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With best wishes to all

Dr.P.S.Bhadouria

THE EFFECT OF EXTERNAL DEBT BURDEN ON THE GROWTH OF NIGERIA ECONOMY

Bamidele M.A[1], Bamidele R. E[2], Adejumo O. A[3]

ABSTRACT

This study empirically investigates the consequential effect of Nigeria's external debt on her economy. The data was collected from the Central Bank of Nigeria and Debt Management Office Statistical Bulletin for the period of 53 years (1962-2013). The econometric techniques of Ordinary Least Square (OLS), Augmented Dickey-Fuller (ADF) Unit Root test, and Johansen Co-integration test were employed in the empirical analysis. The co-integration test shows that long run equilibrium relationship exist among the variables. The results from the OLS analysis showed that 73% of the variation in GDP was explained by the explanatory variables only each variables at constant. The F-statistics showed that the time to time behavior of external debt, ratio of external debt, inflation, and exchange rate all put together cause a significant change on the Nigerian economy(P<0.05). Based on the findings of this study, it was recommended that Nigeria should ensure that debt service obligations do not rise rapidly than foreign exchange earnings and foreign borrowing by private and public organizations should be adequately monitored by the government debt agency – Debt Management Office (DMO) and all the external loans contracted should be reported to the agency so that an up to date record of the volume of debt can be kept.

Keyword: *External debt, Internal debt, Nigeria, Economy*

1. Introduction

It is generally expected that developing countries, facing a scarcity of capital, will acquire external debt to supplement domestic saving (Malik *et.al* 2010; Aluko and Arowolo, 2010). Besides, external borrowing is preferable to domestic debt because the interest rates charged international financial institutions like International Monetary Funds (IMF) charge about half to the one in the domestic market (Pascal, 2010). However, whether or not external debt would be beneficial to the borrowing nation depends on

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whether the borrowed money is used in the productive segments of the economy or for consumption. Adepoju et al (2007) stated that debt financed investment need to be productive and well managed enough to earn a rate of return higher than the cost of debt servicing.

The dual-gap analysis provides the framework, which shows that the development of a nation is a function of investment and that such investment which require domestic savings is not sufficient to ensure that development take place (Oloyede, 2002). Hence, the importance of external debt on the growth process of a nation cannot be overemphasized. Hameed, Ashraf, and Chaudhary (2008) stated that external borrowing is ought to accelerate economic growth especially when domestic financial resources are inadequate and need to be supplemented with funds abroad.

External debt is a major source of public receipts. The accumulation of external debt should not signify slow economic growth. It is a country's inability to meet its debt obligation compounded by the lack of information on the nature, structure and magnitude of external debt (Were, 2001). Soludo (2003) opined that countries borrow for two broad categories; macroeconomic reasons to either finance higher investment or higher consumption and to circumvent hard budget constraint. This implies that an economy borrow to boost economic growth and alleviate poverty. He argued that when debt reaches a certain level, it becomes to have adverse effect, debt servicing becomes a huge burden and countries find themselves on the wrong side of the debt-laffer curve, with debt crowding out investment and growth. The debt service burden has militated against Nigeria's rapid economic development and worsened the social problems (Audu, 2004).

The genesis of Nigeria's external debt can be traced to 1958 when 28 million US dollars was contracted from the World Bank for railway construction. Between 1958 and 1977, the need for external debt was on the low side. However, due to the fall in oil prices in 1978, which exerted a negative influence on government finances, it became necessary to borrow to correct balance of payment difficulties and finance projects. The first major borrowing of 1billion US dollars referred to as Jumbo loan was contracted from the international capital market (ICM) in 1978 increasing the total to 2.2 billion U.S dollars (Adesola, 2009). The spate of borrowing increased thereafter with the entry of the state government into external loan contractual obligation. According to the Debt Management Office (DMO), Nigeria's external debt outstanding stood at N17.3 billion. In 1986, Nigeria had to adopt a World Bank/International Monetary Fund (IMF) sponsored Structural Adjustment Programme (SAP), with a view to revamping the economy making the country better-able to service her debt (Ayadi and Ayadi, 2008).

This study seeks to thoroughly and empirically investigate the consequential effect of Nigeria's external debt on her economy and arrive at a logical conclusion. The findings from the study will be of utmost importance because policy recommendations will be given on the basis of its findings. The next section reviews various literatures, section three deals with the methodology, section four presents the data analysis and interpretation while the last section provides the conclusion and recommendations.

2. Literature Review

2.1History of Nigeria's Debt Crisis

The phenomenon of external debt by Nigeria dates back to the colonial period precisely in 1958 when the sum of US$28 million was contracted for railway construction (Adepoju et al, 2007). Between 1958 and 1977, debts contracted were the concessional debts from bilateral and multilateral sources with longer repayment periods and lower interest rates constituting about 78.5 per cent of the total debt stock (Adepoju et al, 2007). AFRODAD (2007) noted that Nigeria's external debts have been increasing over time because of a proportional shortage of foreign exchange to meet her developmental needs. The fall in oil prices in the late 1970s had a devastating effect on government expenses. It therefore became necessary for government to borrow in 1978 for balance of payment support and project financing. As a result of this, government promulgated Decree No 30 of 1978, which limited the external loans the Federal Government could raise to 5billion Naira.

In the same year government made the first "jumbo loan" of US$1 billion from the International Capital Market. This increased the nation's debt profile to US$2.2 billion (AFRODAD. 2007). Given this, Nigeria's external debts skyrocketed from the million-dollar category to that of billion dollars. Nigeria's external debt stock increased to US$13.1 billion in 1982 (CBN, 2003). Two factors led to this sharp increase: one, the entrance of state governments into external loan obligation and two, there was a substantial decline in the share of loans from bilateral and multilateral creditors and a consequent increase in borrowing from private sources at stiffer rates.

