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From the Chief Editor

It is with much joy and anticipation that we present the June 2015 issue of our journal, Pragmaan: Journal of Management (Pragmaan: JOM). It continues to gain appreciation and accolades as it provides a platform that stimulates and guides the intellectual quest of Management scholars and practitioners.

Pragmaan: JOM is a bi-annual, peer reviewed, open access Journal that brings to the readers high quality research in Management that should help to address the challenges of the 21st century. It is committed to rapid dissemination of high quality research, and priority is given to the contributions that demonstrate practical usefulness.

This issue of Pragmaan: JOM presents articles that deal with real world problems that are complex in nature. These cover the areas like impact of organizational culture on job satisfaction, impact of socialization on attitude towards money, attitude of consumers towards mobile advertising, concept of economic value added and disclosure practices, and anomalies & imbalances in the Indian informal sector.

We are thankful to the authors for their scholarly contributions to the Journal. We express our gratitude to our panel of referees for the time and thought invested by them into the papers and for giving us sufficient insights to ensure selection of quality papers. Thanks are also due to Dr. Vijayan Immanuel (Pro VC), Dr. Dilip K. Bandyopadhyay (VC), Dr. M. P. Jain (Chancellor), the members of the Editorial Board, and the members of the Board of Management for their constant guidance and support.

We would like to acknowledge the contribution of Dr. K. Ajay Singh (Editor), Mr. Raghav Upadhyai (Associate Editor), Dr. Rajesh Upadhyay (Former Associate Editor), and all the faculty members of School of Management for their contribution in preparing the reader friendly manuscript for the Press.

We invite contributions from the scholars, scientific community and industry practitioners to ensure a continued success of the journal.

We hope our readers find the contents, findings and suggestions contained in this issue of Pragmaan: JOM as informative, stimulating, and of practical relevance. We welcome comments and suggestions for further improvement in the quality of our Journal.

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An Empirical Study of Organizational Culture and its Impact on Job Satisfaction

*Rashmi Rai**

ABSTRACT

The purpose of the research effort is to understand the impact of Organisational culture on employee satisfaction. A questionnaire-based field survey was conducted to collect data from 100 employees from Telecommunication Industry by using convenience sampling from Northern Capital Region of India. The multiple correlation, regression and Structural equation modeling were used to analyze the derived 2 hypotheses with the help of SPSS 20.

This research finds the detailed consequences of the impact of organisational Culture on employee job satisfaction. The empirical results of the study put 2 types of findings. First it shows that Organizational culture relationship with employee satisfaction and later its impact on satisfaction of employee. Used variables have been selected as per best available sources of literature and based on researcher's knowledge. The regression analysis results showed that Organizational Culture has strong impact on Job Satisfaction having r^2 value as .470 stating that Job Satisfaction depends on Organizational Culture. Further study is also required that identifies the other critical areas to evaluate the different effects. Here limitations of practicality and opportunism in the sampling have been acknowledged.

Key Words: Organization culture, Job satisfaction, Employee oriented, Ability utilization, Stable work environment

1. Introduction

Organizational Culture states that an organization has discrete characteristics which in totality define the culture of the organization. It can be said that it is perceived as a set of values which comprises of autonomy, openness, Trust and alliance which can shape the organizational culture out of which trust and alliance has been a dominating factor in shaping the employees performance. Organizations represent one of the most complex social structures known today because of their dynamic nature. Employees are one of the role players in the organization, and it is through their involvement and commitment that the organization becomes competitive. The relationship between the organization and people is however interdependent in nature (Boeyens, 1985; Kerego and Mthupha, 1997), and both parties may impact on one another's ability to achieve positive results.

Organizational culture influences all aspects of business and life in a company. It is linked to numerous managerial results (House et. al., 2004), and one of them is job satisfaction. Connecting individual aims of employees to aims of the organization and dependence on responsibility of employees are the factors of organizational culture successfulness (Morgan, 1977).

Organizational culture came from the concept that shared beliefs and values of organizations are strongly practiced to shape the behavioral patterns of employees (Kotter et. al., 1992). Gordon et. al. (1979) conceptualized organization culture as the force that recognizes the efforts and contributions of the organizational members and provides distinctive understanding of what and how it is to be

achieved, how goals are interrelated, and how each employee can attain his and Organization's goals together.

The leaders in the organization culture tend to be entrepreneurial and idealistic. They are ready to take risks and are able to develop a vision with a view at the future and with creativity as a key aspect of their employees (Dension, D.R., and Spreitzer, G.M,1991; Gregory, B.T., Harris, S.G., Armenakis, A.A., Shook, C.L et al., 2009). Informal, shared way of perceiving life is the membership in the organization that binds members together and influences what they think about themselves and their work (Wager, 2005).

Stewart (2010) also stated that an organization's cultural norms strongly affect all who are involved in the organization. Those norms are almost invisible, but if we would like to improve performance and profitability, norms are one of the first places to look for. Organizational culture evolved slowly over time and had a powerful influence on behavior within an organization (Slocum and Hellreigel, 2007). Every organization has a predefined culture which makes the way employees behave vary from a positive to a negative attitude towards their jobs. Understanding the basics of culture is necessary to understand official and unofficial behavior of employees.

2. Review of Literature

Organizational culture becomes effective when it is able to support mission, goals and strategies of the organization. Widyarini (2009) also add that in order to be effective, the culture must not only be efficient, but also should match business needs of the company and its employees.

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Everyone is aware of culture importance and how culture embraced. Wallach (1983) states there are three categories of the organizational culture, namely bureaucratic culture, innovative culture, and supportive culture. Some researchers (Desatnick, 1986; Schneider, 1990; Balkaran, 1995; Al – Shammari, 1992; Van der Post, de Coning & Smith, 1997) referred to culture as the “personality” of the organisation, while Gutknecht and Miller (1990) described it as the organisation's spirit, purpose and foundation. According to Schneider (1983) it is viewed as the organisation's value systems and assumptions which guide the way the organisation runs its business. Schein (1984) on the other hand, referred to it as a “glue” which serves as a source for identity and strength, while Gutknecht & Miller (1990) viewed it as an “oil” for lubrication of organisational processes. New employees have to go through a socialization process to adapt to the organization culture.

2.1 Job Satisfaction

In 1983, Price and Mueller stated that job satisfaction as the dimension of how employees like their work. If employees are satisfied with their job, the productivity will increase and it is more likely that they will feel satisfied in the near future (Agho et al., 1993). If the relationship between organizational culture and job satisfaction is stronger, it represents a strong culture in the organization. If the association between organizational culture and job satisfaction is low, it represents a weak culture of the organization (Lund, 2003). Empirical studies related to job satisfaction in combination with other variables is examined by Ostroff (1992) which states that research findings support the relationship between satisfaction and organizational performance. Ostroff finding (1992) is also supportive of the relationship between performance and other work attitudes. More satisfied employees tend to perform their job more effectively when compared to other employees who are less satisfied. In addition, Judge et al., (2001) shows the relationship between satisfaction and performance. Wallach (1983) has suggested that individual job performance and favorable job outcomes, including job satisfaction, propensity to remain with the organization, and job involvement, depend upon the match between an individual's characteristics and the organization's culture.

There has been number of studies that have also looked in the cultural dimensions in relation to employee job satisfaction. Regarding cultural dimensions, McKinnon et. al. (2003) stated that these cultural dimensions including respect for people, innovation, stability and aggressiveness have a significant impact on job satisfaction. In addition, Platonova et. al. (2006) who

researched on hospital employees discovered that employees are more likely to be satisfied when they perceive that the management recognizes their job performance.

2.2 Relationship between Organization Culture and Job Satisfaction

Kerego & Mthupha (1997) views job satisfaction as the evaluation of the organisational context, while organisational climate and environment provides a description of the work context. They stated that job satisfaction as the sentiment of employees about their job. Hutcheson (1996) on the other hand referred to it is the difference between the outcomes, which a person actually receives and those that he expects to receive. Job satisfaction is thus related to job characteristics and people will evaluate their satisfaction level according to what they perceive as being important and meaningful to them. The evaluation of the different aspects of the job by employees is of a subjective nature, and people will reflect different levels of satisfaction around the same factors. Jimfrase and his colleagues state that the culture of the workplace is the foundation from which workers develop an assessment of appropriate organizational behavior and their qualitative analysis highlights that the perceived gap between organizational norms and their actual implementations creates a deeply felt dissatisfaction for many workers from a number of social groupings.

Significant relationship between organizational culture and job satisfaction shows that stronger organization culture will increase perceived job satisfaction. For job satisfaction, specific aspects of supervision with award for the success achieved from his work became one of the major factors to shape supervision that reflects employee job satisfaction.

3. Objectives

The study focuses on following research questions: (i) does Organisational Culture have any effect on Job Satisfaction (ii) which factors of Organisational Culture majorly contribute to Job Satisfaction and (iii) does a positive correlation exist between Organisational Culture and Job Satisfaction

4. Research Framework

The study is based on primary data compiled through a questionnaire that is discussed in detail in next section. Further, it is based on a convenience sample, also called a non-probability or opportunity sample, a sample drawn without any underlying probability-based selection method. The data has been analyzed using SPSS 20. The analysis is based on correlation and inter-correlations among the relevant variables.

5. Hypothesis, Sample Design and Data

5.1 Hypothesis

Hypothesis 1: There exists a positive correlation between organisational culture and job satisfaction

Hypothesis 2: Job Satisfaction depends on Organisational Culture

5.2 Sampling

The study is based on the employees working for a Telecommunication Company. The total population of this organization (N = 100) was used as a sampling frame, which comprises both male and female respondents in the age group of 24 to 65 years. The level of education of participants ranges from graduation to Post graduation qualifications.

5.3 Questionnaire Design

The questionnaire was designed under three heads, namely, Demographic details, Organizational culture represented by variables, namely, achievement, staff orientation, stable work environment, innovation, ability

utilization details, and Job satisfaction. The respondents were told to respond to the extent to which they agreed or disagreed on each item, the 5 point Likert scale is employed in the measurement of all the scales. The reliability test was conducted using Chronbach alpha test.

5.4 Procedure

A questionnaire booklet, including instructions, demographics questionnaire, the Organisational Culture Questionnaire and the Job Satisfaction Questionnaire was compiled. Respondents completed the questionnaires under instruction of the researcher in small groups (5 employees per group). The completion thereof was voluntary and questionnaires were completed anonymously.

6. Data Analysis and Interpretation

The data has been analyzed by using SPSS 20.

