and 2m (ii) of the Factories Act, 1948. The sections 2m (i) and 2m (ii) refer to any premises including the precincts thereof (a) whereon ten or more workers are working, or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on; or (b) whereon twenty or more workers are working or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on without the aid of power, or is ordinarily so carried on.

Output comprises total ex-factory value of products and by-products manufactured as well as other receipts such as receipts from non-industrial services rendered to others, work done for others on material supplied by them, value of electricity produced and sold, sale value of goods sold in the same condition as purchased, addition in stock of semi-finished goods and own construction.

Net Value Added is arrived by deducting total input and depreciation from total output. Net income is Net value added less rent and interest paid.

Emoluments are defined in the same way as wages but paid to all employees plus imputed value of benefits in kind i.e. the net cost to the employers on those goods and services provided to employees free of charge or at markedly reduced cost which are clearly and primarily of benefit to the employees as consumers. It includes profit sharing, festival and other bonuses and ex-gratia payments paid at less frequent intervals (i.e. other than bonus paid more or less regularly for each period). Benefits in kind include supplies or services rendered such as housing, medical, education and recreation facilities. Personal insurance, income tax, house rent allowance, conveyance etc. for payment by the factory also is included in the emoluments.

Profits: Profit is calculated by deducting total emoluments from net income.

Employees relate to all persons engaged by the factory whether for wages or not, in work connected directly or indirectly with the manufacturing process and include all administrative, technical and clerical staff as also labour in production of capital assets for factory's own use. This is inclusive of persons holding position of supervision or management or engaged in administrative office, store-keeping section and welfare section, watch and ward staff, sales department as also those engaged in the purchase of raw materials etc and production of fixed assets for the factory. It also includes all working proprietors and their family members who are actively engaged in the work of the factory even without any pay and the unpaid members of the cooperative societies who work in or for the factory in any direct and productive capacity. Persons in the head office connected with the manufacturing activity of the factory are also included in this item.

Fixed capital represents the depreciated value of fixed assets owned by the factory as on the closing day of the accounting year. Fixed assets are those that have a normal productive life of more than one year. Fixed capital includes land including lease- hold land, buildings, plant & machinery, furniture and fixtures, transport equipment, water system and roadways and other fixed assets such as hospitals, schools, etc. used for the benefit of the factory personnel.

Notes & References

Based on CSO data at 2004-05 prices

Himachal Pradesh & Uttarakhand received the Government of India's Concessional Industrial Package in January 2003 vide notification number No 1(10)/2001 NER, Ministry of Commerce & Industry, Department of Industrial Policy and Promotion, Government of India, dated 7 January 2003. As per this package units setting up operations in Uttarakhand and Himachal Pradesh were entitled to fiscal incentives in terms of excise and income tax exemptions and capital investment subsidy. The excise exemptions enshrined in the package expired on 31March 2010. However as the package provides rolling incentives for 10 years, units which have started production before the expiry of the package will avail of fiscal incentives for ten years from the commencement of production.

Trends in FDI Inflows to India after Liberalization

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ABSTRACT

This paper examines the booming foreign direct investment in post reform period to India due to legal issues and its impact on Indian economy. During the decade of the 90s foreign direct investment was one of the major external sources of financing for most of the countries that were growing from an economic perspective. India has continually sought to attract FDI from the world's major investors. In 1998 and 1999, the Indian national government announced a number of reforms designed to encourage FDI and present a favourable scenario for investors. Emerging markets possess a lot of potential for FDI. Foreign direct investment (FDI) in India has played an important role in the development of the Indian economy. It has enabled India to achieve a certain degree of financial stability, growth and development. With continued liberalization of the Foreign Direct Investment (FDI) policy, procedural relaxations, the sustained growth in the economy, and a favorable investment regime, a horde of global corporations are keen on investing in India. India continues to be regarded as one of the fastest expanding economies. The liberalization policy of the country has improved the investment climate of the country for foreign investors. This paper tried to explore the impact of liberalized policies on FDI inflow in India and its impact on economic growth.

Key Words: FDI, Economic development, Post-reform, Economic Growth

Introduction

One of the advantages of foreign direct investment is that it helps in the economic development of the destination country, especially the destination developing country. During 1990s foreign direct investment (FDI) was one of the major external sources of financing for most of the developing countries.

Foreign direct investment also permits the transfer of technologies and training of personnel. The former is done basically through the provision of capital inputs. The latter is facilitated by providing training to the employees of destination country on the existing facilities in the country of origin. It has normally been observed that foreign direct investment allows for the development of the manufacturing sector of the recipient country, creates new jobs and provides a boost to the salaries of workers. This should enable them to get access to a better lifestyle and more facilities in life.

Foreign direct investment can also bring in advanced technology and skill set in the destination country. There is also some scope for new research activities being undertaken. Foreign direct investment assists in increasing the income that is generated through revenues realized through taxation. It also plays a crucial role in the context of rise in the productivity of the host countries. It has also been observed that as a result of receiving foreign direct investment from other countries, it has been possible for the recipient countries to keep their rates of interest at a lower level. It becomes easier for the business entities to borrow finance at lesser rates of interest. The biggest beneficiaries of these facilities are the small and medium-sized business enterprises. In case of countries that make foreign direct investment in other countries this process has positive impact as well. In case of these countries, their companies get an opportunity to explore newer markets and thereby generate more revenue and profits. It also opens up the export window that allows these countries the opportunity to cash in on their superior technological resources.

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Emerging markets possess a lot of potential for FDI. The World Development Report 2005 focuses on FDI and calls on poor countries to adopt liberal policies to facilitate investment climate, which in turn enhances development. Most developing countries consider FDI as an important channel for accessing resources for economic development. FDI represents transfer of a bundle of assets like capital, technology and access to export markets, skills and management techniques and modern environment management system.

The year 1991 marks a new growth phase of FDI in India with an all time high flow of FDI. Foreign Direct Investment (FDI) has boomed in post reform India. Moreover, the composition and type of FDI has changed considerably since India has opened up to world markets. This has fuelled high expectations that FDI may serve as catalyst to higher economic growth.

A parent business enterprise and its foreign affiliate are the two sides of the FDI relationship. Together they comprise an MNC. The parent enterprise through its foreign direct investment effort seeks to exercise substantial control over the foreign affiliate company. 'Control' as defined by the UN, is ownership of greater than or equal to 10% of ordinary shares or access to voting rights in an incorporated firm. For an unincorporated firm one needs to consider an equivalent criterion. Ownership share amounting to less than that stated above is termed as portfolio investment and is not categorized as FDI.

This paper attempts to study the composition and trends of FDI in India since liberalization, and analyze impact of recent policies on FDI.

2. Review of Literature

National policies are key for attracting FDI. These policies have to be seen in the broader context as determinants of FDI, among which economic factors predominate. Policies are decisive in preventing FDI from entering a country. But once an enabling FDI regulatory framework is in place, the economic factors become dominant. Even then, the regulatory regime can make a location more or less attractive for foreign investors and for maximizing the positive developments of FDI, while minimizing negative ones (Borenzstein et al., 1998). Foreign Direct Investment consists of long term holdings of equity which aim to control or exercise influence over local firms. FDI has become increasingly linked to trade as it is no longer sufficient simply to ship products across borders to customers waiting in 'foreign lands'. Customer and business products often require local servicing operations as well as research & development and marketing enterprises, if they are sold effectively in other countries (Litan, 2000). The quality of FDI spillovers depends on the scope and competence of the subsidiary. These depend partly on factors internal to Multinational Enterprises (MNEs), including their internationalization strategy, the role of particular affiliates in their global system and the motivation for their investment. Internal strategies interact with host country capabilities and resources (Benito et al., 2003).

Countries seek FDI to promote their growth and development with its package of tangible and intangible assets, FDI can contribute directly and indirectly to building capabilities. The growing appreciation of the benefits of FDI reflects several factors. Concessional aids in dealing with various financial crises have created a preference for long-term and more stable capital inflows. Access to innovative technologies is more important. And some of earlier fears about FDI may have been exaggerated, given the economic benefits that many developing countries have drawn from FDI. Many governments are now more confident in dealing with MNCs as MNCs have learned to be more responsive to the concerns and priorities of host countries (Basu et al., 2003).

Foreign investment takes two forms Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI). Foreign direct investment helps to increase the productive capacity of the economy, while foreign portfolio investment is of more speculative nature and is thus very volatile. A careful perusal of the data about foreign investment flows during the nineties reveals that during 1990-91 and 1994-95, the share of FDI was only 24.2 percent. In other words, only one-fourth of the total foreign investment was directly available for increasing productive capacity while about three-fourth was volatile. In the subsequent period (1995-96 to 2000-01), portfolio investment started declining after 1994-95 and it became negative in 1998-99. It can be seen that for the same period the proportion of FDI in total investment improved to 53%. However, the share of portfolio investment is still high at about 47 percent. The total average inflow of foreign investment during the six years period (1995-96 to 2000-01) was $ 4.85 billion which was just half the level targeted by the Government of India, that is $10 billion. India has not benefited from FDI to the extent to which the globalization had made us to believe that it would (Datt & Sundharam, 2003).

The best way of attracting and drawing benefits from FDI is not always passive liberalization (Kumar, 2003). Liberalization can help get more FDI, but alone it is not enough. Investment now requires stronger locational advantage and more focused efforts at promotion. Getting FDI in technologically advanced or export oriented activities is even more demanding (Bhalla, 2005). Investment and technology are crucial to economic growth and competitiveness in international trade. One of the reasons for the phenomenal success of China in manufacturing is the huge foreign direct investment that it has been attracting, especially in export-oriented production. The importance of foreign investment can be appreciated from the fact that nearly a third of world trade today is between transnational and their affiliates (Gupta, 2005). India's approach to foreign investment has of late become positive, but a lot is still required to be done. Also, there is a need to evolve a composite approval system that would accord all approvals simultaneously, including the approvals required from different state-level agencies and technological advancements (Joshi, 2005).

Liberalization of norms relating to FDI and adoption of a policy stance supportive of globalization do not by themselves ensure that the economy would attain a high growth path. On the contrary, such policies could, in fact, be inimical to the long term development process of a country in the absence of 'safeguards' (Mathiyazhagani, 2005). If FDI is to be utilized for sustaining growth process of a country, it is essential to create local technological capabilities. In order to create such process within an economy, the Government has to formulate a strategic FDI policy. Government intervention in factor markets in order to develop local skills and to target FDI in areas where the country has dynamic comparative advantage, aimed at reducing macro level ineffectiveness and improving micro level conditions (Arabi, 2005). These basic theoretical proportions have been put to work through cross border financial flows to the advantage of many organizations which seek to business globally (Kefer & Steve, 2006; Shajahan, 2006).

India is emerging as a top destination for FDI in services. In the early 1990s, India's services exports were amounted to just US $ 0.5 billion. Presently, this figure has touched an all time high of US $ 12 billion (Badar, 2006). However, China is still at top in the developing countries for export oriented FDI in manufacturing and it is able to attract so much of FDI because of its infrastructural advantage and favourable environment. Its connectivity to the developed world is very impressive (The Hindu Business Line, 15 July 2005). In the remaining sectors /activities, FDI up to 100% would be allowed on the automatic route (Global Vistas, 2006).

Important factors which are conductive to FDI Inflows in electronics are the availability of low-cost, efficient, and technically skilled workforce, opportunities for the manufacturing of consumer electronic goods and mobile handsets are high given the growing demand in the domestic electronics market, electronics hardware is growing leaps and bounds globally, large-scale manufacturing units of electronics hardware will be set up in the special economic zones with a total exemption of duties and taxes (Safiuddin, 2010).

At present, the government allows FDIs in real estate, but does not permit foreign institutional investment. It is, however, considering a proposal not to view FDIs and FII as distinct investment flows while specifying an overall limit. It is yet to permit foreign venture capital investors (FVCI) in the realty sector. To ensure that the concept of special economic zones (SEZs) did not distort the realty market, the RBI has classified lending to SEZs on par with commercial real estate, according it higher risk weight and provisioning. India in the next five-year period is estimated to require investments worth US $ 25 billion with the urban housing sector. This again has opened up opportunities for foreign investments in the realty sector. The Central government allowed up to 100% FDIs for setting up townships in 2002. However, the flow of FDI's investments has been thwarted by the 100 acre criterion; since acquiring such a large chunk of land was impossible in metropolitan cities and even satellite cities and state capitals (Mamata, 2011).