Nigeria's inability to settle her import bills resulted in the accumulation of trade arrears amounting to US$9.8 billion between 1983 and 1988. The insured components were US$2.4 billion while the uninsured were US$7.4 billion (Adepoju et al, 2007). The insured component was rescheduled at the Paris Club, while the uninsured was reconciled with the London Club. This reconciliation, which took place between 1984 and 1988, reduced the amount to US$3.8 billion (Adepoju et al, 2007). The accrued interest of US$1.0 billion was recapitalised. This brought the amount to US$4.8 billion in 1988 and the debt was eventually refinanced. In 1990, Nigeria's external debt rose again to US$33.1 billion (CBN, 2003). After a brief decline to US$27.5 billion in 1991, it rose steadily to US$32.6 billion at the end of 1995. As at 1999, Nigeria's external debt stock was US$28.0 billion. 73.2 per cent of this was owed to the Paris Club while the rest was owed to the London Club, the multilateral creditors, promissory note holders and others. (CBN, 2003).

Furthermore, servicing and rescheduling of debt became problematic for Nigeria from around 1985 when its external debt rose to up to US$19 billion. Before then, Nigeria had experienced boom in oil revenue, which was followed immediately by an unexpected decline. In 1980, Nigeria earned $25 billion from oil export. In 1982, it declined to $12 billion and further to $6 billion in 1986 (CBN, 2003). Government spending had remained high within this period and much of the projects were financed through external borrowing. Since Nigeria was an OPEC member, it was not qualified for the soft-loan financing provided by multilateral and bilateral aid agencies to other countries at that time. As at the end of 2004, Nigeria's debt stock had reached almost $36 billion out of which $31 billion was owed to the Paris Club of Creditors while the rest was owed to multilateral, commercial and other non-Paris Club of creditor (Riefel, 2005).

According to AFRODAD, (2007) debt service payment for Nigeria's debts started on a soft, tolerable level in 1958 until it became a hard bargain years later. Matters came to a head in 2003 when one of Nigeria's creditors, the Paris Club, demanded $3 billion annually for debt service payment. Dr. Ngozi Okonjo-Iweala considered the payment economically unsustainable (Semenitari, 2005). She therefore negotiated with the club. The $18 billion debt cancellation for Nigeria in 2005 by The Paris Club and subsequent settlement of some outstanding debts reduced the total external debt of the country substantially.

2.2 External Debt Management of Nigeria

The Federal Government in year 2001 established a semi-autonomous Debt Management Office (DMO) under the Presidency. Adepoju et al (2007) opined that the creation of DMO consolidated the debt management functions in a single agency, ensuring proper coordination of the country's debt recording and management activities, including debt service forecast, debt service repayments, and advising on debt negotiation as well as new borrowings.

According to Owasanoye (2005), the establishment of debt management office (DMO) is regarded in contemporary times as a best practice in view of the importance of external debt management to development. He maintained that a new approach to debt management is needed. This will ensure that borrowing is resorted to only when necessary and excessive borrowing should be avoided, the legislature should wake up to its duty to set the expenditure limits in collaboration with the executive, something similar to what obtains in US a debt ceiling is set for government by the congress. It should also insist that all request regarding borrowing are accompanied with a cost- benefit analysis, conduct public hearings on requests for the borrowings and ensure that borrowed funds are judiciously invested in purposes for which the approval was sought.

Muoghalu et al (2007) investigated how and the extent to which investment burden is affected by exchange rate conditions and external debt crisis in Nigeria, in the light of international oil prices movements using two different methods namely; the OLS and Exact Maximum Likelihood (EML) techniques. They found that a positive association exists between external debt and investment burdens. They therefore concluded that it will not be an appropriate policy for a developing economy such as Nigeria to lavishly encourage both foreign investment participation (and associated remittances) and increased accumulation of external debt (and attendant burden). They recommended that policy makers must have to strike a balance between the two and determine the optimal levels and timing of both activities in order not to unnecessarily increase the overall external sector burdens.

According to Yilanci and Ozcan, (2008) external debt sustainability is a country's ability to meet its foreign debt obligations. Ajayi (1991), after analyzing the external debt of Nigeria within a general macroeconomic framework, found that the country had macroeconomic policies that led to the accumulation of debt in excess of what was sustainable as judged by her export performance. He found out that for the entire period between 1970 and 1988, macroeconomic policy coupled with inadequate trade policy led to a rate of borrowing that was not sustainable by Nigeria.

3. Research Methods

Data was collection from Central Bank of Nigeria statistical bulletin (2013) was used for the study periods 1961-2013. The stationarity properties of the time series data was investigated using the Augmented Dickey-Fuller (ADF) test. Cointegration test was used whether a group of non-stationary time series variables used for this study is cointegrated or not. The impact of external debt on the economy group was examined using ordinary least square method with the use of EViews 7.

3.1 Models Specification

The models to investigate the impact of external debt on the economic growth of Nigeria are stated below with the dependent variable as real Gross Domestic Product while the explanatory variables are foreign debt, ratio of foreign debt to export, inflation rate and exchange rate

$GDPPC = B_0 + B_1FD + B_2FD/X + B_3INF + B_4EXR + e.$ …………… (1)

Where:

Gdppc = Gross Domestic Product Per Capita

Fd = Foreign Debt

Fd/X = Ratio of Foreign Debt To Export

Inf = Inflation Rate

Exr = Exchange Rate

E = Stochastic Variable (Error Term)

B_0 = Intercept

$B_{1,}$ $B_{2,}$ $B_{3,}$ B_4 = Slope

4. Findings

4.1 Unit Root Tests

Testing the stationarity of economic time series is important since standard econometric methodologies assume stationarity in the time series while they are in the real sense non-stationary. Hence the usual statistical tests are likely to be inappropriate and the inferences drawn are likely to be erroneous and misleading. For example, the ordinary least squares (OLS) estimation of regressions in the presence of non-stationary variables gives rise to spurious regressions if the variables are not co integrated (Granger and Newbold, 1974). The growth rates of all the variables were used to conduct unit root tests to determine the stationarity of the variables using Augmented Dickey-Fuller (ADF) test. The results of the unit root tests are presented in table below:

Table 1: Summary Results of Unit Roots Tests using Augmented Dickey Fuller

Variables	ADF Statistics	95% ADF Critical Level	Order of Integration	Remark
GDP	4.864612	-2.931401	I(1)	Stationary
EXR	-6.593183	-2.918778	I(1)	Stationary
FD	-6.898511	-3.562669	I(1)	Stationary
FDX	-12.02146	-3.562669	I(1)	Stationary
INF	-9.379532	-2.9187778	I(1)	Stationary

Author's Computation, *Significant at 1%

The results in Table 1 show that all the variables are stationary in their first differences. Therefore since the series are stationary at the first difference, the variables of each version of Wagner's law can be integrated of order one

4.2 Cointegration Test

Having tested the stationarity of each time series, the next step is to search for cointegration between the variables. For this purpose cointegration tests were conducted by using the reduced rank procedure developed by Johansen (1988). This method should produce asymptotically optimal estimates since it incorporates a parametric correction for serial correlation. The nature of the estimator means that the estimates are robust to simultaneity bias, and it is robust to departure from normality (Johansen 1995). Johansen method detects a number of cointegrating vectors in non- stationary time series. It allows for hypothesis testing regarding the elements of co integrating vectors and loading matrix. Johansen procedure is used to determine the rank rand to identify long run relationship. The cointegration test results are reported in table 2 below:

Table 2: Cointegration Test

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.711460	106.0910	69.81889	0.0000
At most 1	0.318971	41.45914	47.85613	0.1745
At most 2	0.202681	21.48331	29.79707	0.3282
At most 3	0.161038	9.705283	15.49471	0.3041
At most 4	0.010989	0.574593	3.841466	0.4484

As evident in table 2, RGDP is cointegrated with EXR, INF, FDX and FD. The test statistics strongly reject the null hypothesis of no cointegration in favour of five cointegration relationships between the variables. Since the variables are stationary, integrated of order one, and cointegrated. Both Akaike Information and Schwartz Bayesian Criteria suggest adequacy of setting the order of VAR at 1. Thus, the results show that the variables are cointegrated and have long run relationship with one another.

4.3 Ordinary Least Square Regression

Dependent Variable: GDPPC
Method: Least Squares
Date: 10/17/14 Time: 09:37
Sample (adjusted): 1961 2013
Included observations: 53 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1584.735	10412.69	-0.152193	0.8797
EXR(-1)	1480.981	178.6638	8.289206	0.0000
FD(-1)	-0.008209	0.007984	-1.028170	0.3090
FDX(-1)	-5053.551	4379.348	-1.153951	0.2542
INF(-1)	17.46326	391.0184	0.044661	0.9646

R-squared	0.734678	Mean dependent var	42076.92
Adjusted R-squared	0.712568	S.D. dependent var	88083.24
S.E. of regression	47223.79	Akaike info criterion	24.45277
Sum squared resid	1.07E+11	Schwarz criterion	24.63865
Log likelihood	-642.9984	Hannan-Quinn criter.	24.52425
F-statistic	33.22810	Durbin-Watson stat	0.638332
Prob(F-statistic)	0.000000		

The findings showed that a unit increase in exchange rate and inflation rate will rise the GDP by 1480.981 and 17.46326 respectively. The results from the OLS analysis showed that 73% of the variation in the GDP is explained by the explanatory variables if only each variable at constant. The coefficients values showed that exchange rate (EXR) is the only variable that contributed significantly to the GDP ($P<0.05$) and also shows a positive relationship to GDP. The F-statistics shows that the time to time behavior of external debt, ratio of external debt, inflation, and exchange rate all put together cause a significant change on the Nigerian economy.

5. Conclusion and Recommendations

External debt plays a crucial role in an economy. The optimal utilization of external debt by the government would avoid debt overhang and crowding out of investments. The bane of the study has been to examine the effect of external debt on the economic growth of Nigeria. The study employed the Johansen co-integration test and Ordinary least square method. The co-integration test shows the existence of long run equilibrium relationship among the variables. The results from the OLS analysis showed that 73% of the variation in the GDP is explained by the explanatory variables if only each constant. The coefficients values showed that exchange rate (EXR) is the only variable that contributed significantly to the GDP (*P<0.01*). The F-statistics shows that the time to time behavior of external debt, ratio of external debt, inflation, and exchange rate all put together cause a significant change on the Nigerian economy.

Based on the findings of this study, it is recommended that Nigeria should ensure that debt service obligations do not rise rapidly than foreign exchange earnings and foreign borrowing by private and public organizations should be adequately monitored by the government debt agency – Debt Management Office (DMO) and all the external loans contracted should be reported to the agency so that an up to date record of the volume of debt can be kept.

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Appendix

Unit root Test for all variables

Null Hypothesis: D(EXR) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=10)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-6.593182	0.0000
Test critical values:	1% level	-3.562669	
	5% level	-2.918778	
	10% level	-2.597285	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(EXR,2)
Method: Least Squares
Date: 10/17/14 Time: 06:55
Sample (adjusted): 1962 2013
Included observations: 52 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(EXR(-1))	-0.931152	0.141230	-6.593182	0.0000
C	2.764208	1.577030	1.752794	0.0858

R-squared	0.465069	Mean dependent var	-0.030956
Adjusted R-squared	0.454371	S.D. dependent var	14.82873
S.E. of regression	10.95350	Akaike info criterion	7.662897
Sum squared resid	5998.955	Schwarz criterion	7.737945
Log likelihood	-197.2353	Hannan-Quinn criter.	7.691669
F-statistic	43.47005	Durbin-Watson stat	2.008845
Prob(F-statistic)	0.000000		

Null Hypothesis: D(FD) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=10)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-6.898511	0.0000
Test critical values:	1% level	-3.562669	
	5% level	-2.918778	
	10% level	-2.597285	