H1: There exists a positive correlation between the variables of organizational culture namely achievement, employee orientation, stable work environment, innovativeness, and ability utilization and job satisfaction.

Table 1: Correlation between Organizational Culture and Job Satisfaction

		Organizational Culture	Job satisfaction
Organizational Culture	Pearson Correlation	1	.686**
	Sig. (2-tailed)		.000
	N	100	100
Job satisfaction	Pearson Correlation	.686**	1
	Sig. (2-tailed)	.000	
	N	100	100

Table 1 clearly reveals a positive correlation (=0.686) between organizational culture and employees job satisfaction. Regarding the contribution of different components of organizational culture, the highest correlation is between ability utilization and employee satisfaction (=0.650) followed by correlation between stable work environment and employee satisfaction and correlation between staff orientation and employee satisfaction (=0.518), as may be noted from Table 2. These Correlations reveal significant association of various components of organizational culture with job satisfaction of employees, and support Hypothesis 1, which postulated a positive relationship between organisational culture scores and job satisfaction scores. These results also corroborate with the studies conducted by Schneider & Snyder (1975), Field & Abelson (1982), Hellriegel & Slocum (1974) and Kerego and Mthupa (1997).

To test the hypothesis: Job Satisfaction depends on Organizational Culture, multiple regression analysis was used. Job Satisfaction as dependent variable and Organizational Culture as independent variables were taken. The equation is formed as:

$$Y = a + bX_1 + cX_2$$

Where, a=intercept, and b and c = Parameters

The above equation depicts that the Job Satisfaction is dependent on Organisational Culture. The results are presented in Table 3. The table reveals that beta value is .686, t is 4.011, p>.05. Value of F as per ANOVA table is 87.037 which is insignificant. R is .686 and R square is .470 which indicates 47% dependency of Job Satisfaction on Organizational Culture.

Table 2: Inter-correlation between Variables of Organizational Culture and Job Satisfaction

		Achievement Orienta	Staff Orientation Envirointion	Stable Work	Innova tiveness ment	Ability Utilization	Job Satisfaction
Achievement	Pearson Correlation	1	.049	.172	.211*	.319**	.321**
	Sig. (2-tailed)		.625	.087	.035	.001	.001
	N	100	100	100	100	100	100
Staff orientation	Pearson Correlation	.049	1	.479**	.483**	.414**	.518**
	Sig. (2-tailed)	.625		.000	.000	.000	.000
	N	100	100	100	100	100	100
Stable work environment	Pearson Correlation	.172	.479**	1	.480**	.464**	.607**
	Sig. (2-tailed)	.087	.000		.000	.000	.000
	N	100	100	100	100	100	100
Innovative	Pearson Correlation	.211*	.483**	.480**	1	.367**	.506**
	Sig. (2-tailed)	.035	.000	.000		.000	.000
	N	100	100	100	100	100	100
Ability utilization	Pearson Correlation	.319**	.414**	.464**	.367**	1	.650**
	Sig. (2-tailed)	.001	.000	.000	.000		.000
	N	100	100	100	100	100	100
Job satisfaction	Pearson Correlation	.321**	.518**	.607**	.506**	.650**	1
	Sig. (2-tailed)	.001	.000	.000	.000	.000	
	N	100	100	100	100	100	100

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

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

Table 3: Regression Model of Organizational Culture on Job Satisfaction

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	R ²
		B	Std. Error	Beta			
1	(Constant)	1.133	0.282		4.011	0	0.470
	Org Culture	0.718	0.077	0.686	9.329	0	

From Table 3, it is clear that Organisational Culture has strong impact on Job Satisfaction. The result shows R² value as .470 implying that Job Satisfaction depends on Organizational Culture.

Overall, results of this study support the findings of Hoppock (1935), Taber (1975), Yousaf (1998), Jiang and Klen (2000), Mckinnon et.al. (2003), Navaie-Waliser et.al (2004), Johnson (2004), Rad (2006), Arnold (2006), Chang and Lee (2007), Mansoor and Tayib (2010) etc.

7. Conclusion and Recommendations

Every worker has his/her own norms and values, and belief about the organization where he/she works. The study reveals that organizational culture has strong and deep impact on the job satisfaction of the employees. This could be the result of improved performance and productivity of

the employees, due to helpful organizational culture. Thus, organizational culture is important element which highly influences the employee job satisfaction. As the organizational culture impacts positively on this particular factor it can be considered as the base for performance of any organization. If the organizational culture is positive, it will enhance job satisfaction and employees retention, that should improve performance of the employees.

On the basis of findings of this study, it is recommended that the organization should generate supportive organizational culture through strategies which may raise the level of cooperation, mutual trust, respect of opinions and thoughts of colleagues, and open mindedness.

8. Limitations

The sample size selected for the study is small and not

representative of whole of the country. Also, a number of respondents refused to share their data and the number of female respondents was disproportionately low, implying that the results of the study could not be generalized. The data obtained for research is through questionnaire, use of mix method comprising interviews and qualitative data gathering techniques, could give more precise results.

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Consumers' Attitude towards Permission Based Mobile Advertising

*Aditya Billore**

ABSTRACT

The paper through a scan of literature highlights two key research issues related to mobile advertising: Permission and Attitude towards mobile advertising. Based on the review, three propositions are developed. It was found that the existing research on mobile advertising uses scales or instruments proposed in existing literature which are not specific to mobile advertising constructs. This study therefore attempts to explore the antecedents of the consumers' attitude towards mobile advertising. For this purpose, a pilot study was conducted. To conclude, the paper advances the need to develop new scales and application of ingenious methods for measuring and operationalizing constructs related to mobile advertising.

Key Words: Mobile advertising, Permission, Consumer attitudes, Acceptance and success factors.

1. Introduction

The number of mobile phone users in India is increasing every day and so is the reach of mobile communication. The number of mobile phone users in India was expected to cross about 250 million in the beginning of year 2008 (Mathew & Dambal, 2010), and in 2012, the number of wireless subscribers was 911.17 million (Telecom sector in India: A decadal profile, Telecom regulatory authority of India, April, 2013). The rapid growth of mobile device users provides a great opportunity to the advertisers to communicate commercial information to consumers through mobile phones/devices. Thus, mobile phones/devices can be considered to be the advertising medium of future (Barnes, 2002; Barwise & Strong, 2002; Godin, 1999; Hoffman & Novak, 1996).

According to Mobile Marketing Association (MMA) "a mobile advertisement can be any collection of text, graphics or multimedia content displayed and accessible inside of an application for the purposes of promoting a commercial brand, product or service" (Submitted on website in 2008). Mobile advertising started with text messages (SMS) and voice calls have now evolved with technology to include sponsored mobile apps and advergames. Mobile advertising has become a useful tool to communicate advertisements to the potential customers anywhere any time (Barutçu, 2007; Muk A., 2007). Mobile phone is a personal & exclusive gadget and it accompanies its owner everywhere thus it provides perfect platform for personalized marketing and at the same time the advertising may also cause irritation if the message is not permitted and personalized (Barnes & Scornavacca, 2004; Barwise & Strong, 2002; Kavassalis, et al., 2003). In this case, permission marketing becomes an important concept for mobile advertising. Permission-based advertising differs from traditional advertising in the sense

that messages about specific products, services, or content are sent only to those individuals who have explicitly indicated their willingness to receive the message (Tsang, Shu-Chun, and Ting-Peng, 2004). Permission can be accepted or denied by selecting the opt-in or opt-out choices of answers to the questions asked by marketers (Rettie & Brum, 2001).

Getting mobile advertisements accepted by the target consumers is a big challenge for the marketers. Research finding by Carroll et. al., (2007) suggest that the factors leading to acceptance of the mobile advertising by the consumer may be the frequency with which advertisements are sent, timing, ease of usage and content.

The current paper concentrates on permission marketing in the context of mobile advertising. The propositions reported in this study can be further tested by future researches. This study also tries to probe into the antecedents of consumers' attitude towards mobile advertising using the conventional scale development process (Gilbert A. and Churchill J. 1976). The determinants of the consumers' attitude towards mobile advertising for Indian mobile users appear to confirm the existing scale and construct definition (Tsang, Shu-Chun, & Ting-Peng, 2004). However the scale needs to be validated using sufficient sample size.

2. Literature review

2.1. Permission Marketing

The concept of permission advertising/marketing became important majorly after the advent of email and mobile marketing. Permission-based advertising differs from traditional advertising in the sense that messages about specific products, services, or content are sent only to those individuals who have explicitly indicated their willingness to receive the message (Tsang et. al., 2004).

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The term 'Permission marketing' is the opposite of traditional interruption marketing and is coined by Godin (1999). Permission marketing is defined as building an ongoing relationship of increasing depth with customers by obtaining their consent to receive information from a company (Carroll et. al., 2007).

Like emails, often the mobile advertisements intrude the customers' privacy and cause disturbance to the customer. Privacy and data protection issues arise due to the capability of mobile technology to collect, store, use, and disclose a lot of personal information. The emergence of personalized and location-based mobile advertising must be carefully monitored, as it may prove an extremely intrusive practice (Cleff et. al., 2001).

Consumers often impatiently ignore the message when interrupted by an advertisement. Thus, permission based advertising to the target audience focuses on reducing the irritation (Tsang et. al., 2004). The study of Maneesoonthorn and Fortin (2006) suggests that most users wish to have the ability to control text advertising received and hence support the concept of permission marketing. Thus, permission is important as uninvited advertisements may lead to consumers' frustration and unanticipated results (Barnes and Scornavacca, 2004). Also, as the mobile phones are intimate, hence sending SMS advertisements without the consumers' permission is a violation of privacy (Bamba and Barnes, 2007). Organizations collect the information about the customers which helps them to tailor according to the customer needs, but it may lead to consumers' loss of privacy that may result in a virtual invasion by unsolicited advertisements (Rapp, Hill, Gaines and Wilson, 2009). Barwise and Strong (2002) found another danger of non-permission marketing i.e. consumers will become irritated by the intrusion and delete the advertisement without reading, also the perception of the brand may be harmed. Thus, privacy issues are becoming extremely important in human-computer interaction as explored in the work of Ackerman Darrell and Weitzner (2001). Similarly, Privacy perceptions and media context can affect evaluations of advertisements (Banerjee et al., 2009). The irritation caused by advertisements in general is explored by Aaker and Bruzzone (1985). Muehling (1987) explores various factors contributing in building attitude towards Ads. Therefore, the influence of permission marketing on the consumers' attitude towards mobile advertisement and the advertised brand is worth exploring. The following propositions try to address this issue:

P1: What is the attitude of consumers towards the brands sending mobile Ads with permission viz-a-viz those who send Ads without permission?