The economic activities which registered significant growth in Q3 of 2010-11 over Q3 of 2009-10 are: agriculture, forestry & fishing at 8.9 per cent, construction at 8.0 percent, trade, hotels, transport and communication at 9.4 per cent, and financing, insurance, real estate and business services at 11.2 per cent. The growth rate in mining & quarrying, manufacturing and community, social and personal services is estimated at 6.0 per cent, 5.6 per cent and 4.8 per cent respectively in this period (Trading Economics, 2011).

The last two decades has witnessed an extensive growth in FDI flows to developing countries. This has been accompanied by an increase in competition amongst the developing countries to attract FDI, resulting in a rise in investment incentives, offered by the host governments and removal of restrictions on operations of foreign firms in their countries. The growth of FDI inflows in India was not significant until 1991 due to the regulatory policy framework. However under the new policy regime, it is expected to assume a much larger role in catalyzing Indian economic development. It could be observed that there has been a steady build up in the actual FDI inflows in the post-liberalization period. The actual inflows have steadily increased from Rs. 3514.30 million (US $ 143.6 million) in 1991 to Rs. 143,009.40 million (US $ 3,108.9 million) in 2003. The dimensions of the FDI flows into India could be explained in terms of its growth and size, sources & sectoral compositions.

3. Methodology

To fulfil the stated objectives our principal source of data is the reports of Reserve Bank of India (RBI) since 1991, World Bank Reports (WBR), and Asian Development Reports (ADR). The concept, trend, role & determinants of FDI are referred from secondary sources of information such as articles & acts. The journals referred for this purpose include Journal of Economics, Journal of International Business Studies etc.

Foreign direct investment has a major role to play in the economic development of the host country. It has often been observed that the developing countries are dependent on the developed countries for financial assistance that helps achieve economical stability. The developed countries, on their part, can help these countries financially by investing in these countries. This trend has manifested itself in the last twenty years. Any form of foreign direct investment brings along capital and technological resources into the host country. This helps the host country to use these resources as a launching pad from where it can make further improvements. Further, it can also assist in helping the host country to build their own research and development base that can contribute to the technological development of the country. These assistances come in handy, especially in the context of the manufacturing and services sector of the host country. This enhances productivity. At times foreign direct investment could be provided in the form of technology. This is an indirect way in which foreign direct investment plays an important part in the context of economic development. Foreign direct investment can also be helpful in assisting the host countries to set up mass educational programs, and tackle a number of healthcare issues.

4. Regulatory Framework

The key Indian regulatory authorities in the context of Foreign Direct Investment (FDI) are the Foreign Investment and Promotion Board (FIPB), which formulates foreign investment policy, and the Reserve Bank of India (RBI), central bank, with the primary responsibility of implementing and enforcing foreign exchange regulations and government policy. Since 1991, policies have been liberalized to facilitate greater flow of FDI into India (Table 1).

Table 1: Liberalization of FDI Policies

Pre 1991	FDI was allowed selectively up to 40% under FERA
1991	35% priority industry groups were placed on the Automatic Route for FDI up to 51%
1997	Automatic Route expanded to 111 high priority industry groups up to 100%,74%,51%, 50%
2000	All sectors placed on the Automatic Route for FDI except for a small negative list
Post 2000	Many new sectors opened to FDI like insurance (26%), integrated townships (100%), Mass Rapid Transit System (100%), Defence Industry (26%), Tea Plantations (100%) and Print Media (26%).

Source: SIA Newsletter, Government of India.

5. Policy for Automatic Route

For new Ventures all items/activities for FDI/NRI investment up to 100% fall under the Automatic route with some exception. There is some restriction on products falling under reserved category of SME sectors. Government of India is having a locational policy regarding investment, to protect environment. The industries for which licenses are required are not included in the automatic routes. NRI investment in acquisition of an Indian company is also excluded from automatic route. Apart from this, there is some relaxation in case of IT industries and investment from multilateral agencies. Investment in public sector units also for EOU/EPZ, etc. units would qualify for the automatic route. Investment under the automatic route shall continue to be governed by the notified sectoral policy and equity caps and RBI ensures compliance of the same. RBI has granted general permission under Foreign Exchange Management Act (FEMA) in respect of proposal approved by the Government. For the existing companies, automatic routes are open for expansion of investment in the industries which are listed under the automatic route.

The proposals for approval under the automatic route are to be made to the Reserve Bank of India in the FC (RBI) Form. In a major drive to simplify procedures for foreign direct investment under the "automatic route", RBI has given permission to Indian Companies to accept investment under this route without obtaining prior approval from RBI. However, investors are required to notify the concerned Regional office of RBI within 30 days after issue of shares to foreign investors. The facility is available also in regard to NRI investment.

6. Policy for FIPB Route (Government Approval)

All activities which are not covered under the automatic route are subject to government approval through FIPB route. Areas/sectors/activities hitherto not open to FDI/NRI investment shall continue to be so unless otherwise decided and notified by government. Any change in sectoral policy /sectoral equity cap is notified from time to time by the Secretariat for Industrial Assistance (SIA) in the Department of Industrial Policy and Promotion. To seek the approval applications in Form FC-IL for FDI other than NRI Investments and 100% EOU should be submitted to the Department of Economic Affairs (DEA), Ministry of Finance. FDI applications with NRI Investments and 100% EOU should be submitted to the Entrepreneur Assistance Unit (EAU) of Secretariat of Industrial Assistance (SIA), Department of Industrial Policy and Promotion. Applicants should mention about previous/ existing collaboration in India in the same or allied field. Foreigners can also submit their proposal to Indian Missions abroad. Investment below Rs.6 billion is approved by the Finance Ministry, and for an investment exceeding Rs.6 million Cabinet Committee approval is required. For issuing shares and equities, Indian Company Act applies.

Indian companies getting foreign investment approval through FIPB route do not require any further clearance from RBI for the purpose of receiving inward remittance and issue of shares to the foreign investors. For inward remittance and issue of shares to NRI up to 100 percent equity also, prior permission of RBI is not required.

All foreign investments are freely repatriable except for the cases where NRIs choose to invest specifically under non-repatriable schemes. Non-residents can sell shares on stock exchange without prior approval of RBI. They can approach a bank for repatriation of the sale proceeds if they hold the shares on repatriation basis and if they have necessary NOC/tax clearance certificate issued by Income Tax authorities. Some sectors like investment in development of integrated township etc. may attract a lock in period.

7. Global Depositary Receipts (GDR)/American Deposit Receipts (ADR)/Foreign Currency Convertible Bonds (FCCB)

Indian companies having a consistent track record for good performance (financial or otherwise) for a minimum period of 3 years are allowed to raise equity capital in the international market through the issue of GDR/ADRs/FCCBs. These are not subject to any ceilings on investment. In case of infrastructure projects the polices are more liberal. There are no end-use restrictions on GDR/ADR issue proceeds, except for an express ban on investment in real estate and stock markets. The FCCB issue proceeds need to conform to external commercial borrowing end user requirements. The government is encouraging companies to use this for general corporate restructuring.

8. FDI channels

FDI is permitted through following forms of investments:

(i) Financial collaborations,
(ii) Joint ventures and technical collaborations,
(iii) Capital markets via Euro issues (Foreign Currency Convertible Bonds (FCCBs)/Equity Shares under the Global Depository Mechanism), and
(iv) Private placements or preferential allotments.

FDI is freely allowed in all sectors including the service sector in India, with certain restrictions in a few sectors where the existing and notified sectoral policy does not permit FDI beyond a ceiling. FDI for most cases can be brought through Automatic Route under the powers delegated to the RBI and for the remaining cases through the FIPB Government approval. Under current rules, foreign investment up to 100% is permitted in almost all industry sectors. There remain only a handful of industry sectors in which no FDI or limited FDI is permitted, these tend to be "sensitive" sectors, either for security reasons, such as defense or telecommunications, or for political reasons, such as agriculture, retail, real estate, banking and insurance.

FDI is not permitted in the arms, nuclear, railway, coal & lignite or mining industries. A number of projects have been announced in areas such as electricity generation, distribution and transmission, as well as the development of roads and highways, with opportunities for foreign investors. The Indian national government also provided permission to FDIs to provide up to 100% of the financing required for the construction of bridges and tunnels, but with a limit on foreign equity of INR 1,500 crores, approximately $352.5m.Currently, FDI is allowed in financial services, including the growing credit card business. These services include the non-banking financial services sector. Foreign investors can buy up to 40% of the equity in private banks, although there is condition that stipulates that these banks must be multilateral financial organizations. Up to 45% of the shares of companies in the global mobile personal communication by satellite services (GMPCSS) sector can also be purchased.

9. FDI Trends in India

India has continually sought to attract FDI from the world's major investors. India has been rated as the fourth most attractive investment destination in the world, according to a global survey conducted by Ernst and Young in June 2008. India was after China, Central Europe and Western Europe in terms of prospects of alternatives business locations. According to a report of the National Council of Applied economic Research (NCAER), in the first nine months of 2007-2008, the net capital flow rose to US$ 83 billion. As per the global survey of corporate investment plans carried out by KPMG International, released in June 2008, India will see the largest overall growth in its share of foreign investment, and it is likely to increase by 8 percent to 18 percent over the next five years, helping it rise to the fourth, from the seventh position, in the investment league table, pushing Germany, France and the UK behind. According to the FDI Confidence Index 2007, India continues to be the second most preferred destination for attracting global FDI inflows, a position it has held since 2005. India topped at the AT Kearney's 2007 Global Services Location Index, emerging as the most preferred destination in terms of financial attractiveness, people and skills availability and business environment. Similarly UNCTAD's World Investment Report, 2005 considers India the second most attractive investment destination among the Transitional Corporations (TNCs). A recent survey conducted by the Japan Bank for International

Table 2: FDI Inflow to India (1991-2010)

Year	FDI, net inflows (current US$)	GDP (current US$)	FDI as %age of GDP
1991-92 (Aug-March)	167	267524	0.06
1992-1993	393	245553	0.16
1993-1994	654	276037	0.24
1994-1995	1374	323506	0.42
1995-1996	2141	356299	0.60
1996-1997	2770	388344	0.71
1997-1998	3682	410915	0.90
1998-1999	3083	416252	0.74
1999-2000	2439	450476	0.54
2000-2001	2908	460182	0.63
2001-2002	4222	477849	0.88
2002-2003	3134	507190	0.62
2003-2004	2634	599461	0.44
2004-2005	3759	721573	0.52
2005-2006	6051	834036	0.73
2006-2007	8961	951339	0.94
2007-2008	22826	1242426	1.84
2008-2009	34835	1215993	2.86
2009-2010	35180	1377265	2.55
2010-2011*	34167	1727111	1.97
2011-2012*	38887		
2012-2013*	43020		
2013-2014*	47154		

Source: World Development Indicators data base, World Bank 2010
* *Predicted*

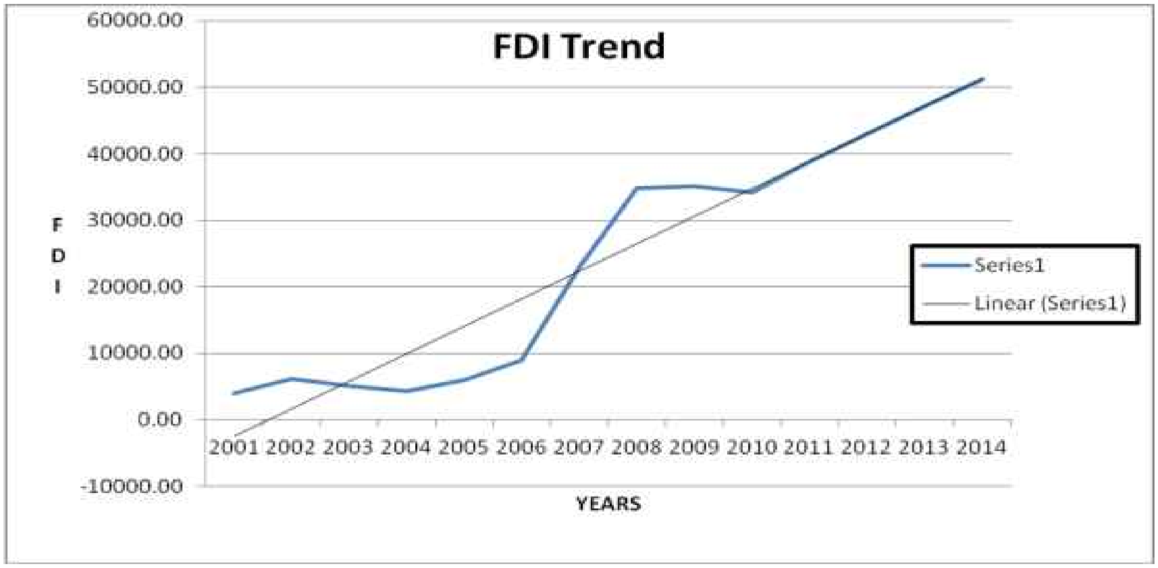


Figure 1: FDI Inflows to India

Figure 2. FDI, Net Inflow (% of GDP)

Cooperation (JBIC) shows that India has become the most-favoured destination for long-term Japanese investments. FDI flow to India during the period 1991-92 to 2009-10 is given in Table 2.