*MacKinnon (1996) one-sided p-values.
Augmented Dickey-Fuller Test Equation
Dependent Variable: D(FD,2)
Method: Least Squares
Date: 10/17/14 Time: 06:56
Sample (adjusted): 1962 2013
Included observations: 52 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(FD(-1))	-1.053659	0.152737	-6.898511	0.0000
C	30699.34	132278.4	0.232081	0.8174

R-squared	0.487650	Mean dependent var	-48266.29
Adjusted R-squared	0.477403	S.D. dependent var	1314543.
S.E. of regression	950295.2	Akaike info criterion	30.40464
Sum squared resid	4.52E+13	Schwarz criterion	30.47968
Log likelihood	-788.5205	Hannan-Quinn criter.	30.43341
F-statistic	47.58945	Durbin-Watson stat	1.878071
Prob(F-statistic)	0.000000		

Null Hypothesis: D(FDX) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=10)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-12.02146	0.0000
Test critical values:	1% level	-3.562669	
	5% level	-2.918778	

	10% level	-2.597285	

*MacKinnon (1996) one-sided p-values.
Augmented Dickey-Fuller Test Equation
Dependent Variable: D(FDX,2)
Method: Least Squares
Date: 10/17/14 Time: 06:56
Sample (adjusted): 1962 2013
Included observations: 52 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(FDX(-1))	-1.487158	0.123709	-12.02146	0.0000
C	0.005384	0.251321	0.021424	0.9830

R-squared	0.742951	Mean dependent var	-0.016923
Adjusted R-squared	0.737810	S.D. dependent var	3.539240
S.E. of regression	1.812249	Akaike info criterion	4.064716
Sum squared resid	164.2123	Schwarz criterion	4.139764
Log likelihood	-103.6826	Hannan-Quinn criter.	4.093488
F-statistic	144.5156	Durbin-Watson stat	2.228032

Null Hypothesis: D(INF) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=10)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-9.379532	0.0000
Test critical values:	1% level	-3.562669	
	5% level	-2.918778	
	10% level	-2.597285	

*MacKinnon (1996) one-sided p-values.
Augmented Dickey-Fuller Test Equation
Dependent Variable: D(INF,2)
Method: Least Squares
Date: 10/17/14 Time: 06:58
Sample (adjusted): 1962 2013
Included observations: 52 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(INF(-1))	-1.274891	0.135923	-9.379532	0.0000
C	0.111898	2.428067	0.046085	0.9634

R-squared	0.637617	Mean dependent var	-0.182308
Adjusted R-squared	0.630370	S.D. dependent var	28.79666
S.E. of regression	17.50758	Akaike info criterion	8.600847

Sum squared resid	15325.76	Schwarz criterion	8.675895
Log likelihood	-221.6220	Hannan-Quinn criter.	8.629618
F-statistic	87.97563	Durbin-Watson stat	2.085271
Prob(F-statistic)	0.000000		

Null Hypothesis: GDPPC has a unit root
Exogenous: Constant
Lag Length: 10 (Automatic - based on SIC, maxlag=10)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		4.864612	1.0000
Test critical values:	1% level	-3.592462	
	5% level	-2.931404	
	10% level	-2.603944	

*MacKinnon (1996) one-sided p-values.
Augmented Dickey-Fuller Test Equation
Dependent Variable: D(GDPPC)
Method: Least Squares
Date: 10/17/14 Time: 07:03
Sample (adjusted): 1971 2013
Included observations: 43 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
GDPPC(-1)	2.075873	0.426729	4.864612	0.0000
D(GDPPC(-1))	-3.524655	0.468312	-7.526293	0.0000
D(GDPPC(-2))	-1.819367	0.505209	-3.601217	0.0011
D(GDPPC(-3))	0.236229	0.509528	0.463624	0.6462
D(GDPPC(-4))	-2.774627	0.498999	-5.560382	0.0000
D(GDPPC(-5))	-1.041584	0.785317	-1.326324	0.1944
D(GDPPC(-6))	-2.774901	0.849062	-3.268196	0.0026
D(GDPPC(-7))	-1.503167	0.982522	-1.529907	0.1362
D(GDPPC(-8))	-3.388985	0.968766	-3.498249	0.0014
D(GDPPC(-9))	-2.305403	0.875463	-2.633353	0.0131
D(GDPPC(-10))	-4.030485	0.857310	-4.701317	0.0001
C	1412.946	2281.244	0.619375	0.5402

R-squared	0.910611	Mean dependent var	10845.93
Adjusted R-squared	0.878892	S.D. dependent var	35132.17
S.E. of regression	12226.21	Akaike info criterion	21.89148
Sum squared resid	4.63E+09	Schwarz criterion	22.38298
Log likelihood	-458.6668	Hannan-Quinn criter.	22.07273
F-statistic	28.70881	Durbin-Watson stat	1.707807
Prob(F-statistic)	0.000000		

SYNCHRONIZING MARKETING MIX & PERSONAL BRAND MIX ELEMENTS FOR DEVELOPING A PERSONAL BRAND

Dr. Mohammed Nazeer Ahmed[1]

ABSTRACT

A 'personal brand' is in many ways offers identity to your profile, gives recognition, provides reputation and status, and it reflects the image of yours to the world at large. It refers to the way other people know you as a business proprietor or representative of an idea or concept or as a successful person etc. It gives wisdom to the people to determine: Whether, you are competitive? Whether, you are an expert? Whether you are skill full? Whether you are trustworthy? What you are capable of? The process of personal branding involves creating your own personal brand, organizing your thoughts and creating your own personal brand vision. The aim of this paper is to provide a bottom-line for professionals interested in developing their persona as their personal brand. The paper is built upon qualitative analysis of various elements required in personal branding; the analysis results in to identifying qualities required among persons to emerge as a brand-Thus this give rise to the emergence of 7 Ps of personal brand mix. The paper presentation will provide the readers the attributes i.e. personal brand mix elements to empower an individual as a brand.