P2: Are permitted Ads also perceived to be intrusive by the consumers?

2.2. Attitude towards Mobile Advertising

The study of customer preferences for advertising is done by many researchers. Customer preferences for advertising may differ based on location and culture. Many studies indicate that liking or disliking of advertisements has strong impact on culture and values which people possess.

Researchers have explored different conditions for acceptance of mobile Ads by the consumers. They point out different factors causing the acceptance or rejection of the mobile advertising. Their findings suggest that consumers are more likely to switch their phones off when advertised in more incongruent situations than congruent situations (Banerjee and Dholakiya, 2009). Exploring factors affecting the effect of advertising suggests that mobile advertisements are good in multimedia features but give rise to irritation as per the consumer attitude (Taezoon, Shenoy and Salvendy, 2008). The key factors contributing to mobile advertisements acceptance are value, entertainment, informativeness, credibility, and interactivity. These characteristics of an advertisement decide the effect on the mobile user towards advertisement (Yung, Hwang and McMillan, 2008).

The study conducted by Khanh and Hau (2007) on Vietnam's mobile users indicates that preferences for advertising reflect the culture of the nation. Interestingly, the emotional attachment of the mobile user with the mobile devices influences the receptiveness of mobile advertisements. Different components of emotional attachment with the mobile device have positive influence on advertise receptivity (Kolsaker and Drakatos, 2009). Even the hand-set specific advertising may have different effects. Studies have found that there are differences in the preferences of consumers depending on their age, gender, education and price segment (Tsang et. al., 2004, Haghirian and Sangyo, 2005). Yang (2001) used TAM2 model to study how social influence processes and past adoption behavior influence user intention to use mobile advertising among college students. The TAM consists of five major constructs: perceived usefulness, perceived ease of use, attitude, intention, and use (Tsang et al., 2004).

Carroll et. al. (2007) gives various factors which result in the acceptance of the mobile advertising by the consumer. These factors could be frequency with which advertises are sent, timing ease of usage, content etc. Barwise et. al. (2002) found no relationship between brand recall and the number of text Ads sent out for the brand. Thus, authors interpret this finding as an illustration of the significance of advertising copy. This leads to the next proposition:

P3: What conditions/features are required for an unpermitted mobile Ad to be accepted by the consumers?

The propositions can be tested by probing in to consumers' attitude towards mobile advertising and the advertised

brand. The next section tries to explain the construct, "consumers' attitude towards mobile advertising" using scale development steps.

3. Methodology

A study was conducted to explore the antecedents of the consumers' attitude towards mobile advertisements. The steps followed were based on the scale development process suggested in the literature (Gilbert A. and Churchill J. 1976; Li, Edwards and Lee, 2002). The process began by specifying the domain "consumers' attitude towards mobile advertising" and then progressed through four methodological phases: generating sample items, purifying the measure, validating the scale with new data, and assessing reliability. For validation, a pilot study was conducted on a sample of 46 mobile users (24 executives and 22 students); it might be noted that for standardization of the scale more number of responses would be required.

The process commenced with the preparation of adjective/items lists. A panel of seven doctoral students was formed, all were mobile users. The panel was first briefed about the definition of mobile advertising and then asked to generate a list of adjectives or items related to attitude towards mobile advertising. The list prepared by the panel was then supplemented with some items mentioned in existing literature related to mobile advertising. The final list consisted of 70 items. The panel members were then asked to rank the adjectives/items which they found to be relevant with measuring the users' attitude toward mobile advertisements. After elimination of duplicate items, the remaining 55 items were used to prepare a questionnaire. The questionnaire also consisted of some reverse coded items.

4. Results and Discussion

Factor analysis was performed on the responses which suggested ten factors. These factors were further reduced by scaling down the redundant items and performing check for duplicity to obtain a parsimonious scale. As the sample size was small, further reduction and clubbing of factors based on face value and literature support was done. Finally, a total of six factors as shown in Table 1, were extracted that confirmed with data and were backed by literature support. The six factors contained the items that measure the perception of the mobile user towards SMS advertising. With a high Cronbach's alpha value (0.90), the scale was found to have high internal-reliability. Four of these factors appear to be confirming with the attitude construct reported by Tsang et. al. (2004) which are Entertainment, Informativeness, Irritation, and Credibility.

Table 1 indicates that factors 1 and 2 are related with content and perceived intrusiveness of the mobile

advertisements, while factors 3, 5, and 6 seem to be addressing the trustworthiness of mobile advertisements.

Table1: Refined Factor Analysis Results

Factor	Items
1	Amusing, Entertaining, Acceptable, Appealing, Attention Grabbing, Attractive, Effective, Frequent, Funny, Genuine, Great, Innovative, Insincere, Lively, Personal, Safe, Uncomfortable,
2	Disgusting, Interactive, Interesting, Intruding, Irritating, Motivating, Provoking, Reliable, Silly, Useless, Worthless, Waste of Time, Annoying, Displeasing, Dangerous, Harassing, Disturbing, Unnecessary, Cheap
3	Trustworthy, Risk, Fraud, Phony, Fake
4	Abusing, Bad
5	Believable, Informative, Useful, Create Awareness, Relevant, Cost effective, Sincere
6	Convincing, Sincere

Interpretations and implications of the above results should be given here.

5. Conclusion

Future studies may explore attitude towards mobile advertising and attitude towards the advertised brand in order to test the propositions reported in this paper. The role of permission marketing is less addressed in Indian context. Studies may explore the practices and attitudes related to permission marketing. A refined scale can be developed to study the attitude towards mobile advertisement with reference to the Indian consumer. Most of the scales used presently are modified form of attitudinal or behavioral measurement instruments. New scales should be developed specifically for measuring various mobile advertising constructs.

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Economic Value Added: The Concept and its Disclosure Practices in India

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ABSTRACT

The weakness of conventional accounting system is that in measuring the performance of the firm it does not consider the cost of capital. Economic Value Added (EVA™), a registered trademark of Stern Stewart & Company, a management consulting firm of USA measures the profit that is earned over and above the cost of capital of the firm. It is a measurement technique being used to find out whether a business is creating or destroying shareholder wealth. The paramount significance of EVA as a measurement tool in today's capital intensive Indian economy that necessitates an objective and critical study of the existing EVA practices. The major objectives of this paper are to examine the concept of EVA, understand its computational methodology and explore the extent of disclosures about EVA being made available in the annual report of the Indian NIFTY based companies. A detailed study of latest available annual reports of last two financial years (that is, 2013–2014 and 2012–2013) for all the companies based on NIFTY as on April 09, 2014 has been conducted and conclusion has been drawn accordingly.

Key Words: Economic value added, Cost of capital, Capital employed, Annual report, NIFTY, Net operating profit after tax

1. Introduction

Economic Value Added (EVA™), a specific measurement concept for valuing economic surplus of a firm, is a registered trademark of Stern Stewart & Company, a management consulting firm of USA. EVA is a transformed form of 'residual income' concept advocated by various economists since the 1770's. In fact, EVA is so popular and well known that all residual income concepts are often called EVA even though they do not include the main elements defined by Stern Stewart & Company (Pinto, 2001). Both EVA and 'residual income' concepts are based on the principle that a firm creates wealth for its owners only if it generates surplus over the cost of the total invested capital. Modern corporate finance theories have strongly established 'the maximization of shareholders wealth by enhancing the firm's value' as an ultimate goal of a firm. The biggest merit of the goal of value maximization is that it reconciles the varied conflicting interest of different stakeholders. But problem with this goal is that how to search value of a firm from its financial statements (Profit & Loss Account, Balance Sheet, Cash Flow Statement etc.). Financial Statements are often just the outcome of accounting rules rather than a true wealth enhancement statement. Financial Statements are also highly tied to the subjective opinion of the accountant (i.e. FIFO vs. LIFO, alternative depreciation methodology etc). Traditional tools of financial analysis namely earnings per share (EPS), book value per share, debt-equity ratio, return on

investment (ROI), return on net worth (RONW), return on capital employed (ROCE) etc. are the by-products of such Financial Statements. As a result, managers can easily manipulate accounting performance measures (Hunt, 1985; Dyl, 1989; Jensen & Murphy, 1990).

Economic value added (EVA) measures the net value added by a company during a period. It equals net operating profit after tax minus average cost of capital employed. It is a concept similar to net present value. While net present value calculates total value added over the life of a project in present value terms, the economic value added finds net value added in a single period. If EVA for a period is positive, it means the management has increased the company's total worth. On the other hand, if the economic value added is negative it means that the cost of capital employed is greater than the profit generated by the company and this means a decline in the company's value over the period. The superiority of the EVA lies in its use of cash flow and cost of capital as determinants to value the firm.

The proposer and defendants of EVA concept assume that the company's EVA is the best indicator of the shareholder value enhancement during a period. They argue that profits calculated in accordance with financial reporting principles do not reflect the economic value generated by the company. Hence EVA should be primarily used by all to ascertain the true value increment of the firm. Stewart (1994) through his research concluded that "EVA stands well out from the crowd as the single best measure of wealth creation on a contemporaneous basis, and is

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almost 50% better than its closest accounting-based competitor [including EPS, ROE and ROI] in explaining changes in shareholder wealth". Moreover he also opined that the compensation package of managers should be directly linked with the EVA. Uyemura, Kantor and Petit (1996) observed that EVA has a high correlation with market value added (the difference between the firm's value and cumulative investor capital) and thereby stock price. O'Hanlon and Peasnell (1996) assert that EVA provides a valuable framework for "converting wrong accounting numbers into correct estimates of value." The idea of EVA holds the firm accountable for both profit and cost of capital. In nutshell, a number of scholars through their research work suggested that by implementing a complete EVA based financial management and incentive compensation system, managers will obtain better information for decision making and will be more motivated to perform that will create the greatest shareholder wealth in any publicly owned or private enterprise.

The discussion so far put EVA in only positive light. But scholars have also found fault with the concept of EVA on various grounds. Kramer and Pushner (1996) have studied the magnitude of the relationship between EVA and market value added. Their findings do not fully support the arguments of EVA proponents that it is the best internal measure of corporate success in adding value to shareholder investments. In fact, their results show that, the market seems more focused on "profit" than EVA. Dodd and Chen (1996) have proved through their research that return on assets (ROA) has a better relationship with stock returns than EVA. Dillon and Owers (1997) believe that one of the major drawbacks of EVA is its single year focus in maximizing current year EVA which may lead to problems in the future. To calculate EVA for a firm correctly it is utmost important to arrive at accurate cost of capital which often becomes very difficult. Moreover, EVA requires a number of adjustments in book profit shown as per income statement which is subjective in nature. It may be possible that two analysts arrive at two different EVA for the same firm.