10. Sectoral Composition of FDI

The important sectors of the Indian Economy attracting investments in the country are as follows:

? Electrical Equipments (Including Computer Software & Electronic)
? Real Estate
? Telecommunications (radio paging, cellular mobile, basic telephone service)
? Transportation Industry
? Services Sector (financial & non-financial)
? Fuels (Power + Oil Refinery)
? Chemical (other than fertilizers)
? Food Processing Industries
? Drugs & Pharmaceuticals
? Cement and Gypsum Products
? Metallurgical Industries

FDI equity inflows in different sectors in India are given in Table 3 for the period 2006-07 to 2009-10. From Table 3, it would be noted that, during 2000-10, service sector accounted for a major share of FDI (21%) that is followed by computer Software and Hardware (9%), Telecommunications (8%), Housing and Real Estate (8%), Construction (7%), Power (4%), Automobile Industry (4%), and

Table 3: FDI Equity Inflows in Different Sectors in India

Amount Rupees in crores (US$ in million)

Ranks	Sector	2006-07 (April-March)	2007-08 (April-March)	2008-09 (April-March)	2009-10 (April-March)	Cumulative Inflows (April '00 - Mar. '10)	% age share in total Inflows (In terms of US$)
1.	SERVICES SECTOR (financial & non-financial)	21,047 (4,664)	26,589 (6,615)	28,411 (6,116)	20,958 (4,392)	105,411 (23,640)	21 %
2.	COMPUTER SOFTWARE & HARDWARE	11,786 (2,614)	5,623 (1,410)	7,329 (1,677)	4,350 (919)	43,846 (9,872)	9 %
3.	TELECOMMUNICATIONS (radio paging, cellular mobile, basic telephone services)	2,155 (478)	5,103 (1,261)	11,727 (2,558)	12,338 (2,554)	40,706 (8,931)	8 %
4.	HOUSING & REAL ESTATE	2,121 (467)	8,749 (2,179)	12,621 (2,801)	13,586 (2,844)	37,369 (8,357)	8 %
5.	CONSTRUCTION ACTIVITIES (including roads & highways)	4,424 (985)	6,989 (1,743)	8,792 (2,028)	13,544 (2,868)	35,721 (8,059)	7 %
6.	POWER	713 (157)	3,875 (967)	4,382 (985)	6,908 (1,437)	20,919 (4,627)	4 %
7.	AUTOMOBILE INDUSTRY	1,254 (276)	2,697 (675)	5,212 (1,152)	5,609 (1,177)	20,677 (4,565)	4 %
8.	METALLURGICAL INDUSTRIES	7,866 (173)	4,686 (1,177)	4,157 (961)	1,935 (407)	13,440 (3,130)	3 %
9.	PETROLEUM & NATURAL GAS	401 (89)	5,729 (1,427)	1,931 (412)	1,328 (272)	11,504 (2,666)	2 %
10.	CHEMICALS (other than fertilizers)	930 (205)	920 (229)	3,427 (749)	1,707 (362)	11,274 (2,496)	2 %

Source: DIP&P, Ministry of Commerce, 2010

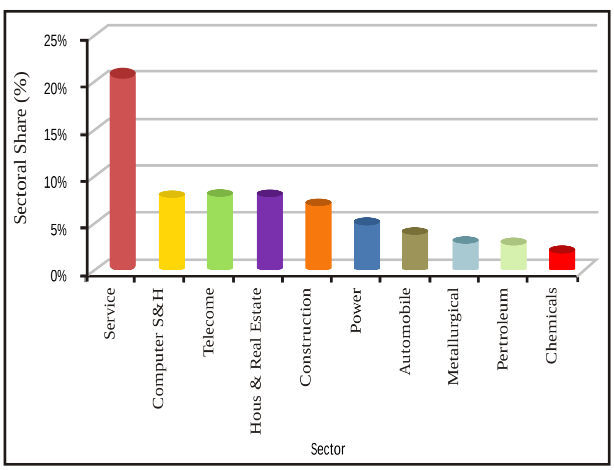


Figure 3: Sector wise FDI Equity inflows to India (2010)

Metallurgical Industries (3%). Each of the other sectors accounted for less than 3% share. The largest share of service sector is consistent with its largest share in GDP.

11. Composition of FDI by Country

Table 4 shows share of different countries in total FDI equity inflow to India. Mauritius invested Rs.19,18,633 million in India up to January 2010, equal to 44.01 percent of total FDI inflows, which is the highest amount of FDI inflow contributed to the Indian economy followed by Singapore, USA, UK,

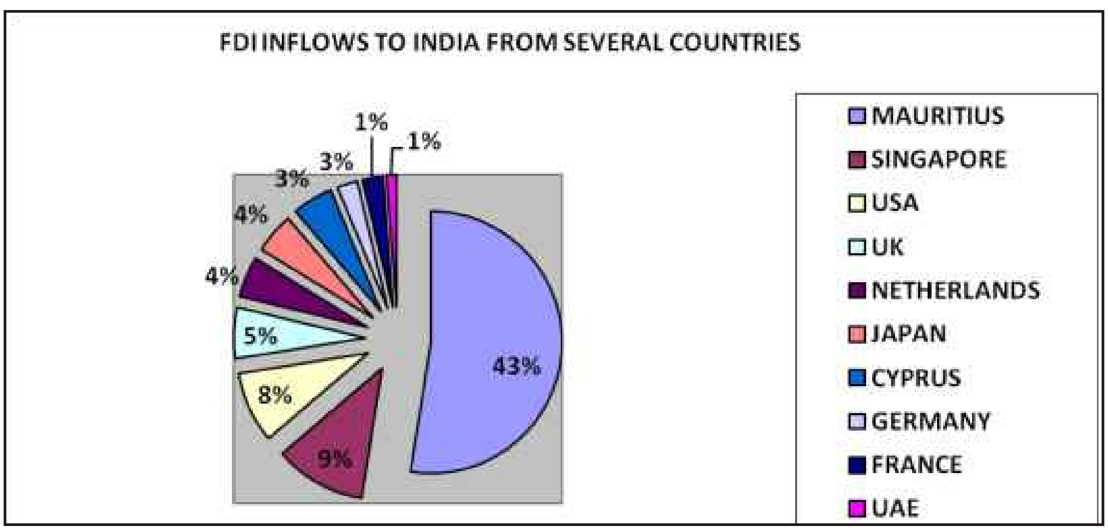
Table 4: Share of Top Investing Countries FDI Equity Inflows (Financial year-wise)

Amount Rupees in crores (US$ in million)

Ranks	Sector	2006-07 (April-March)	2007-08 (April-March)	2008-09 (April-March)	2009-10 (April-March)	Cumulative Inflows (April '00 - Mar. '10)	% age share in total Inflows (In terms of US$)
1.	MAURITIUS	28,759 (6,363)	44,483 (11,096)	50,794 (11,208)	49,633 (10,376)	210,906 (47,240)	43 %
2.	SINGAPORE	2,662 (578)	12,319 (3,073)	15,727 (3,454)	11,295 (2,379)	45,147 (10,190)	9 %
3.	U.S.A.	3,861 (856)	4,377 (1,089)	8,002 (1,802)	9,230 (1,943)	37,190 (8,278)	8 %
4.	U.K.	8,389 (1,878)	4,690 (1,176)	3,840 (864)	3,094 (657)	25,998 (5,884)	5 %
5.	NETHERLANDS	2,905 (644)	2,780 (695)	3,922 (883)	4,283 (899)	20,126 (4,487)	4 %
6.	CYPRUS	266 (58)	3,385 (834)	5,983 (1,287)	7,728 (1,623)	17,777 (3,899)	4 %
7.	JAPAN	382 (85)	3,336 (815)	1,889 (405)	5,670 (1,183)	16,895 (3,714)	3 %
8.	GERMANY	540 (120)	2,075 (514)	2,750 (629)	2,980 (626)	12,468 (2,799)	3 %
9.	U.A.E.	1,174 (260)	1,039 (258)	1,133 (257)	3,017 (629)	7,023 (1,549)	1 %
10.	FRANCE	528 (117)	583 (145)	2,098 (467)	1,437 (303)	6,919 (1,530)	1 %
TOTAL FDI INFLOWS		70,630 (15,726)	98,664 (24,579)	122,919 (27,329)	123,378 (25,888)	516,503 (115,728)	

Source: DIP&P, Ministry of Commerce, 2010

Figure 4: Share of Top Investing Countries FDI Equity Inflow to India, 2010



Netherlands, Japan, Cyprus, Germany, France and UAE. Contribution of UAE and France was the least in FDI inflow to India which amounts to only 1 percent.

12. Conclusion

Foreign Direct Investment (FDI) plays an important role in global business. As a result of various legal and policy initiatives taken, the Indian economy is rapidly changing from restrictive to liberal economy. The present legal framework allows an easy entry to a foreign investor in India. It provides a firm with new markets and marketing channels, and cheaper production facilities. For a host country, it provides access to new technology, products, skills and financing. FDI has helped the Indian economy to grow, and the government encourages more investments of this sort in the country. A horde of global corporations are keen on investing in India due to the continued liberalization of the foreign direct investment (FDI) policy, procedural relaxations, the sustained growth in the economy, and a favorable investment regime. India continues to be regarded as one of the fastest expanding economies. FDI equity inflows between AprilSeptember 2008 were US$ 17.21 billion that showed a growth of 137 per cent over the same period last year. The inflow of the FDI in the country during the last five years showed a phenomenal growth in terms of volume of money and investing countries that contributed to the growth of the economy. This is being reflected by the inflow of FDI equity, the month of September 2008 alone showed an investment to the tune of US$ 2.56 billion, and a staggering growth of 259 per cent over the same month in last year. Accordingly to the report of Reserve Bank of India (RBI), FDI received in the first quarter of fiscal year 2009 (US$ 10.07 billion) had exceeded the total FDI inflow for fiscal year 200506 (US$ 8.96 billion). India's FDI inflow until 200506, was below US$ 10 billion annually. In 200607, India received US$ 22 billion and it went up to US$ 32 billion in 200708. This FDI inflow increased due to high GDP growth and attractive policies of Government of India. India has been ranked third for global foreign direct investments (FDI) in 2009 and will continue to remain among the top five attractive destinations for international investors during the next few years, as per the world investment prospects survey 2009-11. Further, the World Bank had given India an added US$ 3 billion a year till 2011, as part of a larger plan to provide US$ 100 billion of additional liquidity to globally developing economies.

It is possible that government regulations and policies may deter some forms of FDI, particularly where they affect ownership. Thus, the Government needs to assess the benefits of such interventions against the costs of creating impediments to FDI, which reduce the ability of the country to compete with other developing countries for foreign investments.

Many of the motivations influencing the investment decisions of multinational companies apply equally to domestic investors. Addressing the problems identified by foreign investors already committed to the region should not only in the long run make India more attractive to new FDI but should in the shorter term encourage increased domestic investment.