***Keywords**: Personal brand, Personal Branding, Personal brand mix, Elements of personal brand mix, and analysis of personal brand mix*

Introduction:

It is for sure, everyone knows what a brand is the Samsung Mobiles, Nokia, Apple, ZTE, LG Mobiles, Huawei, TCL(Alcatel Mobile Phones), Lenovo, Sony Mobile, Blackberry etc. Internationally, these brands have not only dominated the electronic market but also revolutionized the means of communication. For obvious reasons, the results for the success of these brands are the reputation of the Brands. These days, the" brand" catchphrase is equally seen and heard around a whole lot in career and job search conversations. At this juncture we might be thinking, "*Why do we really have to care about this*?" The reason is whether we are on the job hunt, as a student, or gainfully employed, we must think, act, and plan like a business leader. With the ever increasing usage of social media, we have both possibility and need to manage and enhance our own reputation as a brand.

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Employers and employment agencies apart from referring our candidature through reliable sources also search our profile online using various means including social media, before inviting us for an interview. Our present employer most likely has an eye on what we are doing and what our plan of action would be with regards to continuing our stay in the present employment. This may not apply for all employments, but applies essentially for large number of employments. It is essential to know when we interact with people, both online and offline, people do build up in their psyche over a time, our image of who we are and what we are capable of. Essentially, the image or brand what you could build up over a period of time, you will be best known with it. The brand image or the personal brand of yoursis all about what you are and what you want to be known for.

Research Objectives

The main purpose of this paper is to focus on to provide a bottom-line for professionals interested in developing their persona as their personal brand. The objectives of this study also includes to identify distinguish qualitative characteristics required in professional to emerge as a brand. The paper presentation will provide attributes i.e. personal brand mix to empower an individual as a brand.

Research Design & Methodology

The paper is focused on providing insight to the professionals interested in developing their image as a brand. Personal Branding is essentially the continuing and progressive process of establishing a prescribed image or notion in the mind of others about an individual, group or organization. Therefore, the elements of personal brand mix were developed to have a better understanding of characteristics needed to develop personal image as a brand. The efforts were made to coordinate with the elements of marketing mix needed for brand image of products/services with the elements of brand personality mix for personal image or personal brand. Data for this study were drawn from a review of ***secondary sources***, consisting primarily of management research papers from reputed journals, human resource newsletters, several corporate websites and media reports related to the study sites. The paper will provide recommendations for the professionals that the Personal Brand should be authentic and should always reflect their true nature, and it should be built on values, strengths, and intellectual faculties.

Personal brand- *What is it?*

Essentially, one of the most significant aspects of creating a personal brand is the image that you convey or represent to the world around you. Your personal brand is what distinguishes you from everyone else in the world. Personal branding is about deciding to take an active role in the direction of your professional life.

A ‘personal brand’ is in many ways identical with your reputation and status, and the laurels achieved by you. It gives wisdom to the people to determine: Whether, you are competitive? Whether, you are an expert? Whether you are skill full? Whether you are trustworthy? What you are capable of?

Personal branding is the practice of people marketing themselves and their careers as brands[1]. In the words of Ms. Shama Hyder, founder and CEO of the award-winning Marketing Zen Group, a full service online marketing and digital PR firm, “The term branding has long been relegated to companies, but today almost every individual has a personal brand. Not many of us have consciously cultivated these brands, but they exist nonetheless”[2].

Emphasis on Marketing Mix!

"Marketing mix" is a general phrase used to describe the different kinds of options organizations have to make in the whole process of bringing a product or service to market.

The marketing mix is often crucial when determining a product or brand’s offer and is often associated with four P’s: price, product, promotion and place. [3]

In service marketing, however, the four P’s are expanded to the seven P’s. [4]

In Marketing there are 7 elements that all SMEs must consider if they are willing to achieve a competitive advantage. These groups of elements are known as the marketing mix composed by: product, price, promotion, place, people, process and physical evidence – the last three considered as the extended marketing mix for services. Given that we live in a rapidly changing environment where products, customers, technology and needs change constantly, management must revisit the marketing mix in a regular basis to ensure the business operations are on the right track and corporate objectives are been followed and achieved [5].

The right mix of elements of marketing mix assists management in solving the following below mentioned questions:

Product

Whether your business products and services mix suitable for the potential customers? Does the mix have the potentiality to increase the number of customers?

Price

Is your product/service price appropriate in the pragmatic world?

Place (Place from where products and services are distributed)

Is your business location is suitable location for customers?

Promotion

Does your promotion efforts contributing enough to the targeted results?

People

The persons (employees) responsible are the right persons in right positions?

Process

Is the sales system followed is effective enough?

Physical Evidence

Is your business physical evidence is potential enough to attract the customers?

Physical evidence is the material part of a service; it includes physical environment, ambiance, layout, signs, symbols, employees' uniforms, brochures etc.

Personal Branding

Personal Branding is essentially the ongoing process of establishing a prescribed image or impression in the mind of others about an individual, group or organization[6].

In present times branding has reached a new level of imperative position because of the rise of the Internet. Despite the social media and online identities being expressly virtually in nature, both has the ability to affect the real world. Social media enables the creation of an online identity which gives true recognition to the person, provided the achievements and accomplishments projected online by the person are authentic enough. Employers are now increasingly using social media tools in order to vet applicants before offering them interviews. ***Today, added emphasis is placed on personal branding, especially in the online world***[7].

Ms. McConnell, Irene, Personal branding strategist, LinkedIn executive resume writer, has rightly mentioned in her article, "Personal Branding: Definitive Guide For Job-Seekers", that job seekers can provide online access to potential employers while exhibiting their personal brand assets. According to her personal brand assets include a resume, links to a carefully managed LinkedIn profile and a personal blog, evidence of articles which disseminate original ideas on industry blogs and evidence of having an online following. Such efforts give job-seekers better odds of being noticed by potential employers[8.]

Elements of *personal brand mix* for developing a personal brand

Synchronizing the elements of marketing mix with personal brand mix for developing your personality as a personal brand-***The emergence of seven Ps of Personal brand***

Personal Brand Mix:

Personal branding involves creating one's own personal brand, organizing his/her thoughts and creating his/her personal brand vision. Personal brand helps an individual the way he or she wants to be perceived by others and also how an individual want to live his and her professional and personal life.