In spite of its various limitations, EVA has emerged as one of the popular ways to measure performance and value of the firm. While EVA is not a panacea of performance measurement, it is definitely a powerful tool when used in conjunction with other measures like earnings per share, book value per share, debt-equity ratio, return on investment, return on net worth, return on capital employed etc. The concept of EVA is not new to Indian companies. EVA was pioneered by blue-chip companies like HUL and Infosys. But, somehow the concept did not gain much popularity and acceptance in India. The justification for the present study arises due to paramount significance of EVA as a measurement tool in today's

capital intensive Indian economy.

The objectives of the present study are to:

- i. examine the concept of EVA as a measurement tool.
- ii. understand the computational methodology of EVA and
- iii. explore the extent of disclosures being made available in corporate annual reports about EVA.

2. Literature Review

Stewart (1994) has observed that EVA is a powerful management tool and is getting worldwide recognition as the standard tool of corporate performance. EVA provides an integrated decision-making framework for the companies to create sustainable value for customers, employees, shareholders and for managements. Mayfield (1997) has observed that EVA as a measure of financial performance is an excellent tool in the hands of management for strategy planning, investment appraisal, pricing decisions and compensation design. Brabazon and Sweeney (1998) studied 153 companies in the US and Canada. They found that 25% of the respondents were using EVA to measure performance and compensate managers. In their opinion, one of the most important factors that go in favor of EVA is that a strong correlation exists between it and the share price of the organization. Thenmozhie (1999) explained the concept of EVA and compared it with some other traditional measures of corporate performance viz. ROI, EPS, RONW, ROCE, etc. He used the coefficient of determination to demonstrate that the traditional measures do not reflect the real value of the shareholders, and thus EVA has to be taken into account to measure the value of shareholders' wealth. He has referred to some of the shortcomings of the concept of EVA but maintains that EVA is a better measure of corporate performance as compared to the traditional measures. Banerjee (2000) observed that Corporations in the US have started disclosing EVA information from the beginning of 90s as a measure of corporate performance. It is believed that market value of a firm (hence shareholders' wealth) would increase with the increase in EVA. He tried to find out the relevance of Stewart's claim that market value of a firm is largely driven by its EVA generating capacity in the Indian context. Based on a sample of 200 firms over a period of five years, he found that market value of a firm can be well predicated by estimated future EVA streams.

There are some studies which claim that traditional measures have better correlation with stock returns. Fernandez (2003) examined the correlation between EVA

and MVA (Market Value Added) of 582 American companies for the period 1983-97. It was shown that for 296 firms in the sample the changes in the NOPAT (Net operating profit after tax) had higher correlation with changes in MVA than the EVA, while for 210 sample firms the correlation between EVA and MVA was negative. Ismail (2006) conducted a study regarding association between EVA and stock returns vis- a- vis accounting earnings and stock returns and found that net operating profit after taxes and net income outperform EVA in explaining stock returns. Further, this study states that accruals and operating cash flows have significant incremental information content than EVA.

Literature survey reveals that EVA is more appropriate and applicable in a capital-intensive environment. Deo and Mukherjee (2009) have conducted an extensive research on the perceptions of EVA among Fortune 1000 firms. They concluded that 90% of respondents are of the opinion that EVA is more appropriate in capital-intensive organizations such as manufacturing rather than in an environment where organizations largely rely on intellectual capital. Kaur and Narang (2009) calculated EVA for a sample of 104 prominent organizations in India and found that, as per EVA, almost 50% of the sampled companies destroyed the wealth of their shareholders. Although they suggested methods of improving the EVA of these organizations, their findings also indicated that EVA is not a reliable measure of performance and value of an organization. Sharma and Kumar (2010) carried out a comprehensive review of articles dealing with the theory and application of EVA over the past 15 years. They found that the majority of the research (more than 50% of articles reviewed) was conducted on the relationship between EVA and stock returns. It therefore appears that most of the research focuses on the value of EVA as an indicator of value to external investors, as opposed to EVA being a tool for internal performance measurement.

3. Research Methodology

Information has been obtained and compiled mostly from annual reports, research journals, reference books and related websites. To fulfill the first two objectives viz. examining the concept of EVA and understanding of computational methodology of EVA, a detailed and in-depth study of existing literature has been conducted. To achieve the last objective, i.e. exploring the extent of disclosures being made available in corporate annual reports about EVA, a detailed study of latest available annual reports of last two financial years (that is, 2013–2014 and 2012–2013) for all the companies based on NIFTY as on April 09, 2014 (refer to Table 1) has been conducted, and conclusion has been drawn accordingly.

An annual report is a comprehensive report on a company's activities throughout the preceding year. Annual reports are intended to give the shareholders and other interested people, information about the company's activities and financial performance. Most jurisdictions are required for the companies to prepare and disclose annual reports. An annual report contains inter alia audited annual accounts, consolidated financial statements, directors' report, auditors' report, the management discussion and analysis (MD&A) report and other important information. NIFTY is the leading index for large companies on National Stock Exchange (A premier stock exchange of India). Due to its wide acceptance amongst Indian investors, The NIFTY is regarded as the pulse of the Indian stock market. It consists of the 50(fifty) largest and most actively traded companies, representative of various sectors, on the National Stock Exchange (NSE). The names of 50 companies comprising Nifty as on April 09, 2014, along with their market capitalization as on date are given in Table 1.

4. Concept of EVA

The weakness of conventional accounting system is that in measuring the performance of the firm it does not consider the cost of capital. Popularized by Stern Stewart & Co., EVA measures the profit that is earned over and above the cost of capital of the firm. It is a measurement technique being used to find out whether a business is creating or destroying shareholders' wealth. EVA measures the firm's ability to earn more than the true cost of capital. In simple terms, cost of capital is the required rate of return asked by investors, or a return equal to the amount they could have received had they invested their money elsewhere. It is the opportunity cost of the investor that a firm must earn. If the earning is less than the cost of capital that means the firm is destroying its shareholders wealth. "Only by earning more than the cost of equity can a company create wealth. The cost of equity is a critical cut-off rate, an invisible but profound dividing line between superior and inferior corporate performance" (Stewart, 2003). Ehrbar (1998) observed in his book *EVA: The Real Key to Creating Wealth*, "It is the framework for a complete financial management and incentive compensation system that can guide every decision a company makes, from the boardroom to the shop floor; that can transform a corporate culture; that can improve the working lives of everyone in an organization by making them more successful; and that can help them produce greater wealth for shareholders, customers, and themselves."

Dillon and Owers (1997) defined EVA as a measure of value created that compares the return from operations with the cost of financing those operations. Stern, Stewart, and Chew (1995) defined EVA as the internal measure that

Table 1: List of NIFTY Based Companies and their Market Capitalization

S. No.	Company	Market Capitalization (Rs. Crores)	S. No.	Company	Market Capitalization (Rs. Crores)
1	ITC	191430	26	NTPC	25499
2	Reliance Industries	172267	27	Maruti Suzuki	25482
3	Infosys	152252	28	Ultra Tech Cement	24636
4	HDFC	144702	29	Cairn	24054
5	ICICI Bank	144063	30	Lupin	23528
6	HDFC Bank	141909	31	Indusind Bank	22876
7	TCS	124935	32	Hero MotoCorp	22041
8	L&T	109695	33	Cipla	20740
9	Tata motors	97060	34	Hindalco	20594
10	ONGC	68861	35	Power Grid	19739
11	Hind. Unilever	66817	36	GAIL (I)	19144
12	SBI	60563	37	Coal India	18453
13	Sun Pharma	50985	38	Grasim Industries	18255
14	Axis Bank	49455	39	Tata Power	16532
15	M&M	47168	40	Ambhuja Cement	16419
16	Wipro	41523	41	IDFC	16065
17	Bharti Airtel	38345	42	BHEL	15981
18	HCL Techno	37980	43	Bank of Baroda	15307
19	Dr. Reddy's	32537	44	B PCL	13069
20	Kotak Mahindra Bank	30934	45	ACC	13042
21	Bajaj Auto	29257	46	Punjab National Bank	12750
22	Tata Steel	28404	47	NMDC	11870
23	United Spirit	26307	48	Jindal Steel	11835
24	Asian Paints	25970	49	DLF	7954
25	Tech Mahindra	25923	50	Sesa Steel	7755

management can decentralize throughout the company to be used as a basis for a completely integrated financial management system. In equation form EVA can be expressed as follows:

$$\text{EVA} = \text{Net Operating Profit after Tax (NOPAT)} - \text{Cost of Capital} \dots\dots\dots (1)$$

Where,

$$\text{Cost of Capital} = \text{Weighted Average Cost of Capital (WACC)} * \text{Capital Employed} \dots\dots\dots (2)$$

In a nutshell, EVA is a residual income after charging the Company's cost of capital provided by lenders and shareholders. It represents the value added to the

shareholders by generating operating profits in excess of the cost of capital employed in the business. When will EVA increase? EVA will increase if:

- Operating profits can be made to grow without employing more capital, i.e. greater efficiency.
- Additional capital is invested in the projects that give returns more than the cost of obtaining new capital, i.e. profitable growth.
- Capital is curtailed in activities that do not cover the cost of capital, i.e. liquidate unproductive capital.

5. Computational Methodology of EVA

From the equation mentioned above it is clear that for calculating EVA, we need three components namely:

- Net Operating Profit after Tax (NOPAT)
- Weighted Average Cost of Capital (WACC)
- Capital Employed

Net Operating Profit after Tax (NOPAT)

NOPAT is easy to calculate. From the income statement we take the operating income and deduct taxes. Operating income is sales less cost of sales and less selling, general and administrative expenses. The following example from ABC Company illustrates the NOPAT calculation.