If the economy has to benefit from the spill-over effects of FDI and economic growth, the country needs to attract FDI through a bundle of policies that cater for the interests of all the potential investors from different countries. This implies that the country needs stable macroeconomic indicators, better country risk profile followed by cost related and investment environment improving factors.

India should continue its program of economic reforms, as a sustained healthy economic growth is the biggest attraction for foreign capital. However, any political reforms need to ensure that instability does not ensue. Further, the government should create specific location advantages in areas and sectors which have not been able to attract adequate FDI, such as skilled employees and better infrastructure. This will also help reduce the disparities in development across regions and sectors.

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Role of Public Health Services in Uttarakhand: A Human Resource Perspective

*Bhawna chahar**
*Pushpa kataria***

ABSTRACT

The status of health is an important indicator reflecting social development and quality of human life. Further health care is one of the most basic human rights. The health sector in India faces critical challenges on several fronts despite significant achievements since Independence. While the country has made substantial strides in economic growth, its performance in health has been less impressive. The report of United State Agency for International Development (2009) and State Planning Commission, Govt. of Uttarakhand (2009) indicate the need and growing importance of HR interventional strategies in redesigning the role of public health services for better service delivery. The objective of this paper is to critically analyze the impact of human resource strategies on the quality of health services and explore the opportunities which provide a value added edge to the public health system.

Key words: *Work enrichment, intervention strategies, quality of work life, performance reward/incentive systems.*

Introduction

The status of health is an important indicator reflecting social development and quality of human life, further health care is one of the most basic human rights. Access to equitable health care regardless of people's ability to pay for health services is one of the major challenges faced by health systems today. Health care systems in most countries, rich and poor, have undergone reform processes stimulated by a growing concern about the weak correlation between the volume of resources expended and the outcomes in terms of health status. These reforms were usually embedded in a set of government reforms intended to improve the efficiency, equity of access and quality of public services in general. The health sector in India faces critical challenges on several fronts despite significant achievements since Independence. While the country has made substantial strides in economic growth, its performance in health has been less impressive. An important reason for this is the inability of the health system to provide health care for all. Despite an extensive network of government funded clinics and hospitals providing low cost care, curative health services in India are largely provided by the private sector and mostly concentrated in urban areas, serve those who are socio-economically better-off and place a substantial burden of out-of-pocket payments on patients. While India is one of the fastest growing economies in the world today, it is also one of the weakest performers in health. The Government is reinforcing public health investments, reduction in gender discrimination, protection in human rights, and creation of culture of ethical practices.

According to WHO (World Health Organization) health services are the most visible functions of any health system, both to users and the general public. The Pan American Health organization and the World Health Organization (PAHO/WHO) define the Public Health Functions as the indispensable set of actions, as the primary responsibility of the state, which are fundamental for achieving the goal of public health, that is, to improve, promote, protect, and restore the health of the population through collective action. Wide range of issues related to human resources in health sector including the diversity of health personnel, shortages of health personnel especially in critical areas like specialists, disparity in medical colleges in the country, rural-urban divide, migration of health personnel, role of professional councils and training of health personnel amongst others. There is the need for more innovative ideas and greater opportunities for medical

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research and initiatives for producing greater number of critical health personnel including faculty for medical and health institutions, hospital administrators and public health specialists.

HR Strategies and Health Services: The health sector has over the past years made several attempts to transform its human resources management schemes in order to strengthen and empower workers with relevant skills to be able to provide quality health care to the people of Uttarakhand. The Human Resource policy direction in the last eleven years has focused on increasing services and retention of staff and equipping them with the relevant tools to provide health care to all people of Uttarakhand. The current reforms in the health sector demand additional policy interventions on Human Resource management for sustainable human resource development towards improved health care delivery in the state. The strategic framework for action provides an overview of critical human resources for health issues and challenges confronting health system performance in India. The overall structure under which the strategic objectives operate; actions to be undertaken to achieve the key outcomes of public health systems calls for an effective HR Interventions or redesigning of HR Strategies in different states of India in Improving service delivery as the Social Sector is one of the priority areas of the country. There is a chronic shortage of well trained health workforce in Uttarakhand. This shortage is due to a variety of reasons including: migration to well develop states, under production of health workforce, inability to pay higher salaries and benefits, inability to sustain other measures to retain health workers.

The overall goal of the human resource policy is to improve and sustain the health of the population of Uttarakhand by supporting appropriate human resource planning, management and training so that there is adequate production of appropriately trained staff and that the staffs are motivated and retained to perform effectively and efficiently. The conceptual framework on HRM policy (derived from Health sector policy), underlines the following HRM policy (Bamberger & Meshoulam, 2000) measures:

? Increase the production and recruitment of health workers focusing on the middle level.

? Retain, distribute equitably and increase productivity of health workers by Strengthening supervision, refining compensation and incentive schemes, enhancing legislation and regulation.

? Advocate and mobilize other professionals related to health care to contribute to the promotion and maintenance of health.

? Empower environmental health inspectors to enforce standards for environmental hygiene.

Statement of the problem

Health forms the backbone of the state. There are different factors affecting the quality of health services in the state of Uttarakhand. It has been seen from time to time that the employees are discontent on the matter of HR practices and therefore the need arises for identification of specific HR policies different from the traditional state which do not suit to the typical requirement of Uttarakhand. Therefore, this paper attempts:

(i) To assess the role of HR Strategies in Health System and to study the impact of HR Intervention on the Quality of Public Health Services in India.

(ii) To explore application of Force Field Analysis in managing the quality of public health services.

(iii) To recommend strategies for improving the Quality of Public Health Services in India.

2. Literature Review

The following are some of the studies or agencies which emphasized on the role of HR Strategies on Health systems:

Hirak Dasgupta & Suresh Kumar (2009) revealed that the productivity of the medical staff is the most decisive factor as far as the success of the organization is concerned. The study showed that role overload is most significant source or factor causing role stress among the doctors working in the hospitals. The productivity in turn is dependent on the psychosocial well being of the doctors. In the age of highly dynamic and competitive world, man is exposed to all kinds of stressors that can affect all realms of life. The growing importance of interventional strategies is felt more at the hospital Level.

United State Agency for International Development (2009) highlighted the importance of policy intervention in reviewing and redefining the roles of public medical health centers, role of medical officers (MOs), orienting and introducing performance reward/incentive systems to improve productivity. The study also focused on special Non-Practicing Allowance for Medical Officers.

State Planning Commission (Govt. of Uttarakhand) (2009) focused on quality of work life variables in order to overcome the shortage of medical professionals, along with the recruitment through the Public Service Commission; contract appointments are also being done. Also proposed Residential & hostel facilities for doctor's family at suitable places will be provided.

The District Health Action Plan (2007) based on the concept of NRHM was implemented in all the thirteen district of Uttarakhand. The District Health Action Plan integrates the various interrelated components of health to facilitate access to services and ensure quality of care. Apart from other objectives, the DHAP recalled once again on the factors of quality of work life and focused on special allowances and revolving type of transfer policy for motivating the staff to work in the remote areas. It emphasized on regular training to the health functionaries at district and block levels on the new programs launched by the state and central government.

Dr. Ashok Kumar (2006) targeted towards providing meaningful information to policymakers, health administrators, researchers, Students and others to contribute towards improvement of health services and equitable distribution of health resources in the country.

Govt. of Uttaranchal, 'Health System Reforms in Uttaranchal' (2003), a paper presented at the workshop on India's Health System: Role of Health Sector, recommended measures to improve access to health services in remote areas. Given the difficulty in retaining services of various service providers in remote areas, due to lack of accommodation and low salary, there is a need to explore contractual appointments of medical staff.

3. Research Methodology

The study is conceptual in nature and is based on the primary and secondary data. The primary data include the rigorous interview in the form of discussion with the help of an open ended questionnaire with 60 professionals from PMHS (Provincial Medical Health Services), NGO's, Private Health Systems, medical professionals etc., Secondary data include Governmental as well as non-governmental publications, reports, newspapers and sites.

Area of the study: The study is confined to the areas in and around Dehradun, Haridwar and Tehri districts which gave the ample representation to the existing geographic and demographic diversity existing in the state of Uttarakhand. The study was also specific to the Allopathic medical services, as it forms the most common Medicare health services without any prejudice to the other system of medicines. Also the present study would cover the most significant factors of HR policies

Research tool: The responses of participants were analyzed by the application of Kurt Lewin's Force Field Analysis*, which is purely a qualitative technique. Therefore, the responses of participants (variables affecting the quality of health services - Workload, Hours of work, Monetary and Non-Monetary Benefits, Training and Development Program, Performance Evaluation Process, Promotional Pattern, Quality of work life and other factors) were categorized under two broad dimensions affecting the quality of health services: Driving Forces and Restraining Forces.

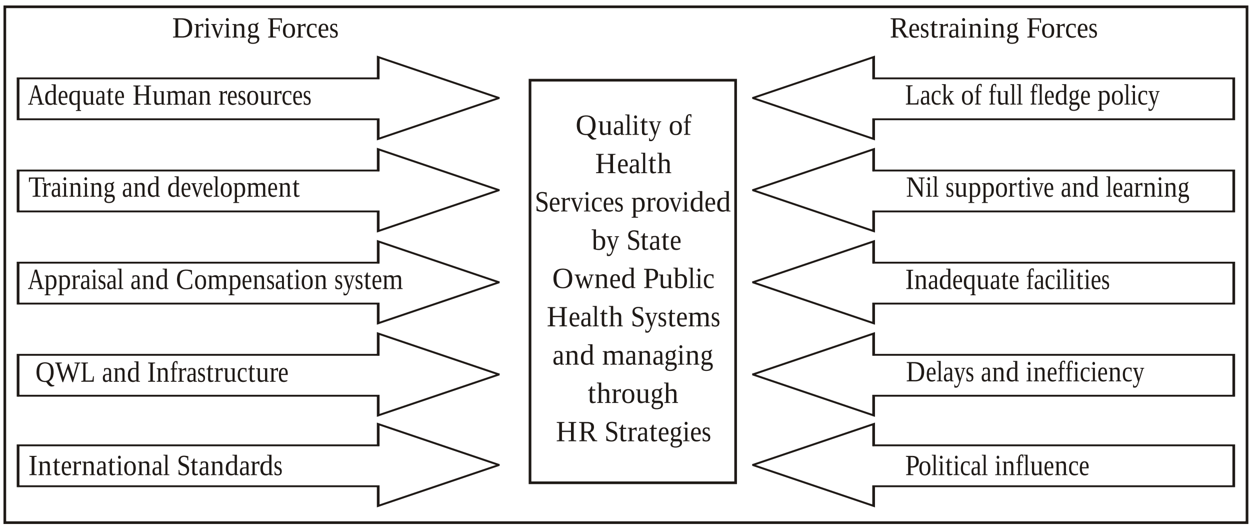
4. Data Analysis and Findings

Force Field Analysis is a simple but powerful technique for building an understanding of the forces that will drive and resist a proposed strategy. Chart 1 derived from the work of social psychologist Kurt

Lewin, helps to understand the variables/ forces involved in planning and implementing a program affecting the quality of health services provided by Public Health Systems and managing through HR Strategies. It depicts the driving as well as restraining forces affecting Quality of Health Services provided by Public Health Systems in Uttarakhand.

* Force field analysis is a management technique developed by Kurt Lewin, a pioneer in the field of social sciences, for diagnosing situations. It will be useful when looking at the variables involved in planning and implementing a change. Lewin assumes that in any situation there are both driving (helping forces) and restraining (hindering) forces that influence any change that may occur.

Chart 1: Force Field Analysis Depicting the Factors Impacting State Owned Public Health Services in Uttarakhand



From the interviews conducted, 80% of the respondents revealed that the following are the major driving and restraining forces which have an impact on the role and effectiveness of PHMS in Uttarakhand:

Driving Forces: Driving forces which represents positive forces and that could add value to the quality of services include investment in training and development, efficient appraisal and attractive compensation system, meeting quality of work life of employees, development of proper infrastructure facilities, and finally adhering to the International Health Standards such as WHO, UNESCO etc., apart from this the State governments need to maintain the standards through appropriate institutional mechanisms.