The correctusage of elements of Personal Brand Mix is an attempt to develop reputation and recognition that results into value-addition in one's profile.

- **Products/Services- Your profile is your product:** developing your profile, for a better reputation and employability?
- **Prices/Fees- Your remuneration is your reputation:** projecting your profile in a manner that increases your remuneration and higher remuneration generates reputation.
- **Place/Access- Your employment is your Asset:** Your employment with a reputed institution and the environment it provides with value based development workshops and seminars etc gives you ample opportunities to project your skills and expertise to the target audience. e.g. (i) Your recognition is made known to the target audience as an excellent speaker on management topics while participating in development workshop conducted by your organization/institution. (ii) Your expertise skills in handling the accounting applications by computer were known to the target audience by leading in a seminar organized by your organization/institution. Highlighting the value based environment in to your profile will add value to your profile.
- **Promotion- Your publication is your pride:** publishing your intellectual property will give you pride and special sense of satisfaction. Publications of business articles into reputed magazines give you pride for your achievements. These achievements add value to your profile among the target audience.
- **People- Your association is your Status:** The people and their profiles with which you are associated will add value and status to your profile. The learning is possible among the learned. The opportunities are made known first to us through the association we are associated with. The environmental understanding is possible through the association we are associated with. The level of competence required for an employment or task is made known through the association we have. For example: The connections (association) we have in social media, say LinkedIn, gives us required impetus to learn.
- **Process- Your methodology is the matter:** "Is your branding system an effective "brand system?"

The next object to consider within the brand personality mix is the process of how your profiles is disseminated and conveyed to the target audience. Process involves understanding your brand, creating your brand, communicating your brand, evaluating your brand and evolving your brand. This includes continuous updating the profile with substantial achievements this for sure results into large number of spectators to the profile.

- **Physical Evidence- Your assurance is your significance:** Physical evidence is related to the material part of your qualitative characteristics. How you reassure your audience? E.g. impressive profile, projecting authentic documentation, proven record, exclusive evidence of the events you handled in past and also handling at present and creativity etc add value to your personality.

Model depicting a comprehensive presentation of elements of Brand Personality Mix

Personal Brand Mix	**Elements of Personal Brand Mix**				
Products/ Services- Your profile is your product	Character	Values	Passion	Traits	Professional Image
Prices/Fees- Your remuneration is your reputation	Number of years of experience	Educational qualifications	Performance reviews	No of employees reporting	Professional membership
Place/Access- Your employment is your Asset	Reputation of Business	Business Partners	Company's Channels of Distribution	Innovation Success	Top quality employees

Promotion- Your publication is your pride	Writing and Publishing	Profiles on Social Media	Developing Case studies	Networking	Speaking on Occasions
People- Your association is your status	Associate with other strong brands (profiles)	Recommendations received from other strong profiles	Involved with influential people	Ask me anything	Connecting with people in group and forums
Process- Your methodology is the matter	Understand your brand	Create your brand	Communicate your brand	Evaluate your brand	Evolve your brand
Physical Evidence- Your assurance is your significance	Impressive profile	Documentation	Proven record	Events	Creativity

An Analytical understanding of Elements of Personal Brand Mix

1. Products/Services- Your profile is your product

Character: The aggregate of features and traits that form the individual nature of persons.

Values: Your values are the things that drive your life. They're at core of your being and you refer to them when making decisions. May be you don't always refer to them, everybody makes bad decisions some times, but you when you make best decisions in life you usually consider your values. Examples: Family, Friends, Community, Ambition and Intelligence etc.[9]

Passion: Passion is something that interests you. Passions intrigue you and make you want to investigate. A passion is something you would do even if you weren't being paid or even something that you would pay for yourself if you had to. [10]

Traits: Traits are the unique aspects of your personality. Traits are things that give others a key inside your brain.[11]

Professional Image: A set of qualities and characteristics that represents perceptions of your competence and character as judged by both influencers and peers. [12]

The combination of right elements of profile mix such as character, values, passion, traits and professional image will results into an effective profile.

2. Prices/Fees- Your remuneration is your reputation

Number of years of experience –More experience usually results into higher pay. Since more experience signifies a person as a skill full person, and skills are measurable in terms of money. Highlight the years of experience in your profile for better results.

Educational qualifications- A degree from a reputed university/institution has a positive influence on pay scale, having a higher degree from a reputed institution has to be highlighted into the profile for garnering positive results.

Performance reviews- Increase in pay and promotions are directly linked to individuals' performance. Performance reviews of your superiors from the present employment would also be important for your prospective employers.

Number of employees reporting-The more employees report to you or the more employees you manage is directly proportionate to higher pay in certain jobs. Highlighting the number of employees reporting to you will enhance your image.

Professional membership - memberships in professional organizations or trade associations can have a positive effect on pay.

3. **Place/Access- Your employment is your Asset**

Reputation of the Business: The reputation of a business is essential to its survival. If an organization has a good reputation in the market place, consumers may have a preference for that company even if there are similar businesses offering the same at different prices. A reputed firm not only has ethics, financial performance, leadership, good management, social responsibility, customer focused, quality assurance, reliability, emotional appeal. But also most importantly it has talented employees and an appealing workforce. Therefore association with such value based companies enhances your personal brand.

Business Partners: Building a reputation or personal brand working with those companies become possible, if the companies in which you are employed, has reputed firms as business partners for B2B businesses. The success factor is 'not what you know' but 'who you know' has resulting impact on enhancing the personal brand.

Company's Channels of Distribution: The Company in which you are employed, if follows an effective strategy for distributing the Company's products this will enhance the company sales volume. Effective strategy for distribution of goods and services will meet all the business goals of the company. Your association with such companies as an employee will enhance your personal brand.

Innovation Success: Companies innovation and idea generation will results into earning of reputation for the individuals employed there in. Companies adopting innovation policies and strategies will help individuals develop their personal brands.