<u>Component</u>	<u>Amount (Rs.)</u>
Sales	50,00,000
Less: Cost of Goods Sold	30,00,000
Gross Profit	20,00,000
Less: Selling, General & Admin Expenses	8,00,000
Operating Profit	12,00,000
Less: Taxes (Say 35%)	4,20,000
NOPAT	7,80,000

Weighted Average Cost of Capital (WACC)

WACC is a single composite number that reflects the claims of all suppliers of capital on aggregate basis. In equation form, it can be expressed as follows:

$$WACC = w_e * r_e + w_p * r_p + w_d * r_d \dots \dots \dots (3)$$

Where,

w_e = Proportion of equity

r_e = Cost of equity

w_p = Proportion of preference capital

r_p = Cost of preference capital

w_d = Proportion of debt

r_d = Cost of debt

Suppose for ABC Company:

$$w_e = 50\%, r_e = 16\%, w_p = 10\%, r_p = 8\%, w_d = 40\% \text{ and } r_d = 6\%$$

$$\begin{aligned} \text{So, WACC} &= 0.5 * 0.16 + 0.1 * 0.08 + 0.4 * 0.06 \\ &= 0.112 \text{ i.e. } 11.2\% \end{aligned}$$

Capital Employed

The term capital employed refers to long term funds supplied by the lenders and owners of the firm. In equation

form, it can be expressed as follows:

$$\text{Capital employed} = \text{Equity share capital} + \text{Preference share capital} + \text{Long term debt} \dots \dots \dots (4)$$

Suppose for ABC Company:

Equity share capital	= Rs.15,00,000,
Preference share capital	= Rs.3,00,000 and
Long term debt	= Rs.12,00,000

$$\begin{aligned} \text{So, Capital employed} &= 15,00,000 + 3,00,000 + \\ &12,00,000 = \text{Rs. } 30,00,000 \dots \dots \dots (5) \end{aligned}$$

$$\begin{aligned} \text{EVA} &= \text{Net Operating Profit after Tax (NOPAT)} - \text{Cost of Capital} \\ &= 7,80,000 - 11.2 * 30,00,000 \\ &= 780000 - 336000 = \text{Rs. } 4,44,000 \dots \dots \dots (6) \end{aligned}$$

6. Information on EVA in the Annual Report of the Indian Companies

To assess the way of presenting information on EVA in the annual reports of the Indian companies a detailed study of latest available annual reports of last two financial years (that is, 2013–2014 and 2012–2013) for all the fifty companies based on NIFTY as on 9th April 2014 (refer to Table 1 above) has been done. On study of annual reports, it is found that out of fifty companies only following seven companies have provided information on EVA in their annual reports.

1. Hindustan Unilever Ltd
2. NTPC
3. Hero Motocorp Ltd
4. BHEL
5. BPCL
6. ACC
7. NMDC

Here, it may be noted that some of the other companies may be computing EVA but not reporting it in their annual reports though the chances of that are meager. It is surprising that in spite of its proven utility many Indian companies have not adopted EVA as a financial measure of business performance. May be these companies calculate EVA for internal performance evaluation purposes but they do not publish the data in Annual Reports probably because it is not mandatory under the companies Act, 2013.

As an example, the EVA statement of Hindustan Unilever Ltd from financial Year 2009-10 to 2014-15, taken from its annual reports is depicted below in Table 2.

Table 2: Economic Value Added Statement of Hindustan Unilever Ltd.

Description	(Rs. Crores)					
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
1. Average Debt	119	2	0	0	0	0
2. Average Equity	2,497	3,118	3,462	4,018	3,715	4,338
3. Average Capital Employed : (1) + (2)	2,616	3,120	3,462	4,018	3,715	4,338
4. Cost of Debt, post-tax %	3.95	5.36	6.20	6.02	6.36	5.56
5. Cost of Equity %	12.51	12.93	10.10	10.07	11.62	10.91
6. Weighted Average Cost of Capital % (WACC)	12.12	12.92	10.10	10.07	11.62	10.91
7. Cost of Capital Employed (COCE): (3) x (6)	317	403	350	405	432	474
8. Profit after tax, before exceptional items	2,103	2,153	2,599	3,314	3,555	3,843
9. Add : Interest, after taxes	5	0	1	17	24	11
10. Net Operating Profits After Taxes (NOPAT)	2,108	2,153	2,600	3,331	3,579	3,854
12. EVA: (10) - (7)	1,791	1,750	2,250	2,926	3,147	3,380

7. Conclusion, Limitations and Scope of Further Research

Economic Value Added (EVA) is a wonderful tool to ascertain the financial performance of a firm. It sets high standards for achievement based on economic criterion rather than only accounting criterion. Though opinions of experts are divided regarding its utility, undoubtedly the concept of EVA is based on the sound economic principle that the firm value increases only if it is able to generate surplus over its cost of capital. It is true that concept of EVA is not new; still the credit of making it popular goes to Bennett Stewart and Joel Stern of Stern, Stewart & Company. As explained in Section 6 above, the greatest merit of EVA is that it is easy to calculate. EVA is an effective measure of the quality of managerial decisions and a reliable indicator of a company's value growth in the future. Constant positive EVA values over time will increase company value, while negative EVA values might decrease company value. In spite of its various limitations, EVA is definitely a powerful tool when used in conjunction with other measures like earnings per share, book value per share, debt-equity ratio, return on investment, return on net worth, return on capital employed etc.

After going through the Annual Reports of NIFTY based 50 (Fifty) companies listed on National Stock Exchange, we can categorically state that only seven Indian companies are showing EVA in their annual reports. May be other companies calculate EVA for internal performance

evaluation purpose but they do not publish the data in Annual Reports probably because it is not mandatory under the companies Act, 2013.

The findings of this study must be interpreted with reference to one of the most important limitations of this study, which in turn provide motivation for further research. The analysis of the Annual reports is based on only NIFTY based fifty companies, which means that the findings should not be generalized for all Indian companies. This necessitates a much wider and deeper empirical research through survey and interviews based on a larger sample.

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Impact of Socialization on Attitude towards Money: A Review

*Rimple Manchanda**

ABSTRACT

Money attitude is an important factor that affects the purchase and spending behavior of individuals. As acknowledged in earlier studies, children adapt their outlook towards money due to their observational behavior. Family peers and friends are the major social agents that work for development of temperament towards money. The current study investigates the role of socialization in development of attitude towards money. This study contributes towards developmental psychology. It underlines and discerns the thoughts that work in dealing with money.

Key Words: Money attitude, Socialization, Peer effect, Purchase behavior, Spending behavior

1. Introduction

Money is something that controls our life. We all differ somewhat on the opinion about money and the way we react in situations involving money. All of us would have some difference in choices we make regarding issues and situations involving money whether we want to spend money or save it for holidays or getting pension at a later date. We all have dissimilar attitude towards money. What is the reason for this dissimilarity or divergence? It is important to put money in perspective because it is something that we all need and it makes world go around. Money attitude is the money related approach that one applies when dealing with money or money related issues. Money attitude is lifelong learning experience. It is dynamic as it keeps shifting at every stage of life. The difference in opinion about money that one holds reflects difference in attitude one has towards money. Money buys happiness as well as health. Purchase and spending behavior exhibited by individuals are the outcome of the attitude that they develop towards money overtime. It keeps on developing with new experiences at every stage of life (Xiao et al., 2007) but the impact of parents in initial years of life play important role and is reflected in money attitudes exhibited throughout life (Shim et al., 2009; Bandura, 1986; Moschis, 1985). This paper studies the impact of socialization in the development of money attitude in individuals. It focuses on (i) how socialization plays an important role in framing the attitude of an individual towards money and money related issues, (ii) how far the attitude of parents, friends and peers towards money influences the behavior and habits of individuals with respect to money, and (iii) What is the effect of this money attitude on spending behavior of individuals. This study makes use of a qualitative approach to disembark and recognize the role of socialization in terms of influence of family, friends and society at different stages of life in

framing the money attitude of people. Specifically, we would find out how people learn about dealing with money and how those experiences have influenced their existing money attitude.

2. Literature Review

2.1 Money Attitude

(a) Money is something that we all need and can't do without but attitudes towards money could differ. People from different possible worlds have different attitudes towards money. Preliminary research on money attitude dates back to study of theory of leisure class consumption (Veblen, 1899) but the groundwork actually started with development of money attitude scale (Yamauchi & Templar, 1982). They identified five major dimensions of money attitude (Power and Prestige, Distrust, Retention for Security, Quality, and Anxiety) depending on how people behave in matters involving money or the importance they give to money in their life. The process of acquisition of attitude towards money is not a pre-arranged or orderly arranged. There is, in fact, incidental learning. Money attitude gets developed by teachings of parents, observing money practices being followed by family, and later developed by socialization and connections with other people. Some people believe that money begets respect, power and prestige. Gender is the strong factor that affects money attitudes. Males show better money management skills as compared to females (Wong, 2010). It has been found that the monetary preferences one establishes and monetary decisions that individuals make in their life are dependent on philosophy that they maintain and sustain relating to the substance and significance of money (Bachrach, 2001).

(b) Desired money attitude can be developed by deliberate preparation, encouraging support and watching on

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parental money attitude. Although it is not from a very small age that one actually be acquainted with the importance of money in one's life but the attitude towards money start taking shape much early in life. An individual acquires money attitude through interpretation of money attitude depicted by socializing agents, their involvement in money matters and deliberate teaching by socialization agents. Money attitudes are consequent of individual's observation of others as well as own encounters with situations requiring decisions regarding money (Danes & Dunrud, 1993; McNeal, 1987; Moschis, 1987; Rettig & Mortenson, 1986).

2.2 Socialization

Socialization is an unremitting course of action that serves as a means for development of an attitude that is in line with the immediate social setting and is acceptable in the community in which one dwells. Socialization is the process of acquisition of information, understanding and outlook that allow individuals to involve them as relatively effective constituent of society (Brim, 1966; McNeal, 1987; Moschis, 1981). Socialization is "in progress" from early days of life of an individual and persists throughout ones life (Moschis, 1985, 1987; McNeal, 1987). The attitude of parents, friends, relatives, peers and other people we deal with in everyday life influences the behavior and habits of an individual. Socialization takes place in different stages of life. Socialization affects the money attitudes of females and males in different manners. Males have more logic driven outlook and girls have more concerned behavior. This contrast gets reflected in their money related behavior. Thus, males are more self-assured in their capability to sustain a budget and females have lower apparent influence on their financial plan because that is based on sentiments rather than their psychological viewpoint about budgeting (Kidwell and Turrisi, 2004). The family is attributed as a foundation stone of socialization. Children learn by observing how their parents deal with situations involving money (Beutler & Dickson, 2008; Danes, 1994; Pinto et al, 2005). Appropriate socialization is indispensable for developing reasonable and rational attitude towards money, and poor socialization could lead to harmful and irrational attitude towards money (Beutler and Dickson, 2008).