Restraining Forces: The Restraining forces that found to be grave to the provision of quality of public health services include lack of full fledge policies and procedures, nil supportive and learning environment, inadequate facilities, delays and inefficiency, lots of administrative and paperwork and at the outstretch the influence of politics.

In order to make the health system effective the driving forces must overcome the restraining forces.Usually, the most effective way to do this is to diminish restraining forces. Therefore, the government initiative as well as the role of good Human Resource Strategies plays a vital role in identifying the role of Public Health Systems in Uttarakhand.

5. Conclusions and Suggestions

For developing sound health workforce and good HR practices in Uttarakhand, one of the key actions required is coordination between national and state councils and demarcation of roles and responsibilities of national and state branches of councils along with compulsory induction programme and creation of separate divisions for human resource development at district, state and national levels.

Some of the key points that the study reveals or suggests are:

- Need for policy on Human Resource Management and creation of separate cell/divisions for Human Resource Cell at central, state and district levels,
- Need for induction training to officers across all levels,
- Greater role of professional bodies and associations to adhere to standards and ethics,
- Adequate remuneration and good working conditions to be provided to prevent migration,
- Transparent and effective transfer policies,
- More health care providers to increase the number of qualified service providers entering the health workforce,
- Creating healthy, supportive, learning workplaces to enhance working and learning conditions to maintain an experienced, dedicated workforce with the skills to provide high quality, safe, timely care and
- More effective planning and forecasting to develop the capacity for more effective health human resources planning and forecasting to support an affordable, sustainable health care system.

While Uttarakhand is one of the fastest growing states in India today, it is also one of the weakest performers in health. The importance of reforming the health sector has never been as critical as it is today. Therefore, it is a high time for Government to review rather than reinvent, and focus on the innovative HR practices affecting the quality of Public Health Services in Uttarakhand. A roadmap for streamlining this sector of health workforce should focus on competencies and the need for national and state bodies' coordination.

Limitations

1. The study is specific to the Allopathic medical services.
2. It is confined to only three districts of Uttarakhand.
3. The tool that has been utilized in the study is qualitative.

Scope for future research

1. The study which is purely based on a qualitative technique can also be analyzed by applying a quantitative tool.
2. The present study can be further used in health research in improving the efficiency and effectiveness of Provincial Medical Health Services in India.

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Annexure I

Questionnaire for Health Care Providers

You have been randomly selected to be part of a survey on health and human resources, for which we would like to interview you. The interview will take approximately 15 minutes. I will ask you some questions about your work as a health care provider, including the practices and experiences at this and other facilities where you work. The information you provide will be used only to understand about the types of activities, payments and general working conditions of health workers.

The information you provide is totally confidential and will not be disclosed to anyone. It will be used only for research purposes. Your name, and the name and location of this facility, will be removed from the questionnaire, and only a code will be used to connect your answers with the facility without identifying you. Your participation is voluntary and you are free to refuse to answer any question in the questionnaire.

Are you willing to participate in this survey? Agreed [ ]   Refused [ ]

a. Name of the Respondent:
b. Hospital/Health centre/Dispensary :
c. Name of district/town:
d. Urban/rural:
e. Occupation of respondent (tick please):

a. Doctor
b. Nurse
c. Pharmacist
d. Other health professional

1) How would you best describe your workload at your health center?

2) How many hours a day does you usually work?

3) How would you describe the method by which you are usually paid? Are you satisfied, If not Why?

4) Do you receive any additional monetary and non-monetary benefits? What are they?

5) Do you undergo any training and development program? If yes, what is the frequency?

6) Are you satisfied with the present training and development program?

7) How is your performance evaluated? What is the pattern on which it is evaluated?

8) Are you satisfied with the present performance Evaluation Process?

9) Are you satisfied with the promotional pattern followed by the health system?

10) Are you satisfied with the Quality of work life and other infrastructure facilities provided?

11) Is the Health system has the influence of any other factor? If yes what are they?

12) What according to you are the factors that have an influence on the efficiency and the performance at work?

13) Do you receive sufficient support from the health system? What are they?

14) Do the policies related to health system are revised from time to time? Are you satisfied with them?

15) Do you think the overall HR strategies towards the health are sufficient to meet the employee satisfaction?

Who Will Bell The Cat???
A Case study on Organisational conflict

*Soumya.S.**
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Case Study

On a Saturday, one customer tendered a cheque of Rs. 200 at the SB counter of a bank branch and obtained a token. He was to get cash at the teller counter. The normal practice followed by the branch is that when a cheque is presented at the SB counter, the cheque is presented at SB counter, the cheque is posted in the ledger and after the concerned officer initials the ledger, it is handed over to the teller payment counter. The customer waited for some time but found the teller missing from his seat, hence he tapped at the glass pane of the counter with his token. The teller took his own time to come to his seat. It led to heated exchanges between the two. Eventually, the customer was refused payment.

The customer approached the Manager and complained about the non-payment. The Manager called the teller and requested him to make the payment since it was obligatory to make payment. However, the entire staff joined the teller and demanded an immediate apology by the customer for his rude behaviour and closure of his account. They wanted police action against the customer since he had threatened them.

The customer, who happened to be an advocate, lodged a written complaint and threatened legal action against the teller. Immediately afterwards, the entire staff came to the Manager demanding protection against such threats.

The written complaint of the customer was handed over to the teller for his comments while all the staff members lodged a joint protest stating that they were aggrieved at the indifferent attitude of the Accountant and the Manager. The entire office was in confusion and loud accusations were expressed by all staff and the customer's problem was completely forgotten.

The teller while replying to the customer's complaint stated that the customer came around 11.55, just before the closing time of the counter and demanded immediate payment and without listening started using abusive and threatening language. The teller pressed the emergency bell but the Accountant did not come to settle the issue. This humiliated the former. Accordingly, he wanted enquiry into the matter and protection against customer's threats.

The Accountant submitted his written comments explaining that the teller was attending a phone call for more than 15 minutes without bothering about the customer. The customer had come well within the banking hours and he might have got upset. It was the staff who shouted and abused the customer. There was no ringing of the emergency bell as stated by the teller since if it were so, the watchman would have immediately closed the shutters. The fault was primarily that of the staff. Moreover, such incidents are of frequent occurrence.

After a couple of days, an Inspector of Police came and enquired about the teller. During the course of talk, he informed that a complaint has been lodged against the teller and he would like to interrogate him. When asked about the nature of the complaint, it was declined stating that the case was against an individual and details of FIR could be given to him only. The bank could be a witness but not a party to the dispute.

After a out 10 days, a notice was served through the Manager to the teller. The notice required the teller to be present next day at 5.30 p.m at the Police Station since a case was filled under Section 294 IPC. On receipt of the notice, the teller wanted that either the Accountant or the Manager should accompany him to the Police Station.

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On the next day, as per the notice served, the teller went to the Police Station, and at around 6.00 p.m. the Branch Secretary of the Union informed the Manager that he feared arrest of the teller and he wanted Bank's help. The bank's lawyer was contacted who assured that if arrested, he could get the teller released on bail. At that stage the superintendent of Police was also contacted to ensure that the teller was not harassed. But nothing was heard after that. At 8.00 p.m., the Manager went to the Police Station and was informed that the teller was bailed on personal bond at around 6.15 p.m.

On the following day, when the branch opened at 9.30 a.m. as usual and some of the officers were preparing to start the day's work, all members of the union who felt that it was the fault of the Manager and the Accountant in particular and all Management staff in general, which led to the arrest, reacted by shouting slogans. All officers went to the Manager's cabin where the situation was very tense. All officers where informed that they are under 'gherao'. A section of the Award Staff members were so emotional that they started threatening and using abusive language.

Officers were not allowed to touch the telephone and no officer was allowed to go outside the Manager's cabin. For a long time, even water was denied to the officers. The officers were not allowed to explain the position to customers who felt upset that the branch was not functioning. For the whole day, slogans were shouted and officers were made to starve. The other section of the union were watching the drama neither helping the management nor the agitating members of the staff.

The local state level co-ordination committee leaders who wanted to find a solution could not pacify the members and the work came to a stand-still for the entire day.

On the day the teller was arrested, the Branch Manger contacted the Regional office to seek the opinion regarding the staff's request for bank's assistance in case of arrest. The branch was advised that although it may be a police notice addressed to an individual, it could help the member. Accordingly, the Manager went to the police station around 8.00 p.m. by which time the teller had been released on personal bond.

Award Staff members did not permit the branch officials to contact Regional Office/Central office on the day they gheraoed them. However, from the nearby branch, RO came to know about the forceful retention by a section of the staff and this position was explained to the Central Office on the same day. By late in the evening when officers were permitted to leave the office, they were completely shaken and informed the Regional Office telephonically that they feared physical assault and hence would not open the branch on the next day.

The Regional Office informed the Head Office about the branch management's stand and they were advised that discussions were going on at the highest level and it is advisable for officers not to precipitate in the matter as it may go against them. Officers were assured that action would definitely be taken against the erring members.

As per the decision, all officers abstained themselves from work on the next day. Accordingly, the branch could not be opened. Nearby branches became aware of the situation and all officers closed their respective branches and joined them in sympathy. The Head office got all information and the branch was immediately advised to seek help from the Chief Secretary or Inspector General of Police but eh Branch Manager made it very clear that the officers were totally demoralized and only officers from others branches could man the branch at this stage. The officers of this branch were mortally afraid that their lives were at stake. All Award Staff members came to the branch only to find the branch locked out and customers also had to go back since the branch was closed.

The Branch Manager was assured that the Union officials from Head Office would be sent to arrive at a compromise with the aggrieved customer and the erring members would be dealt with suitably.

As branch did not open, the officers were recalcitrant and fearing that the situation may continue. Two senior Managers from the Regional Office were deputed to see if the situation could be normalized. Inspite of requests from the Regional Office Managers, officers related various acts of misbehaviour and hence wanted firm action against the members and assurance that they would be protected from such harassment in future. As a consequence even on the next day, officers did not attend the office and the branch could not be opened.

On the third day (being a Saturday), the branch was opened by Regional Office Managers as officers and the Branch Managers were insistent on some assurance from the management before opening the branch. All the Award Staff members reported for duty but business could not be transacted.

On seeing the branch open on Saturday, many customers demanded cash payment but as officers were not present, cash could not be disbursed. Customers were sore since branch did not function for the past 3 days continuously. They were assured by the Union leader who had arrived from Head Office and also Managers of the Regional Office that normal functioning would start from Monday.

In the meanwhile, the Regional Manager realised that the situation did not improve and the officers were adamant and did not open the branch, for the past 3 days. He, therefore, rushed to the branch along with Association leaders. There were continuous discussions till midnight on Saturday with the association leaders, Union leader and Manager and Officers of the branch. The branch management agreed to open the branch on being assured that action would be taken against the erring members. All returned back to their respective places while the Manager of the Regional Office stayed back until Monday to supervise the restoration of normalcy. There was no untoward incident and branch functioned normally. However, the relations between the supervisory staff and Award staff remained strained.

Although memos were to be served on the members who misbehaved but these were not served since there was some misunderstanding. The Branch Management wanted memos to be served only on those who actively participated and used abusive language while they found that the Regional Office wanted to serve memos on all the members who were involved. Thus the branch was opened without memos being served.

The issue of serving of memos was discussed at the Regional Office level where Association leaders were present and then days passed without any action and ultimately it was decided that the Branch Manager's views would have to be considered. At that stage the Branch Manager felt hat the situation was fast coming back to normalcy and hence he would not like to have another show down. Thus the matter of serving memos was dropped.

Meanwhile, the Head Office felt that the unpleasant situation at the branch had to be set right. They requested senior officials of the Regional office to stay for 2 months at the branch and to try to improve the Industrial Relations situation. However, as the matter of action to be taken against erring members was still unresolved, the same was implemented by the branch on the instructions of the Regional office officials, although reluctantly, in the presence of the senior officials. Thus the ritual of serving memos was carried out after 3 months from the date of the incident.

2. Discussion Questions

Do you feel that Union's action was justified? Why?

Do you feel that Officer's reactions were justified? Why?

Could the situation be averted by the branch management? How?

What role did the Regional Office play?

What should be the I.R. Policy of the C.O.? What were the reasons why C.O. could not act?

Whether the I.R. situation in the branch was due to system's fault or due to lack of sensitivity? At what level?