Top-Quality Employees: working with top quality employees will enhance one's image as learning for employee in such company is continuous.

4. Promotion- Your publication is your pride

Writing and publishing: After identifying the area of expertise, writing and publishing research based articles and academic literature is the best way to build a brand and reputation online; when people look for information, they tend to go back to sources that were helpful to them. If you can become a trusted source of information through your articles and publications over time you'll become collectively known as the expert of your specific field. This effort of yours will enhance your personal brand.

Social media profiles: If social media is a body, the publications are referred to as its soul. Take the time to post your details in social media profiles, including Facebook, Twitter, and LinkedIn, and make sure they're consistently in line with your personal brand standards. Consistently, updating the post will keep the target audience aware about the happenings.

Develop case studies: Publishing case studies on the pragmatic experiences you had in your professional life is another valuable effort to enhance your personal brand. Audiences prefer to read real life experiences, such experiences if shaped in case studies will connect the audiences to your experiences.

Networking: Engaging with other individuals and experts in the field will influence the audiences of social media. Your association with the influencers in social media and also persons, who have many connections, would be valuable in helping you to spread the word about your expertise. These will sure results into building your personal brand. Attending professional networking events to meet influencers in your area also results into developing many followers and valuable networking.

Speaking on Occasions: developing on the lines to become an excellent speaker in the area of expertise; will results into popularity. Speaking on occasions will help in connecting with new audiences and also assists in demonstrating your expertise.

5. People- Your association is your Status

Associate with other strong brands: Your personal brand is tough or weak by your connections to other brands on a social media. Connecting with the strong brands (profiles) will leverage our personal brand. The best means to connect with the audiences is by connecting with officials of the company where you work? The College where you studied? And the Colleagues where you are working?

Recommendations received from other strong profiles: Personal branding success requires communicating your message to the right people — not necessarily to the entire world also the personal brand success depends on the valuable recommendations we receive from other profiles. Building a strong personal brand helps you interact with your target audience in a clear, consistent way. Further consistency with connections builds trust in your target audience, which allows more valuable connections to form.

Involved with Influential people: For a personal brand to grow, get involved in conversations with influential people in your industry via social media such as Twitter, LinkedIn, Google+, and other networks are an amazing thing; you can get the CEO of a major company, a big-time journalist to chat with you. Figure out which influencers in your industry you want to engage. Follow them on the social channel of your choice, and join the conversations on their profile.

Ask Me Anything: Ask Me Anything became famous on Reddit, but other sites like Inbound.org are hosting the popular real-time Q&A interviews now, too. Basically, you introduce yourself, tell people a little bit about you, and allow people to ask you anything you want. However, you need to have expertise knowledge and skills in handling questions of the audience.

People really appreciate when someone will open up and be completely honest, especially online. AMAs are a unique way to share your expertise and build your personal brand.[13]

Connect with people in Groups and Forums: To build up the personal brand, you need to connect with the people in groups and forums on social media, connections with groups and forums results for more popularity.

For example, search for “online accounting discussion forum” and you’ll get a result for Accounting Forums.com. This forum is full of discussion among accountants. To get started in the discussion, find the conversations where you’re comfortable and add your thoughts and opinions. Aim to help those with questions where you feel comfortable providing advice. If you’re not comfortable answering questions you can always ask your own questions. Even if you feel your questions are rudimentary you’ll usually find many people willing to offer advice. From these discussions you can build relationships that can turn into opportunities.[14]

6. Process- Your methodology is the matter

Understand your brand: A successful personal brand is genuine. And real Thus, you need to know yourself before you can build a successful personal brand. If you are creative, self-motivated, sociable, and fanciful, you will not succeed by communicating the attributes of conventional, stable, and focused. Much the same as Volvo is known for being a safe car, not for being a speedy sports car.

Create your brand: Essentially, your personal brand is your promise of value. It distinguishes you from your peers, your colleagues, and your competitors. And it allows you to expand your success. Personal branding is not about building a special image for the outside world; it is about understanding your unique combination of rational and emotional attributes - your strengths, skills, values and passions - and using these attributes to differentiate yourself and guide your career decisions. You can create your brand by opening an account with LinkedIn, Facebook or even having own blog or website. For example, a LinkedIn profile is a combination of a resume, cover letter, references document and a moving and living database of your network. Use it to create your own personal advertising, to search for jobs or meet new people.

Communicate your brand: Illustrate and explain the spirit of your brand. List your brand characteristics; create a brand statement or declaration and even your personal brand tagline. This will help you as you develop a plan to communicate your brand. Find the Right Mix of communication tools e.g. Communicate your achievements your publications, through images display in the social media. Once you know yourself, your competitors, and your target, you can identify the ideal combination of communications tools that reach your audience effectively.

Evaluate your brand: The solution is putting metrics in up front to evaluate your brand. If you are an employee of a company, you can use performance evaluations, and informal feedback from managers and peers and also from subordinates. Discover a group of people to use as your focus group: trusted people who will provide truly honest feedback, perhaps your mentor or a performance coach. If you are a consultant, provide your clients with feedback forms after every project. Request feedback on your web site, get as much Input as you can, to make your output as strong as it can be.

Evolve your Brand: To remain relevant to their target audiences, all strong brands evolve with the times. This could mean line extensions for e.g. Samsung is now selling Mobile phones apart from Television sets. It could be modifying the ways you communicate your brand it could mean supplementing brand attributes as you continue to grow in your career much like BMW has been adding style to safety in the design of their cars.

7. Physical Evidence- Your assurance is your significance

Impressive Profile: The impressive profile is an articulated profile consists of your vision, purpose, values and passion.

Create a free LinkedIn account if you do not have one already. Update your profile with details of your education, past and current employments, skills, awards, relevant test scores, publications and anything LinkedIn prompts you to add. In addition to the creation of profile in LinkedIn, also remember to organize it. The activities involved to organize your profile are update profile using edit profile, add new connections particularly those connections related to your profession, industry etc, join and participate in linkedin groups, recommend and get recommended. This will enhance your personal brand.