The social elements that form sources of learning are parents and peers. The attitude of parents towards money is the foundation that stimulates the observational attitude of children at home. Parents are the preliminary point from where child's psychology starts nurturing and leads to formation of habit in later stages. Children at initial age have a limited social connect. Money behaviour of people is believed to be acquired from parents (Gasiorska, 2008). While they are in the process of development, they

tend to learn and adapt by imitating their parents (Mead, 1904). The surveys found that parents are perceived as most important socializing mediator as compared to friends and peers. More the knowledge they get from their parents about wise use of money, the least they are prone to debt and liability (Pinto et. al., 2008). The more the involvement of parents more is the positive attitude in money related issues (Shim et. al., 2009). The attitude towards money that one develops depends on the level of child-parent communication on topics involving money, i.e., negligible, pressurized, open or encouraging (Moschis, 1985). After parents, other family members and peers, those who come into contact with children, influence the child's behaviour towards money. A longitudinal study showed that the influence of parents and school is mostly responsible for student's initial years in college. Parent's contribution in money attitude development reduces as one grows older (Danes & Dunrud, 1993). Socialization plays an important role in framing the attitude of an individual towards money. The family of an individual plays very vital role as a means of socialization. Family affects the attitude towards money directly and also as a mediator to other socialization channels (Moschis, 1987; Swanson, 1991). Studies have shown that those individuals are well-informed about the constructive use of money who have seen their parents handling their family income prudently (Marshall & Magruder, 1960; Phelan & Schvaneveldt, 1969) as they get extensive familiarity and knowledge about positive aspects of saving and spending. The correlation would be positive if the same attitude gets conveyed from elders to children. The correlation would be negative if children develop attitude that is just the opposite of what their parents have been doing. The negative correlation would be healthy if children learn from their parent's mistakes or shortcomings in managing funds (Solheim et. al., 2011).

3. Development of Money Attitude in India

The research on development of money attitude has been conducted in profusion in western countries but there is paucity of investigation on this subject in developing countries like India. Money is not much talked about topic among parents and children in a country like India. Parents here emphasize on values rather than money and related dispositions. Still there are certain values like donation and charity that form a philanthropic attitude towards money of people in India and that parents try to pass down to their generations to come. In a country like India, a child is dependent on his parents for financial decisions for a longer time period as compared to western countries. Long term dependence on parents leads to lack of knowledge of money management. For children, it is easy money coming from parents, so they tend to develop casual attitude towards money. Accordingly, it appears

that children in India tend to develop a generous but dependent attitude towards money.

4. Money Attitude and Debt

The qualitative study on parents and students showed that people do realize the ill effect of debt but in later stage of life (Dilworth et al., 2000). There is lack of proper guidance about debt and about the ill effects of debt (Silva & Draut, 2004). Thus, if they are communicated about money management in early years of life or if they are trained well for how they need to deal with money and what should be their attitude towards money, it can help a lot in tackling the problem of debt. Lack of money management skills always results in high mounting debt (Wong, 2010). As a matter of fact, the function and importance of money is not generally discussed, thus the main source of development of money attitude is either the observational tendency during childhood and one's own personal experiences relating to money. Lack of understanding of importance of money and how one has to deal with money in different situations poses problems when there is personal encounter with issues, situations and decisions relating to money. Development of positive attitude towards money is important as after a point of time in life one has to deal with money (Wong, 2010). There is a need for early communication about money management. A proper training would help in tackling the problem of debt. Saving is the most common trait that one learns from their parents (Solheim et. al., 2011) which can take care of growing level of debt with young generation (Gutter & Renner, 2007). Those who develop habit of saving money for their future also become more debt averse.

5. Concluding Observations

High income makes one develop snobbish attitude towards money. People with high income try to show off the same and use money as a tool to influence others as a symbol of self-esteem. Such ridiculous behavior of children makes them dependent on others. They do not have trust on the decisions taken by them. Such people also have anxiety when dealing with money.

There is intergenerational correlation of attitude towards money. The correlation could be positive if the same attitude gets conveyed from elders to children and negative if children just do the opposite of what their parents have been doing. The negative correlation is healthy if children learn from their parent's mistakes or shortcomings in managing funds (Solheim et al., 2011). The people who are not guided properly about debt and ill effects of debt tend to be under debt (Silva & Draut, 2004). This behaviour has been called 'premature affluence' (Clarke, Heaton, Israelsen, and Eggett, 2005). Saving is

the most common trait that one learns from their parents (Solheim et al., 2011). This can take care of growing level of debt with younger generation (Gutter & Renner, 2007). In India, there is unrepresentative belief in charity due to which individuals generally are influenced by the philanthropic attitude of parents. Children in India tend to depend on someone, in their later years of life, for taking decisions involving money. Family income level and socio-oriented attitude of family also affect the money attitude of individuals to a large extent that affects the spending decision as it involves decisions.

There are theories that suggest that individual's behavior gets crafted by their companionship that is outside the family environment and that behavior of parents has no consequence on their behaviour (Maccoby & Martin, 1983). Further, Plomin & Daniels (1987) argues that behavior of only a small proportion of individuals is influenced by the environment in which they are raised but this is not likely to be applicable to Indian population due to more dependence on parents and interference of parents in decision making for comparatively longer time period. This is supported by the fact that the money attitude of siblings from the same family is not the same (Harris, 1995).

The positive and negative behaviour in money related issues can be connected with the preliminary learning. People themselves can very well recall and connect what they have learnt primarily when they grow up and come in direct contact with bigger social circle. As an educator, it becomes primary responsibility to understand the previous learning of our students. If the learning is in right direction, there is a need to shape it further and increase the understanding and confidence of students. On the other hand, if it is inappropriate and not rightly ingrained at primary level, there is a need to make them unlearn and inculcate the necessary do's and don'ts. At higher education level as well there is a need to impart money management education (Wong, 2010). The money attitude of people around us influences our money attitude over time. There is a direct as well as indirect affect of socialization on money attitude. Direct effect is when we talk to people about money or deal with people directly in money matters. Indirect effect is when we observe people dealing with matters related to money. Thus, the formation of money attitude through social agents can be purposive or non-purposive. There is a sequence of stages of interaction of socialization and attitude towards money. At the investigation/observation stage, a person observes the attitude of his family members towards money and end up forming the same attitude he has been observing. At the initial stage, an individual accepts the family culture and attitude towards money and start behaving in the same manner. There could be situations when family members do not directly involve the person in money matters but

eventually the attitude is formed by observation. At the transformation stage, the individuals come in contact with bigger social circle and start comparing their money attitude with that of others. This stage causes a shift in money attitude if the individual finds himself in a inferior position as compared to his peers. Different agents of socialization have different influence on money attitude. Primary influence sets the foundation for all the potential socialization. It is influenced by immediate family. Secondary influence involves learning appropriate and socially desirable behavior. It happens at teenage with alterations in primary socialization. It includes siblings, peers etc. Urge of anticipating, unlearning & re-learning occurs throughout our life. The factors that influence money attitude of an individual include: money attitude of parents and longevity to stay with them, money attitude of siblings and peers, gender, age group, and extent of socialization. Institutional/Organizational influence is when an individual joins any institution, school, college or a corporate. Gender influence matters as there is difference in socializing styles and money attitude of males and females. Age Group influence matters as with age group stage of socialization differs.

Purchase and spending behavior exhibited by individuals are the outcome of the attitude that they develop towards money overtime. Desired money attitude can be developed by deliberate preparation and encouraging support of parents which in turn develop effective spending habits. The impact of this dependant attitude of Indian children becomes a problem when individuals have to start managing their money themselves. As people grow up, they tend to recall and connect their learning in the past. There is a need to impart money management education to develop money attitude in right direction.

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The Indian Informal Sector: A Lopsided Saga of Anomalies & Imbalances

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ABSTRACT

The Informal Sector contributes significantly towards the employment generation and national income of developing economies like India. Even though the informal sector provides ancillary or the 'outsourced' services to the formal sector, it has never been given the due credit for the contribution towards the growth of the organized sector. This sector serves as the lifeline to more than 93 percent of workforce in the country. It is the largest employer after agriculture sector in India and contributes to more than 45 percent of GDP share. This is, indeed, a substantial share and highlights towards the indispensable contribution of informal sector to the Indian economy. However, the bitter irony of this sector is that in spite of its significant contributions, this sector is severely affected by anomalies and imbalances. The present paper attempts to introduce the readers to the informal sector in India, and the prevailing anomalies and imbalances in the sector, and prevailing industrial relation climate in the sector.

Key Words: Informal sector, Unorganized sector, Industrial relations

1. Introduction

The Indian informal sector has recently started to gain acceptance across the corridors of policy makers in recent years. With the slogan of 'Make in India' getting wide acclamations, the significant contribution of the informal sector has started to be embraced by the country folk. The Informal sector is the backbone of the organized manufacturing sector, but has never been given the due credit for the growth of the organized sector. But with the growth of cottage, small and medium enterprises, the contribution of this sector towards the development of the country can hardly be ignored. However, before moving into the discussion, we must look at the historical development of the informal sector in brief.

The formal informal dichotomy was first used by Keith Hart in a study of urban Ghana. The study identified a number of unions and employment generating activities in the 'unenumerated' sector of urban settlements. The terms, informal means income generating activities, unorganized sector, unenumerated sector, self employed individuals, and urban proletariat, are used by Hart in his study more or less alternatively and interchangeably. The term informal sector received recognition in the academic literature only after the visit of an International Labour Organization employment mission to Kenya in 1972, which defined informality as a "way of doing things characterized by (a) ease of entry; (b) reliance on indigenous resources; (c) family ownership; (d) small scale operations; (e) labor intensive and adaptive technology; (e) skills acquired outside of the formal sector; (g) unregulated and competitive markets". The ILO then evolved a conceptual framework and guidelines for the

collection of statistics on informal sector in 1993. The 15th International Labour Conference of Labour Statistics (ICLS) adopted a resolution setting out the statistical definition of the informal sector to refer to employment and production that takes place in unincorporated small or unregistered enterprises. The resolution was then endorsed by the United Nations Statistical Commission (UNSC) and made a part of the "System of National Accounts (SNA) 1993" by the United Nations Economic and Social Council. As per SNA (1993), the informal sector consists of units engaged in the production of goods or services with the primary objective of generating employment and income for the persons concerned. These units typically operate at a low level of organization, with little or no division between labour and capital as factors of production and on a small scale. Labour Relations- where they exist- are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees. The informal sector forms a part of the household sector as household enterprises or, equivalently, unincorporated enterprises owned by households. Various labels have been used by scholars to refer to the "informal economy": it has been called the regular economy (Ferman & Ferman, 1973), the subterranean economy (Guttmann, 1977), the underground economy (Simon & Write, 1982; Houston, 1987), the black economy (Dilnot & Morris, 1981), the shadow economy (Frey, Weck, & Pommerehne, 1982; Cassel & Cichy, 1986), and the informal economy (McCrohan & Smith, 1986). The popular media uses terms such as invisible, hidden, submerged, irregular, non-official, unrecorded, or clandestine (U.S. Department of Labour, 1992). W. Arthur Lewis also described the 'informal' sector as employment or livelihood generation primarily within the developing world.