Can you identify the root of the problem?

If you were to set right the situation, how would you go about it?

3. Teaching notes

The episode of direct confrontation between the Union and branch management was an eye opener and the most opportune moment for the management to look a bit deeper at the causes of the problem. On the other hand, after a lapse of many months from the incident, there still seemed to be deep rift amongst the various levels of management and also a lack of trust with the Association and the Unions. It is necessary to analyze and appraise different perceptions and to evolve an effective strategy.

The Recognised Union feels that the management is over reacting to the normal happenings in the branch and according to them the position was more or less the same for the last decade. But they agree that indiscipline and overtime should be checked after proper dialogue at the different levels.

The minority, unrecognised Union feels that the entire drama was a farce and an eye-wash and that the management was not really serious in improving the situation.

Officers Association feels unhappy that officers in this branch are made to suffer due to harassment caused by the Award Staff but they feel helpless without the support of officers, who seem to be confused and divided.

Branch Management (Officers & Managers) feel totally frustrated and unhappy for being misunderstood. According to them, their protest was a spontaneous reaction and an expression of genuine fear. They are aggrieved that with the passage of time, the focus had shifted from the problems of the branch to themselves obliterating various issues.

Regional Office Management feels that the problem has to be tackled by the Deputy Regional Manager's office since its closer to the scene of action. But the entire issue is in a state of suspense and no one is sure who should initiate further steps.

Central office Management feels that the problem of this branch is unique and peculiar to the State. Hence DRM's Office should be able to tackle these problems at its level. Moreover, the problems can be best dealt by people who were on the spot instead of being monitored from a far off place.

This complex situation brings us to the question as to who should initiate steps at this stage? Each of the above group feels that no-one is involved hence there cannot be any solution.

Suggested Remedy. Each of the above group can play its role sincerely and then directly or indirectly help in branch effectiveness.

Recognised Union Leaders should be taken into confidence by the Management about the seriousness of the situation and the steps that the Management intends to take so that it understood the spirit in which he problem is being resolved.

Unrecognised Union Leaders should be told that any kind of indiscipline from any group would be dealt with firmly.

Branch Management should list out all the problems, minor as well as major, for which they can seek assistance of the Regional Office and also involve the local Union. The problems can be classified into three categories.

? Those which can be tackled at the branch level itself.

? Those which can be tackled at the Regional Office level.

? Those which have to be dealt at the Central Office level.

After this exercise, they can list out their strengths and weaknesses so as to enable them to know the steps to be taken and those problems which are beyond their scope can be referred to the appropriate higher levels.

Regional Office Management should, despite failures or short comings at various levels, should primarily assist and build confidence in the branch management to enable it to function more effectively.

Central Office Management should emphasize the need to tackle problems promptly and speedily at the lowest level possible, and at the same time should realise that the Manager's role is becoming very complex and difficult. It should examine the following two aspects.

? Is the existing industrial relations system adequately geared to anticipate and reduce the areas of conflict, misunderstanding and communication? (Human relations management).

? Are branch Managers adequately trained to shoulder the responsibilities and challenges in the Industrial Relations area? (Human resource development).

4. Board Plan

The Board in the case discussion room needs to be divided into four parts. In these four parts, the following aspects are to be listed out:

PART 1- The salient features of the case in brief

PART 2- Issues and the most important ones to be solved

PART 3- The possible solutions for the issues (can be many)

PART 4- This contains the final solutions which are normally taken out of heated brainstorming discussions in the session. Here the teacher needs to watch the discussion part of the students and is supposed to make the participants give the answers/solutions.

5. Few tips for case analysis

Apart from the case discussion, the teacher concerned can also make the participants participate in a role play which involves the trade union leader and employer and employees so that the participants get first hand information about the issue. Similarly, the teacher can also make the students engage in a debate on the IR issues faced.

Basically, this involves the creativity of the teacher as well as the students.

Ownership Structure Analysis in Corporate Credit Valuations: A Corporate Governance Insight

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1. Introduction

Credit Crisis in 2008, enhanced Sup prime Crisis in 2009-2010 and now Euro zone vulnerability. All these financial debacles point towards global economic integration and impact. Whenever these kinds of events take place, the elite class of Accountants, Analysts, Bankers and Policy specialists come together to interpret these critical financial situations. The strategic evaluations of these themes reveal the importance of Corporate Credit Analysis and Corporate Governance Principles.

The purpose of the research paper is to restate the magnitude of ownership structure in corporate credit valuation. This article weights non-financial characteristics to study areas of credit worthiness, liquidity and many other aspects of corporate credit. Although the major limitation in corporate credit analysis is that economic indicators always supersede the relationship between two variables of organizational structure and credit behavior of a company, yet this analysis provides an insight on credit valuation process and strategy. The paper illustrates this with 3 case situations of different scenarios:

? Importance of implied support mechanism (Petrocom Energy Group LLC)

? Emphasis of economic indicators and Credit rating agencies in ownership structural analysis (Pakistan Steel Mills Corporation); and

? Role of stock exchange in Corporate Credibility assessment (Petroplus Holdings AG).

The Geographic scope of this paper is from European, US and Asian economies with reference to steel and energy sectors. This shapes our analysis closer to realistic pattern of research ingrained with diverse economic behavior and sector studies.

2. Conceptual Statement of Corporate Credit and Corporate Governance

Corporate credit analysis is a study of obligor's ability and willingness to pay back the amount that is owed to seller of goods and services. Corporate credit involves five major parties that deal in a business situation. These are Buyer, Seller, and Lender of finance, Credit Rating Agency; and Ultimate Consumer.

Credit Analysis studies and quantifies credit risk and default point of any corporate dealing. It studies the financial muscle of any company to payback its financial obligations for short as well as long term debt. The Default point of any major deal is the financial figure that shows the breach in the financial payback capability. As the default point is approached, the expected default frequency increases. Expected Default Frequency (EDF) is a term which is denoted by a percentage and measures chances that a particular corporate will not entertain its assigned credit limit conditions. Both the Default Point and EDF are inversely proportionate to credit worthiness quotient of a company. Credit Risk is a valuable concept and is mainly made up of two dimensions of research:

1. Default of non-payment on stipulated time; and

2. The quantity of loss incurred due to counterparty failure to pay.

Corporate Credit Analysis is a very large segment and encompasses various financial and strategic techniques to evaluate every deal. A research analyst in this area works on historical financial statements carrying out fundamental research, advanced ratio analysis, linear and multiple structured trend analysis and preparation of financial metric for

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performance index. On advanced formats we also calculate the Z-score, which studies bankruptcy check. Whereas, on the strategic part, the analyst carry out Stakeholders analysis, SWOT Analysis, PESTLE Analysis, Peer Review and GAP analysis, Sector and Industry outlook and RISK Modeling of the deal. There are four basic areas of evaluation in Credit research for assigning of credit limits and ratings. These are Profitability, Liquidity, Financial Leverage; and Capital Structure Analysis.

The Second aspect of concern in turbulent financial times is the application of sound Corporate Governance principles. Corporate Governance practice has been emphasized since the emergence of credit crisis era. As per O'Brien , Australian National University (2009) states that as the fallout of the financial crisis continues to devastate the real economy, the design of effective and flexible regulatory and corporate governance rules, principles and norms has become a global policy imperative. Corporate Governance is a practice of ethical and moral standards at the helm of affairs of any corporate structure so as to drive an organization towards achievement of a common goal. A code of conduct and ethics is needed to be firmly stated at every level of the organization. There are various parties involved and affected by setting up of Corporate Governance norms which may include the Board of Directors, the elite class of CEO, CFO, COO and other top executives, the management class at every level of hierarchy line and staff managers, the lenders and suppliers of business amenities, the government representatives, individual experts and auditors, researchers and analysts, employees and the most important customers and society at large. When such huge collective interest is at stake, a fair play of business mechanism is of crucial value, which is the objective of sound corporate governance system. In such an environment the basic principles that need to be adhered to are:

1. Full disclosure of information and transparency towards stakeholders

2. Preservation of rights of minority shareholders

3. An effective and efficient Board of Directors

4. Independent chairmanship of the Audit and Remuneration Committee

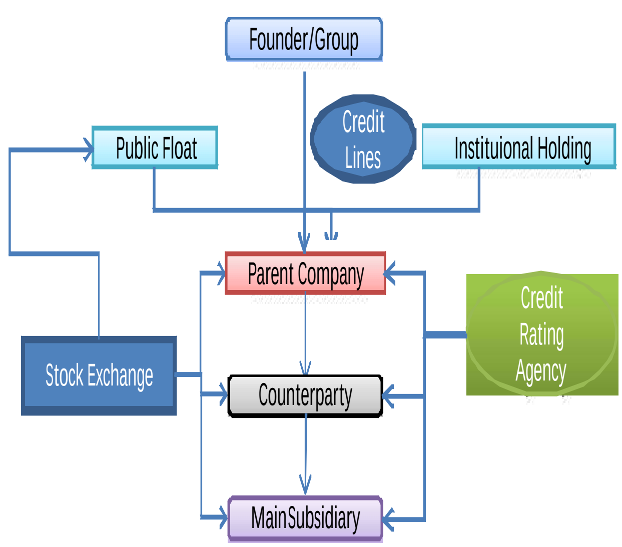
3. Understanding an Ownership Structure from Credit perspective

Corporate governance is hugely affected by ownership structures and the dominance of individuals within. A family owned business structure is going to be well knitted and be dominated by the founder member, usually, at the helm of decision-making as against the public company being run by bureaucrats. This helps the family owned structure with dynamic vision and decisions to strike the right opportunity at the right time. The founder member and his business philosophy also gains goodwill overtime which in turn acts as a boon for functioning of the entire system.

As per a study by Credit Suisse, the companies in which "founding members retain a major stake enjoy a superior performance over their respective peers in the same sector." 1

A simplified ownership chart involving major parties in analysis of corporate credit is given below as Chart 1. Although every organization has a different setup, but for research purposes, this model can be adequately analyzed.

Chart 1: An Organizational Ownership chart from Credit Analysis viewpoint



4. Analysis of Ownership Structure in Corporate Credit Valuation

An ownership structure or an organizational chart is a depiction of levels of hierarchy for a corporate or any other association. It shows the various modes of relationships clearly crafted throughout the organization. The two most important inferences from the above description are "Hierarchy" and "Relationship". An organizational chart answers lot of pertinent questions for corporate credit analysts, which are imperative for the assignment of trade limits to any buyer of goods or services. There are a great many pertinent questions which need to be addressed.

? Who is our counterparty?
? What should be the amount of trade limit and trade tenor?
? Is there any implied support provided to it by Government/Institutions/Group holdings?
? Is this entity a rated one and does it have a favorable rating from a third party?
? Is the entity Public or Private counterparty?
? What are its third party credit lines apart from its parent or holding company?
? Does it have an elongated corporate presence in form of subsidiaries and affiliates?
? Has the entity worked in the area of backward or forward integration?
? Does the entity enjoy diversified business operations and is able to raise finances overseas?

The answers to these questions are germane for the understanding of qualitative research in formulation of Credit limit/summary table. This metric so formed is further combined with financial and strategic research to arrive at a final solution.

A Counterparty is an entity which is involved in a trade deal with a seller of business amenities. It may be association, body of individuals, corporate, government body or any other form of organization, for which a comprehensive credit evaluation is being done. The first step towards carrying out a credit research proposal is to understand our counterparty. The answer to our first question is study of economy, business domain and leadership structure of the entity. If the economic and political scenario of the counterparty is unstable, it leads to a cautious approach for the latter part of credit review. The business operations detail out the possibilities of any risky outlook i.e. volatility of raw material prices, unstable or negative growth rate of industry, too much dependence on single asset class etc. The leadership pattern is the third factor of influence which is of vital significance. It shows whether our trade partner has a holding company or a bigger group or government department as the major shareholder. If such a situation persists then, the credit limit assignment can be easier. A renowned founder having major stake say more than 50% has strong structural relationships within industry, sector and on a national scale, which is further escalated by his existing goodwill and thus lead to lower default expectation. Similarly, large financial institutions of international repute can add feather to the cap while considering enhanced credit agreements with the counterparty.