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Though the term 'informal sector' gained importance after ILO evolved a conceptual framework and guidelines for the collection of statistics on informal sector, there has not been any single definition of informal/unorganized sector in India (Naik, 2009). Nowhere in official statistics or in the National Accounts Statistics (NAS) the term 'informal sector' has not been used. The terms used in the Indian NAS are 'organised' and 'unorganised' sectors which usually denote unionized and non-unionised in the international literature. The organized sector comprises enterprises for which the statistics are available from the budget documents or reports, annual reports in the case of the public sector and through Annual Survey of Industries in case of registered manufacturing. On the other hand, the unorganized sector refers to those enterprises whose activities including collection of data are not regulated under any legal provision and / or those, which do not maintain any regular accounts. The National Council of Labour defined the unorganized sector as "that part of the workforce who has not been able to organize in pursuit of a common objective because of constraints such as (a) casual nature of employment, (b) ignorance and illiteracy, (c) scattered nature of establishments, (d) supervision strength of the employer operating singly or in combination (NCL, 2002:537). The First Indian National Commission on Labor (1966-69) defined informal sector workforce as those workers who have not been able to organize themselves in pursuit of their common interest due to certain constraints like casual nature of employment, ignorance and illiteracy, small and scattered size of establishments. For the first time in National Accounts Statistics, 'informal sector' was defined in the survey of NSSO (55th round 1999-2000). It included unincorporated proprietary or partnership enterprises. In the unorganized sector, in addition to the unincorporated proprietary or partnership enterprises run by cooperative societies, trusts, private and public limited companies are also covered. The Government of India regards the informal sector as a subset of the unorganized sector (Informal Sector in India, 1999-2000, Government of India). The NSO defines informal sector as enterprises typically operating on a small scale with a low level of organization, low and uncertain wages, and no social welfare and security. Thus, we see that all the definitions of unorganized and informal sector are found to be overlapping to a great extent with one another. However, the Indian context uses the term 'informal' and 'unorganized' interchangeably.

2. Informal Sector & the Indian Economy

Post-World War development discourse refers to the informal sector as a transient step towards a modern economy. However, decades of development experience have shown that the informal sector is here to stay. The

informal sector plays a vital role in economic development of all the countries. Particularly, in developing countries one third of national income comes from this informal sector only. The informal sector in India now accounts for 93 percent of all workers, and contributes around 60 percent of the GDP. The major cause for the increase in the informal sector happened to be the New Economic Policy introduced in 1991. It promoted industrialization which resulted in the collapse of the rural agriculture and economy and forcing rural folks to migrate towards the centers of industrializations. Also, fragmentation of land, increase in the number of landless laborers, decline in cottage industries and agricultural productivity, and heavy debts upon the rural masses paved the way for the people in rural areas to migrate towards other cities in search of alternative employment. The informal sector is the main source of alternative employment. The concept of the informal sector is relatively new in labour statistics, developed better to ensure employment in unincorporated small or unregistered enterprises (Informal sector) and employment that is not covered by legal and social protection (informal employment).

The importance of the informal sector is even starker with regard to employment. In 2004-05, the informal sector was a source of livelihood to approximately 86.3% of the country's workforce. The Economic Survey of India held in 2007-08 concluded that the informal workers constitute 93 per cent of the total workforce in India. Of this, 52% constituted agricultural workers. The periodic employment and unemployment surveys (EUS) conducted by the National Sample Survey Organization concluded that in 2011-12 the estimated employment in the informal sector was about 75 per cent of total usual status employment (principal and subsidiary) in the rural areas and 69 per cent in urban areas. Although a large section of the informal sector works are within agricultural activities, it is pertinent to note that 71.6% of the total employment in the non-farm sector was also informal or unorganized. In other words, although the informal sector contributes just over half of the country's NDP, it employs almost 90% of its workforce.

2.1 Statistics on Informal Sector in India

Due to the absence of any specific agency for the survey on informal or unorganized sector in India, there is dearth of actual statistics on the informal sector in India. The government has to rely on different agencies for the statistics on this sector. In other words, there is no framework for the statistical finding of the informal or unorganized sector in the country. The share of workers in the informal sector (defined as workers engaged in AEGEC and non-agriculture sector) has increased over time from 48% in 2004-05 (61st round of NSSO) to 55% in 2011-12 (68th round data of NSSO) (Rustagi, 2015).

As per the survey carried out by the National Sample Survey Organization in the year 2009-10, the total employment, in both organized and unorganized sectors in the country was of the order of 46.5 crore comprising of around 2.8 crore in the organized sector and the balance 43.7 crore workers in the unorganized sector. Out of 43.7 crore workers in the unorganized sector, there were 24.6 crore workers employed in agricultural sector, about 4.4 crore in construction work and remaining in manufacturing and service.

The informal sector is economic activity that is neither taxed nor monitored by a government. Other characteristics of informal sector are: easy entry for new enterprises, reliance on indigenous resources, family ownership of enterprises, small scale operations and low productivity, labor-intensive and adapted technology, reliance of workers on informal sources of education and skills, unregulated and competitive markets and lack of governmental support. The entrepreneurs are in this sector for their livelihood, not for making more profit. Some informal entrepreneurs are earning more than the formal employees in our country, like vegetable vendors, agents, brokers, foot-path traders etc. Majority of the entrepreneurs are community based in this sector. In India, each community has their own business. Rural, urban and city side entrepreneur are also community based entrepreneurs, for example, foot wears and beauty parlor etc. The informal sector develops the Indian economy invisibly. Most of the rural and urban people are continuing their family business, because of lack of employment opportunity. In India, most of the family businesses are in the informal sector. The earned income from this sector is generally utilized for the purpose of education of their children, meeting family commitments, personal savings, etc. So, the government should take necessary steps to convert this sector into formal. The informal segment of the workforce is defined by a number of common characteristics: limited professional skills, low incomes, low productivity and low capital investment. Developing new marketable job skills through education and training can disrupt cyclical poverty by increasing productivity and job opportunities in the informal economy and workers' formal-sector employability. Thus, it is important to train this group to optimize their productivity and uplift the nation.

3. A Literary Retrospection of the Informal Sector:

Papola (1980) in his study on informal sector found that the labor market for the informal sector is unregulated and highly competitive on the supply side, with absolute freedom to entry, while that in the formal sector is regulated and has restricted on the basis of standard hiring norms and formalized hiring procedures. The supply of labor in

the informal sector consists of mostly new entrants in the labor markets - in migrants or young persons entering the labor force, who aspire for the jobs in the formal sector, but finding the opportunities for it limited and entry restricted, start doing something or the other in the informal sector either as self employed, part time workers, apprentices or full time workers in small establishments. Consequently, the informal sector bears the brunt of excessive labor supply which tends to lead a situation of significant underemployment and depressed wages in that sector. Earnings in the informal sector are relatively very low compared to in the formal sector- almost half or even less; yet they are found to be higher than what the migrants from rural areas could have earned at the place of their origin. Informal sector enterprises obviously do not have a formally structured organization; there is limited functional division of labour and specialization; and most of the functions - management, supervisory, and sometimes some of productions are performed by the proprietor. There could also be extensive use of family labour. All these characteristics, however, are not always found to go together. Small size itself makes if necessary and possible to run an organization without a structured division of labour and management hierarchy. Even organizations with wider owner-ship and using hired labour may reveal these characteristics if their size of operation is not large.

Ernesto Noronho (1996) observed that if at all there is an increase in employment, it will be in the informal sector. More and more formal jobs are being shifted to the informal sector. There is feminization of production process which ensures supply of labor at cheap cost. Another way of gaining control over labor is by sub contracting part of the production process. The trend of privatization has weakened the trade union movement. The new units are characterized by 'non- unionized', 'contract', 'and casual ', 'temporary or trainee labor'. Minimum wages and statutory wages are seldom paid in the informal sector. There has been a growing demand for reducing government interventions and for the dilution of labour laws. These changes have surely made the road towards sound industrial relations challenging.

Sen (2003) observed that avoidance of trade union is the main strategy adopted by the management in this sector. The study also revealed that the pattern of exploitation was evident in informal sector like jute, tea etc. And there are threats of closure, an atmosphere of crisis, denial of statutory dues etc. to keep the unions and labor under tight control and manipulate labor cost to extract profits. Such Industrial Relations are characterized by dissent and skirmishes between labor and management.

Kabra (2003) after his studies in the informal sector opines that unorganized sector enterprises and workers must be permitted and enabled to undertake, singly-jointly,

collectively (as by means of cooperation) activities which improve their productivity, product mix and quality levels of living and, socio-economic and cultural prospects. This will help in the improvement of healthy employer employee relations.

Sen (2007) in her study conducted on different informal enterprises in the state of West Bengal found the following practices:

- a) Change in worker preferences for independent or non-affiliated unions,
- b) Pressure from management to improve productivity and competitiveness,
- c) Inability to escape from the government logic of privatization and development of support for industrialists and acceptance of government pressure to forge militant movements and be reasonable in order to attract industries to the state,
- d) Acceptance of contractual and casual employment,
- e) Being defensive about protecting existing rights and strengthening job security in the current context, and
- f) Inability to take militant action against employers who rampantly flout agreements or legislation.

Kenneth King (2007) in his study on training in the Indian informal sector employers in India (both formal and informal) have paid scant attention to in-service training, perhaps partly because the Indian policy of industrial protection and the large internal market meant that firms were not exposed to international competition. The World Bank suggests that in India no more than 7% of employees get access to any kind of formal in-service training in a given year. Many workers in the unorganized economy have never been to school, let alone to vocational training institutions. The formal training system, because of its entry requirements and geographical mapping, is not designed to offer skills to low-educated people and particularly not to those in the rural non-farm sector. And neither are there other providers to fill the gap. Most workers continue to learn trades on the job through informal apprenticeships at their place of work from other low-skilled craft people (World Bank, 2006a: 48).

Thus, we find that the anomalies and imbalances in the informal sector in India are numerous. To sum up, a brief review of the various anomalies and imbalances of informal sector in India as identified by Singh (1988) can be mentioned below:

- a) Most of the unorganized industries are at the 'lower forms' of development with respect to their nature of capital, level of control over the labor processes and the nature of instruments of production engaged into it,
- b) Most of the production processes go unrecorded owing to the small and scattered nature of production,
- c) In spite of the decentralization production, in most of the industries, the control over the produce is centralized,
- d) Under automatised conditions of work, and the work being labor intensive, a large number of intermediaries are inducted between the workers and the ultimate controller of the produce,
- e) Mercantilist tendencies of capital tend to throw the burden of the means of production over to the workers,
- f) A large number of women and child laborers, alongside with male laborers, are engaged as a cheap source of labor power,
- g) Most common mode of wage payment is piece rate wage, under which the workers self supervise their exploitation,
- h) Generally trade unions are either nonexistent or could grow only in weak form, and
- i) The poor implementation of the labor legislations and work regulation Acts.

4. Women in the Informal Sector

Women are the bigger workforce of the Informal sector as they are more likely than men to undertake 'unpaid' activities, whether economic or non-economic, women are also more likely than men to be involved simultaneously in unpaid care work and in unpaid or low-paid economic activity. More generally, women are less likely than men to be engaged in full-time regular employment as 'employees' in formal sector enterprises, which is the simplest form of work to capture in surveys. Often the work of women is unrecognized by society, their families and even themselves. They are instead regarded as homemakers, and thus not economically active, even though they are engaged in economic work. Gender sensitive statistics are needed to understand how different factors are affecting women and men, especially those who are poor, and their families. These factors include:

- A large and possibly expanding informal economy,
- Globalization-increased economic integration and advances in technology,
- The impact of work and lack of work on family and personal lives,
- The linkages between unpaid care work and production, and
- The extent to which women and men are affected by decent work deficits.

Women workforce participation is mostly in the informal sector in the form of female workers. But their contribution remains neglected. Women, especially in the lower classes and the lower castes, not only have to cope with physical hardships that impact their health; they continue to be paid much lower wages than men in the same category. They are the main victims of marginalization. Even the government is least bothered to make their lives worth living. Agricultural, cottage industries are mostly dependent on marginalized section for running of their business. But as there is no such policy to protect the rights and interests of these sections, they are exploited to a great extent. Migration of the male class from villages has put a vast impact on the economic as well as social condition of women. And since they are at the bottom of the hierarchy of pyramid, they are the last to receive the government benefits but the first to become the victims of oppression and exploitation. In India, almost 94% of the total women workers work in the informal sector and majority of women come from these sections of the society which need income at any cost. Nearly 50% of these women workers are sole bread winners of their families. They are mostly employed in the construction sector, domestic workers, garment workers, vendors, agriculture, cotton and tea plucking, pottery, handloom, sales girls etc. (Geetika, Singh & Gupta, 2011). Women workers face serious problems and constraints related to such areas as lack of continuity in their jobs, insecurity, wage discriminations, unhealthy job relationship, absence of medical and accident care etc. The exploitation of women is highest in the domestic workers segment, they become vulnerable due to their ignorance and illiteracy. It has become the most exploited sector after the post-Independence era. The recruiting agencies often take undue advantage of their poverty and turn into agencies of human trafficking and prostitution. Hence their marginality plays as a determinant of social and sexual abuse and exploitation.

The ILO data for 1995-2004 shows that the women's entry into the labor market continues and the gender gap in labor has been reduced by 3.5 percent worldwide. In the year 2011, the gender gap in the informal sector was

reported to be 80 percent. Though women are entering into the workforce, they are least recognized as workers many a time. A large number of women work without pay. A significant proportion of women are self employed which means that they are engaged in the informal sector. They have poor working conditions and they lack social security. There is inequality within this informal sector. Women are disproportionately represented and they occupy lower quality jobs within the self employment.

5. Informal Sector & Industrial Relations

Based on the above field survey conducted by some of the noted industrial relations experts, it can be rightly inferred that the vagaries of informal sector in India are numerous. These anomalies and imbalances definitely affect the industrial relation of the sector in numerous ways. It also breeds and nourishes several practices which have not been found to be digestive by any industrial democratic country. Some of the industrial relation challenges that this sector faces include the following:

- The informal labour is overwhelming in terms of its number and therefore they are omnipresent throughout India.
- This sector suffers from cycles of excessive seasonality of employment, majority of the unorganized workers do not have stable durable avenues of employment. Even those who appear to be visibly employed are not gainfully and substantially employed, indicating the existence of disguised unemployment.
- The workplace is scattered and fragmented.
- There is no formal employer – employee relationship.
- In rural areas, the informal labour force is highly stratified on caste and community considerations. In urban areas, while such considerations are much less, it cannot be said that it is altogether absent as the bulk of the informal workers in urban areas are basically migrant workers from rural areas.
- Workers in the informal sector are usually subject to indebtedness and bondage as their meager income cannot meet with their livelihood needs.
- Old & primitive production technologies and feudal production relations are rampant in the informal sector failing to encourage the workmen to imbibe and assimilate higher technologies and better production relations. Large scale ignorance and illiteracy and limited exposure to the outside world are also responsible for such poor absorption.

- The informal/unorganized workers are subject to exploitation significantly by the rest of the society. They receive poor working conditions especially wages much below that in the formal sector, even for closely comparable jobs, i.e., where labour productivity is the same. The work status is inferior quality of work and in terms of both remuneration and employment.
 - The informal workers do not receive sufficient attention from the trade unions. As the workforce in this sector do not represent any political class and are scattered in nature, the trade unions fail to represent the rights of the workers. Also, as the enterprises operating in this sector are small in nature, the trade unions find it hard to get memberships, thereby losing the relevance of the existence of trade unions.
 - Inadequate and ineffective labour laws and standards relating to the informal sector. Due to scattered nature, it is very difficult to implement labour laws in this sector. Also, as the workers in this sector are basically illiterate and the language of the labour legislation is technical in nature, it is a difficult task to make them aware about the various legal provisions available.
- hire workers for a limited period of time and get rid of the workers once their work gets completed.
 - There is little or no compliance towards labour laws. Due to presence of illiterate class of workers in this sector, it becomes very much difficult to make the workers aware about the various legal provisions available to them. The employers also take advantage of their illiteracy and impose their own rules and regulations upon the workers working in this sector.
 - Due to the oversupply of workers in this sector, the workers are either underpaid or very low wages are offered to them. Female workers are the worst hit due to this menace.
 - Unsafe & hostile working conditions form important characteristics of this sector. As the employers are very much aware of the tricks to get away from the implementation of labour legislations, even the basic environment is not provided to these workers.
 - No social security benefits.

As a result of these anomalies and imbalances in the informal sector, the following practices have been found to be rampant:

- There is absence of HR department in the enterprises coming under the domain of informal sector. This is due to the fact that enterprises in this sector are basically small in nature. Thus, they can hardly afford to establish an HR department in these enterprises.
 - Due to their small size and scattered nature, the trade unions also find it difficult to make their presence felt in this sector.
 - The enterprises in the informal sector basically employ persons who are low in their skill level and are less educated. As such, there are no training and development avenues for the workers.
 - The practice of Collective Bargaining is inclined towards the employers due to their financial strength and unionized strength. Workers, on the other hand, in this sector fail to unite themselves so they fail to make their demands get recognized by the management or employers.
 - The practice of employing contractual, ad hoc, badli workers is rampant in this sector. This is due to the reasons that most of the industries coming under this sector, e.g., construction industry, brick kiln industry, etc. are seasonal in nature. As such, the employers
- By defining and disaggregating the informal sector more precisely by activity, productivity level and employment status.
 - By enhancing the productive potential, employment and income generating capacity of the informal sector, this sector can be brought under the mainstream of the Indian economy.
 - By improving the welfare of the poorest groups, IR issues can be mitigated to a great extent.
 - By establishing an appropriate regulatory framework, including the adoption of adequate forms of social protection and regulations.

6. Redressing the Anomalies and Imbalances: Some Recommendations

The quality of the production system in the informal sector plays a vital role in the growth of the Indian economy since formal and informal sector are invariably linked to each other, as the informal sector provides ancillary or the 'outsourced' services to the formal sector. Informal sector forms the backbone of the manufacturing sector in the country. Based on the suggestions and recommendations made in the Director-General's Report to the International Labour Conference in 1991, following actions can be taken to redress the anomalies and imbalances in this sector:

- By setting up proper HR department to redress the grievances of the workers and looking into the development activities of the workers.
- By improving the organization of informal sector producers and workers.
- By improving the understanding of the temporary nature of employment relations.
- By making the necessary revisions of labour legislation in line with conditions in the informal sector.

There is a prevailing notion that the informal sector serves as the backbone to the organized sector and is the main source of livelihood to the people with low skill level and education. It was also believed that with the passage of time the informal sector will disappear as the modern or formal sector grows and absorbs more labour. However, contrary to this, the informal sector and informal employment continued to grow and now it has become as fountain of livelihood who remain outside the periphery of organized sector. The informal or the unorganized sector not only provided employment opportunities but it is also essential and indispensable for the production of goods and services. The employment in the informal sector plays a key role in poverty reduction as it is the main, and often the only source of income for the poor. This naturally has a social implication in the context of a developing country like India. With the growing trend of employment opportunities in the informal sector, the sector has the potential to contain the instances of migration and unemployment, taking place in the rural India. Linking the sector with the organized sector will yield positive results in the context of social implication as more employment opportunities will be created. However, keeping in view the anomalies of the sector, it becomes important to regulate this sector to curb the exploitation that is rampant in the sector.

7. Conclusion

The informal sector of Indian economy faces multifarious issues and challenges. The anomalies and imbalances faced by the workforce employed in this sector are numerous. These anomalies and imbalances pose a threat towards the establishment of sound industrial relations in the sector. As this sector is vastly labour intensive in nature, and makes significant contribution towards the development of the organized sector, any industrial relation disturbance may hamper the growth of both the sectors. It is beyond any doubt that the informal sector has the potential to not only generate large scale employment as it promotes self employment and entrepreneurship, but it can substantially contribute towards an inclusive growth

of the Indian economy. Due to various anomalies and imbalances, frequent work stoppages, skirmishes, industrial conflicts have become the common features of the informal sector in India. All the participants i.e., the employees, the employers, and the government long with all their mechanism and agencies need to work in the single direction to wipe out the anomalies and imbalances so that the industrial relation climate in this sector can be made much stronger. Then only the real objective of industrial democracy can be achieved.

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