The Trade limit is an amount of credit to be given when dealing with any counterparty. A trade deal involves sanction of trade limit and fixation of trade cycle or trade tenor. Trade tenor is a time period which acts as a credit period for our counterparty. The flow of major cash payments takes place after the end of this time period. A trade limit is assigned after careful evaluation of financial performance, benchmarking with peers and strategic analysis of the counterparty. It is a mix of above three factors that are assigned weights and then a weighted average is calculated so as to come to a credit rating. This credit rating is used to assign limit based on previous experience with the trade partner. Trade tenor is decided upon by analyst after taking into consideration points like ageing schedule analysis of payments in the past and economic scenario of the country of counterparty.

The Implied support is a mechanism where the long term sustainability and short term working capital cycle of the counterparty is adequately funded with liquidity, credit lines and operational backup from the government or financial institutions or the parent company/holding company/any bigger group. It reveals the strength of the counterparty to honor its commitments in time. This commitment is generally in the form of funds flow, hedging commitments on foreign currency, diversified asset base, strong operating metrics of the parent company etc. The caselet to illustrate the theme of implied support mechanism is highlighted below.

Caselet 1: Petrocom Energy Group LLC (US Economy and Energy Sector)

Petrocom Energy Group LLC is a US enterprise organized on December 17, 1998 and commenced operations primarily in April 1999. It is headquartered in Houston, Texas and is engaged in wholesale energy marketing and trading transactions. The financial metrics for the company in year end 2010 showed deficit trend in cash flows, weak liquidity and low current cash balance, aggressive leverage profile with Debt-to-Capitalization of 59%. In the event of such a scenario which was coupled with volatility in oil prices, we will generally see two areas before trading with this company. These are expected strong implied support and investment grade credit ratings. Petrocom Energy has a dubious organizational structure as it is neither rated as a company nor it has a defined parent-node relationship with a bigger entity. It has four individual members with controlling stake of 32%, 32%, 32% and 4%. Its operations are managed by Bush Petroleum Inc. and Timberwilde Investment Corp. Thus, it has no implied support in terms of Holding company or Government stake.

A credit rating agency plays a big role in credit review of the counterparty. It helps in providing a fair view and genuine assessment of the operations of the counterparty and its affiliates. The role of a credit rating agency in corporate credit evaluation can be understood on the same lines as an independent audit is carried out for an organization. If an entity is rated from a third party/credit rating agency, it increases the chances of better trade exchange between two companies. There are basically three types of credit ratings i.e. investment grade, speculative grade and default ratings with the investment grade being the best and others follow suit. Therefore, if the entity enjoys an investment grade rating, it is deemed to be having a healthy financial and operational index, which enables enhanced credit limits and tenors. Credit rating agencies on the international front like S&P, Moody's, and Fitch are the best in the business, whereas some renowned Indian ratings agencies are CRISIL, ICRA, CARE,

The above screened maps show the relative rating grade of nations around the globe by Moody's and S&P MAPS.

Caselet 2 mentioned below highlights the theme on the *Emphasis of economic indicators and Credit rating agencies in ownership structural analysis.*

Caselet 2: Pakistan Steel Mills Corporation (Asian Economy and Steel Sector) 3

Pakistan Steel Mills Corporation (PSMC) is a good example of Asian economy which is considered better off relative to its peers in recent times of crisis. This organization is a 100% government owned company and the largest steel enterprise in the country. Although being a part of strong Asian economy and enjoying implied support from the national government, PSMC did not live up to the expectations of being a healthy trade counterparty in year 2009-10. The counterparty has been exposed to political instability, with extremely weak financial position reporting around Rs 20 billion losses in 2008-09, first time in 9 years. The accumulation of losses was due to less than target production and sales, import of raw material at exorbitant rates and global economic crisis. The country risk has been assessed by rating agencies as high (with S&P rating of B- and B3 by Moody's, one notch above implied default). Moreover, the major economic risk to Pakistan's framework policy was massive flood in August 2010. This all concludes the heavy impact that economic and political stability has on trade policies. Although, the company is largest public sector undertaking in the industry in Pakistan, yet it had negative trade connotations for corporate deals. At this point, it was for credit agencies to come out with a substantial analysis for rating purposes and help trading companies to avoid impending default.

A counterparty which has publicly floated shares and is listed on a national stock exchange has greater credit worthiness and credibility in terms of business operations. This is due to the fact that it has increased responsibility towards fund providers via free float. Moreover, it is under the regulatory microscope of government and other national agencies to follow stringent rules and regulations. The default point in the case of such an entity is significantly reduced due to increased liquidity available at its disposal. This increased access to capital and debt market is a strong fundamental factor to be considered while credit evaluations.

Although, there are certain instances where negative event information can hurt the credibility of an entity faster and to a greater extent when it has presence on the bourse. There is a related Caselet to this situation, which explains the importance of market forces mechanism of the stock exchanges.

The caselet 3 mentioned below is on the theme of *Role of stock exchange in Corporate Credibility assessment 4*

Caselet 3: Petroplus Holdings AG (European Economy and Oil & Petroleum Sector)

Petroplus Holdings AG is the largest independent refiner and wholesaler of petroleum products in Europe. It has a throughput capacity of 667,000 barrels per day and Nelson complexity of 8.3. Although being the largest organization, on evaluation, the company witnessed a rating downgrade in February 2010 and is again under review for further downgrade. The company has a disturbed operating metric since last one year and has been reporting net losses after third quarter of 2009, barring only one quarter results. After such events at the bottom-line affairs, the stock Market .i.e. the SIX Stock exchange, where it is listed under the symbol of "PPHN", has shown a dip in its Market Capitalization owing to the fact that the company reported a wider than expected net loss from second quarter earning in June 2011. Meanwhile, the company has transformed its Reichstett refinery site into a marketing and storage capacity. This might be the company strategy to spin off or sale it to some other interested competitor as marketing facility will churn out more finances than a refinery site on being sold.

5. The concept of Credit Lines

Credit Lines are facilities that any counterparty may resort to related to funds usage. It can be a short term or long term facility. Credit Lines are arrangements with financial institutions that companies may avail funding for capital expenditure, expansion purposes, repayment of debt, short term working capital adjustments etc. Credit lines may be committed for a particular use or uncommitted and available for general purpose. These facilities can be revolving i.e. with an enhancement clause every year. Moreover, the financial institutions require the counterparties to comply with some "financial covenants" so as to follow a cautious lending approach. Any breach of covenants lead to cancellation of the agreement or penalty in the form of exorbitant interest expenses. Many a times, the interest paid for these credit lines is linked to "LIBOR" rates. Sufi (2007) found that credit lines account for over 80% of the bank financing provided to U.S. public firms, while Kashyap et al. (2002) found that 70% of bank lending by U.S. small firms is through credit lines. For Spanish firms, credit lines account for 42% of firm's bank financing.5

A strong support in the form of adequate credit lines is an example of sound banking relations and ample liquidity with any company. This increases the credit worthiness and trade positions of the company. Credit lines may be available as an agreement of the parent company with these lenders or a direct relation of the counterparty and supporting banks. If the company has strong credit lines and with increased revolving clause, it provides a surety of liquidity of the entity with better current ratio and cash ratio. The available amount in the credit lines along with cash and cash equivalents as on the date of closure of financial statements enhances trade limits for the organization.

6. The existence of subsidiaries and affiliates define strong hierarchy in ownership structure.

It helps to refine the relationship of a group as a whole. The holding company and its shareholding is specifically mentioned in form of percentage of ownership in the structure. With a strong affiliate network, the scale as well as the efficiency of operations increases tremendously. A major strategy followed by big players in their respective sectors is to develop an international affiliation structure so as to derive the benefits of global market penetration. It also helps in diversification of markets and customer base. Another key strategy followed is to distribute the operations of the major production process or to decentralize the support functions keeping in mind the regional topography of the country.

One major aspect in the study of corporate credit valuations is established strategic presence in the form of Backward or Forward Integration. Backward and Forward integration occurs by the control of supply of raw materials and similar control over the distribution mechanism. Any organization having a strong supply and distribution network will have a timely trade delivery schedule. It reduces overall trade cycle time and makes a counterparty creditworthy qualitatively. By being integrated, the companies become cost efficient and thus the benefit percolate to their trade partners in form of lower priced goods.

Another point of noteworthy representation in any company's credit health is its access to "Global Wealth". With an increased presence in international financial markets via, international IPO, ADR and GDR's, foreign currency debt and Capital contributions, the risk of sovereign disturbances is reduced. Overall, the organization also increases its presence in global debt, capital and credit markets, thus having more funds at its disposal.

7. Conclusion

The process of credit research entails analytical approach of study, wherein various financial and non-financial parameters are judged to evaluate creditworthiness and credit risk. This article lays stress upon the relevance of qualitative factors of credit standing of any organization. The incorporation of three sectors and three economies enhances the quality of research taking into consideration the globalization factor. The next step of study in this domain would be calculation and interpretation of Agency cost factors through credit scoping. Each level of discussion in this article explains the different perspectives of corporate governance, whether it is relations with its parent company, external credit line agencies or financial institutions etc. Throughout this article we have analyzed the linking of corporate governance with corporate credit valuations.

This research will create a background for understanding various corporate credit concepts on the lines of corporate ownership structure for Chartered Accountants, Company Secretaries, Cost Accountants, Chartered Financial Analysts and other professionals in the field of finance who desire to make a career in the domain of Corporate Credit Valuation and research.

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Compulsive Buying: Facts and Findings

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Buying is a normal phenomenon but excessive buying has been indicated as a clinical disorder. Compulsive buyer has a different state of mind while making purchase. He has an altogether unusual psychology and reason to indulge in shopping that is different from the psychology of a normal buyer. Compulsive buying is a recent terminology added to the study of consumer behavior. An inquiry into consumer behavior is essential for marketers to understand the psychology of a customer. Aim of marketers is to devise stratagems to exert a pull on maximum buyers. The compulsive buying aspect of consumer behavior is important for marketers, policy makers and academicians. Consumer behavior studies the buying behavior and compulsive buying is the excessive buying behavior of consumer. Buying behavior becomes compulsive when the impulse of buying become severe and consumer is not able to refrain from buying even the product that has no utilitarian purpose. The compulsive buyer is interested in the process of buying and does not have any functional approach towards buying. The present article supports the central theme that the compulsive buying is a strong intensity to buy which is an outcome of various factors and affects the psychology of consumer adversely.

Compulsive Buying has been defined as "a response to an uncontrollable drive or desire to obtain, use, or experience a feeling, substance, or activity that leads an individual to repetitively engage in a behavior that will ultimately cause harm to the individual and/or to others." Compulsive buying has been associated with negative emotions as it leads to low self esteem, dissatisfaction and aggravation. A compulsive buyer uses process of buying as a means to divert from negative emotions but ultimately returns back to the same state of emotions after a temporary relief from the pain. He gets trapped into the vicious circle of negative emotions and buying spree. The buyer spends money to compensate for his/her internal bareness. Compulsive buyer shops to divert his mind from present state and search for relief from negative emotions by spending money. But this diversion is only temporary. Whenever compulsive buyers experience anxiety or stress, which may only be relieved by buying, they go on a buying spree. The anxiety and stress mollified for the time being by making purchase is soon replaced by culpability, depression, and self-criticism.

Researchers have conceptualized compulsive buying as 'compensatory behavior' that compensates for negative emotions such as anxiety, distress, annoyance and lack of self-esteem. Compulsive buyers try to covenant with the problems related to individuality and disposition by buying goods.

Compulsive buying tendencies of consumers strongly grasp and supersede social and personal values and have direct bearing on the psychology of the consumer.

It is often correlated to low self-esteem, discontentment in life and low subjective well-being.Researchers has found out various reasons for emergence of such behavior. First and foremost factor that influences the buying behavior of individual is socialization. Learning behavior of a kid makes him follow the trajectory and adapt to the buying behavior of his family and peers. A child is affected by the social environment in which he is brought up. The observational nature of a kid makes him acclimatize his parent's attitude towards shopping. Research has shown that the compulsive buying behavior among young adults, who have experienced family stress and destruction, depicted in parental separation or lack of compatibility, has been interpreted as the outcome of their attempt to deal with insecurity.

Compulsive buying has also been associated with negative emotions like frustration, disappointment and low self-esteem. To do away from

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negative emotions he goes on a shopping binge but after making purchase his pessimistic thoughts aggravate on realizing his ham-fisted decision of useless spending. This way a compulsive buyer gets pinioned in catch 22 situations. Compulsive buyers feel anxious and sad before shopping and then feel guilty and depressed after shopping. The compulsive buying process starts with putting off emotions and end up with the same. Compulsive buyers behave in a pathological manner. Their behaviour is extreme and unacceptable. When they experience negative emotions they develop a powerful feeling to buy, which they cannot control.

Compulsive buying shoves the consumer into harmful financial circumstances. Compulsive buyer indulges in excessive shopping and overspends. That leads to indebtedness and huge credit card bills. They indulge in credit abuse. It is difficult for compulsive buyers to refrain from spending even if they do not have enough money. Compulsive buyers overspend to make up for inner blankness and missing happiness and hack into economic failure and bankruptcy. Compulsive buyers demonstrate a steadfast assurance to money as gesticulation of power and persona. Compulsive buyers who are heavy users of credit card are more liable to have positive attitudes towards borrowing money, and to overspend.

Mass media plays an important role and act as a tool to the marketers who utilize the advertising to influence people to indulge into buying and spending money that they might otherwise circumvent. This pressure on marketers to attract maximum buyers leads them to indulge in persuasive and deceptive advertising. There are some buyers who are aware of these tactics of marketers and avoid indulging in buying, but there are others who get swayed with these disingenuous campaigns of marketers. Thus, every time they see a new launch or improved version of existing product they just cannot stop them sellers from buying it. This is alarming situation. Since compulsive buying is a behavior of people when they cannot stop themselves from indulging in wrong, harmful and unnecessary shopping, they can be easily deceived and misled by marketers.

The studies conducted previously have confirmed gender variance, and upheld that younger people are more prone to compulsive buying but the difference is less pronounced among youngsters. Women are generally associated with shopping. Compulsive buying behaviour is found to be excessively expected from women as shopping has been strongly related to femininity and female's societal & individual identities, and, is a psychosomatic reparation stratagem for those who are still tied into household and children. The other reason for this biased influence is that the conversation among women is more acquisitive than that among males. This bantering among females is more covetous. They indulge in shopping to show off and to prove themselves better off than others. This tendency of women makes them more prone to compulsive buying behavior. They shop more often to make an impression on others and tend to consider shopping as self rewarding.

Status Consumption is another reason for which compulsive buying is being encouraged. Compulsive buyers get encouraged by designer's brands. Compulsive buyers consider buying as a manifestation of a high societal standing. Compulsive buyers presume that shopping would surface the socially desirable appearance. Status consumption necessitates consumers to constantly augment their eye-catching gestures of wealth and power. The things they buy are kept unopened, unused as they are purchased without any utility or requirement. They are bought during the compulsive buying process in order to move closer to an idyllic individuality. Compulsive buyers use purchase process as a reparation strategy for unhappiness and discontentment of life and in search of a better self.

Age is a significant factor that affects the compulsive buying tendencies. It has been researched that compulsive buying tendency reduces with age i.e. compulsive buying is inversely associated with age. Compulsive buying amid young consumers is higher as compared to the aged consumers. Younger people hold and exhibit more compulsive buying tendencies as compared to older ones. Younger people are more desirous, ambitious and contend to be better off. They find shopping and buying as an indicator of their level of success. The divergence in age and compulsive buying is present even at gender level. The difference of compulsive buying behavior across gender is well established. The studies on adolescents have found that there is no gender difference in compulsive buying tendencies among them. Males as well as females are equally affected by compulsive buying tendencies. But as they grow old the compulsive buying tendency reduces with faster rate among males than in females. Thus gender difference is more pronounced among grown ups. Thus issue of increasing compulsive buying tendencies is of great trepidation in a sense that it is affecting the young generation specifically.

Materialistic values play the most important role in the process of development of compulsive buying tendencies. Materialistic value is a factor that supports and makes consumers more vulnerable to compulsive buying. Studies have shown that materialistic values transpire as the strongest endorser of individuals' compulsive buying tendencies. It is an important predictor as a person who is acquisitive aims at possessing more and more material goods by indulging in buying process. He panders to possess the objects he wants and indulge in excessive shopping behavior. Less pronounces gender difference for compulsive buying tendencies among adolescents can be attributed to high materialistic orientation among them. This emphasis on materialistic values, that is the significance attributed to the possession and acquirement of material goods in achieving major goals of life such as happiness, fulfillment and accomplishment. Materialistic values have been linked to lower subjective well-being. Materialistic values make individuals more committed to buying and possessing material goods.

Compulsive buying induces financial problems, disparagement and disharmony with family. Compulsive buying, too, has been consistently linked with symptomatic psychology, such as impulse control disorder (ICD), obsessive-compulsive disorder (OCD) or substance abuse. Compulsive buyers perceive shopping as an impression of supremacy. They become heavy credit card users and develop a habit of borrowing money to overspend.

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Social Recruiting is here to be!

*Dr. Swati Soni**

We are living in an age where internet is ubiquitous and facebook, twitter and LinkedIn are a way of life, both for the youth and the professionals alike. Facebook, Friendster, MySpace are a hit amongst youth and Twitter and LinkedIn cater to a far more mature audience. These sites are actually virtual meeting places where a user can fulfill varied purposes-connect with friends, discuss, share, exchange files and pictures, look for a date, a soul-mate or just befriend a stranger. Professionals use it this as a platform to increase their visibility, get noticed, talk about their company, tell about their services, scout out potential customers, and learn about their likes and dislikes. Joining different communities provides access to latest piece of information related to that community. Experts render advise on issues that one needs to seek consultation and the best part is that all this comes free of cost, without spending a single penny.

Social Recruiting

Social recruiting is a form of head hunting where human resources can leverage social media to tap in the potential recruits. It is about engaging with the users and using social media tools to search, source and recruit talent. LinkedIn, Twitter and Facebook have over 535 million user base and as a recruiter you would love to have the largest pool of applicants that are talented, qualified and committed. This implies a lot of potential talent for your organization, but the million dollar question is how to tap this seemingly large pool of incumbents. Burger King, Reckitt Benckiser, SABMiller, Accenture are the big names along with hordes of small organizations that are eyeing social networking sites for recruitment. A revealing fact is that the smaller companies find it easy to try with social recruitment as they have fewer and more flexible HR policies to grapple with. Secondly, in younger companies the founders are all tech savvy, belonging to the i-pod generation, and for them the social networks are a natural habitat. Research suggests that only 10-20 % of professionals are actively looking for new employment at any one given point of time. Yet, there are always passive job seekers which fit in very aptly for the position that the recruiter is trying to fill. By using social networks, the recruiters are more likely to arouse the interest of passive job seekers and thus enlarging the pool to draw from. Social media undeniably serves an incredible opportunity for the human resource department.

Reppler, Social Media Monitoring Service, surveyed above 300 hirers to study how and when do recruiters screen job candidates on different social networks. The study revealed that more than 90% recruiters visit the incumbent's profile on the social network as a step in their initial screening process. 69% recruiters have confirmed rejecting a candidate based on his/her content on the social networking site and a whopping 68% have confirmed hiring a candidate for the same reasons.

Understanding the different social networks

LinkedIn-LinkedIn is an interconnected network of over 65 million professionals from around the globe, representing 200 countries and 170 industries. You can find, be introduced to, and collaborate with qualified professionals that you need to work with to accomplish your goals," states the company's website. One can find old pals and re-connect, power ones career and get answers from industry experts willing to share advice. Thus, one can find professionals, get introduced, collaborate, and consult.

Twitter-Twitter is a social networking and microblogging service that enables its users to send text based posts called 'tweets' of 140 characters. It is better described as 'sms of the internet'

Retention Factor

Good retention goes hand in hand with good recruitment. The potential recruits get a feel of what

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the company stands for, its culture and what the job is all about. Besides getting a technical overview, the candidate also gets to have a cultural overview too. This minimizes the mismatch and thus results in higher retention. More often than not, they are referred by the current employee of the organization and this familiarity further strengthens the ties with the company.

Implementing a social recruitment strategy

All social networking sites are not alike and hence cannot be used in the same fashion. They cater to different audiences and hence should be used discerningly. This necessitates an understanding of the level and profile at which you need to hire and then tailoring the strategy for that particular group. For instance, a graduate is more likely to be on Facebook and a more mature and experienced professional on LinkedIn. A quick format of a tweet can be used to point a large group of people to a new blog post, where more information can then be given. One needs to have a following list on twitter because ones tweet would get unnoticed without any followers. Using the right hashtags ensures reaching the right audience. LinkedIn touts itself as a professional networking tool. This implies that it has all mechanisms set in to connect a company to its potential employees. The HR managers should be meticulous in posting the company profile on LinkedIn and checking that the profile ensures that the first impression the candidate is receiving is really the right impression. Company pages should be regularly updated to list the current employees, past employees, new hires and promotions and changes to staff. New job postings can be also be advertised there, as well as information on the company to help potential recruits. The company employees should be encouraged to be on LinkedIn for brand building and make use of their connections and contacts of their previous careers. Making use of industry/ skillset groups on LinkedIn helps attracting staff with specialized skills, which are otherwise difficult to find and attract. A candidate looking for information on a company is sure to visit Facebook and this makes it essential that the company is well represented and the page looks loved.

Using LinkedIn

? Post the available jobs and look for prospects. It costs $ 195 to post a job for 30 days.

? Can sign up for LinkedIn Talent Advantage-an exclusive array of tools for recruiters. It has to be paid for.

? Build connections with people that you already know-friends, peers, former colleagues, former bosses, local entrepreneurs, clients. You can really bank on their connections for a position that you are looking for.

? Join groups that help you connect with potential candidates. Suppose you are on the lookout for HR consultant, you can find and join an affiliated group on LinkedIn and start discussions with people in the group.

? Use your network activity box (Status Box) to broadcast that you are hiring.

? Evaluate the profile of the person whom you have identified as a possible good fit for the position to see the complete profile including the picture, recommendations from peers and colleagues, second and third degree connections of the person for a more personal referral.

Using Facebook

? Use Facebook Directory to search for users, pages, groups and applications.

? Post a job in Facebook Marketplace (its free). This ad requires the basic information pertaining to the job. This differs from a Facebook ad in its inability to target a specific audience for the vacant position.

? Build a Facebook Page for your company. Facebook Page is a public profile that enables sharing information about your business and products with facebook users. Post relevant and updated information about your company.

? Post a Facebook Ad. This platform has an edge over its rivals as it has a Laser Targeting ability and can thus help you identify the precise audience that you are looking for. The system asks you a series of questions on the characteristics of people that you wish should see your ad-their age, gender, profile, specific keywords related to the position. Facebook then calculates how many users are a good fit for that position. You have the option of paying per click, per impression and set how much you are willing to pay.

Using Twitter

? Tweet the available jobs. “Looking for a sales executive in XYZ. Competitive salalry. Apply at (include a shortened url)

? Expand your following by building network and relationship with clients on twitter.

? Run a quick search (search.twitter.com) for anybody discussing a specific keyword and surely you can get a deluge of contacts. You can search by location, by industry or interest, by hashtag, by popularity, by time and many more such options are available.

? Use hashtags, #, to make your job postings standout. Hashtags enable filtering and finding information on twitter. Including a hashatg with a keyword in your tweet would make it instantly searchable. #job, # hiring, # NAJ (Need a Job?), #career are a few examples to mention.

? Having found a potential candidate on twitter evaluate their activity to see their following, how frequently do they tweet, quality of their tweets, are they only interested in posting updates or they actually respond by retweeting others?

The flip side

Social media is open and provides a platform for both the recruiters and candidates to have a dialogue. But the medium is largely uncontrollable. One has control over what is written on the website but cannot control what mediates and disseminates to millions through social media.

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1. Manuscripts for publication should be typed in double space with a margin of 1.5 inches on both sides to facilitate editing, only on one side of the paper and sent in duplicate to the Editor along with a soft copy in the format of 12 point text single font- Times Roman and package preferably MS Word for Editorial convenience. All articles should include an abstract of about 150 words, and a few key words.
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