Documentation: Proper documentation leads to authenticity. Documentation of educations qualifications, work experience and achievements will results into people judging us prudently.

Document your experiences whether that is with photos, videos or what you write. Take that day to day documentation of your thoughts and media and put more of it online. In other words "t*hink like a publisher*".[15]

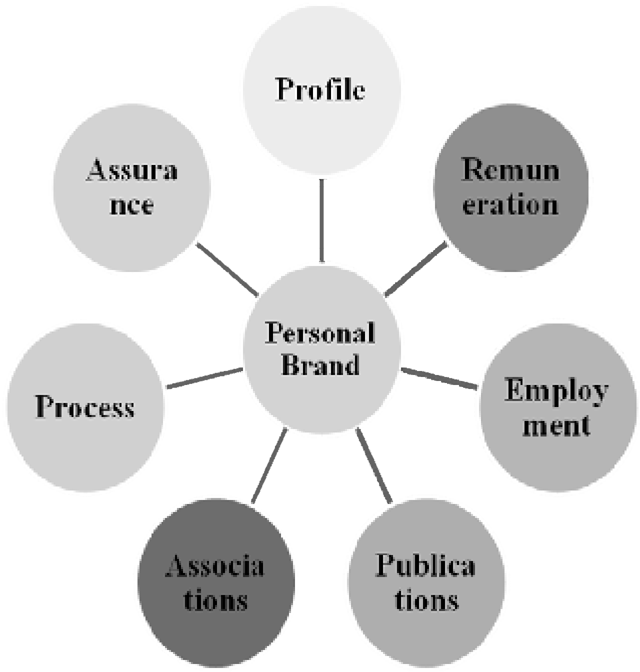
Proven record: The impressive profile is an articulated profile consists of your vision, purpose, values and passion. Further the profile is combination of a resume, cover letter, references document and a moving and living database of your network. The social media is used to create your own personal advertising, and if it is documented with proven track records detailing the date and time of events and achievements will for sure enhance your personal record.

Events: Projection of events handled in the past and the events being handled at present will revitalized your brand among the target audience such as colleagues, subject experts, and mentors. Further it results into discovery of new connections and increase the future business prospects.

Creativity: For sure creativity creates interest hence you shall brush your creative skills.

Creativity is another quality people look for in those they want to work and associate with. People generally feel they have a certain level of creativity. But most know that there is a limit to creativity. Most people that go far in business have realized the power of tapping into the creativity of others. This is where you can show your creativity and pique the curiosity of potential employers and business partners. The Internet has made it much easier to showcase your creativity on a public and accessible platform.[16]

Model depicting the elements of Personality Brand Mix



Conclusions:

The objective of developing your personal brand is not simple to get a best job or to grow your company business. The goal should be to find success and happiness with your professional life. Developing a *personal* brand is similar to product branding. The overall goal with branding is to distinguish yourself (the profile as product) in the media (social media as the market) so you can attain your objectives, it can be those landing your dream job or becoming a famous publisher. The process includes defining your brand and brand attributes, positioning your brand in a different way, compared with your competitors or contemporaries and then managing all aspects of your personal brand.

With all of the social media giving opportunities today, personal branding is frequently being used not just in personal lives, but also in professional arenas. It can be quite a dilemma for people to brand themselves successfully without losing their real selves in the process. But for the successful personal branding it is essential to have an authentic personal brand. It is to be noted that over excessive personal branding results in to self-praise and an individual may turn self-centered.

Your Personal Brand should be authentic. Authentic Personal Branding is a journey towards a happier and more successful life. For a successful professional journey, your personal Brand should be authentic and should always reflect their true nature, and it should be built on values, strengths, and intellectual faculties.

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REDUCE TURNOVER, INCREASE PRODUCTIVITY, AND MAXIMIZE NEW EMPLOYEE SUCCESS

Dr. Gia Buckner-Hayden[1]

ABSTRACT

New employees offer promise and potential for their employers. However, common business turbulence like sudden organizational growth or restructuring can create challenges. These challenges require employees to acclimate quickly to an evolving organizational culture, new organizational structures, updated policies and procedures, and additional job responsibilities, in order to be successful. A new employee's promise can quickly become a liability. Further, employees who are new to the organization or new to their job roles, generally consume more resources then the value of their productivity (Rollag, Parise, & Cross, 2005).

It becomes critical for organizations to experience a return on their investment by means of increased productivity over time. Unfortunately, organizations will not see a return on their investment if new employees fail to reach full productivity or leave the organization before they have an opportunity to contribute in a way that affects the organization's performance outcomes and bottom line (Chang, Ehrlich, & Millen, 2004).

After the first three months, most new employees can perform functionally, understanding rules, regulations, processes, and governance. However, if they do not develop personal connections both intellectually and socially, they will not experience continued growth in the organization (Chang, Ehrlich, & Millen, 2004). Organizational socialization has a profound influence on new employee adjustment.

Onboarding is an acclimation process focused on integrating new employees into a company's culture (Dai & De Meuse, 2007) both functionally and socially. This article provides an overview of the seven-phase Onboarding Workforce Maximization Design Model. It will also explain the impact of utilizing a comprehensive onboarding program to improve new employee's success.

Problem Statement

Staff turnover, mergers, organizational growth, and organizational restructuring, are some of the challenges organizations encounter. These challenges require employees to acclimate quickly to new organizational structures, products and services, job roles, and responsibilities in order to be successful. Expectations such as these can be particularly

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challenging given, employees who are new to their roles generally consume more resources then the value of their productivity (Rollag, Parise, & Cross, 2005).

According to Rollag et al. (2005), "… [new employees] are typically a net drain on productivity, drawing a salary, incurring training and orientation expenses, and consuming co-worker's time without providing much in return" (p. 35). When a current employee is moved into a new role or when an employee is new to the company, this short-term net loss is inherent to the process (Buckner-Hayden, 2012).

Organizations do however; expect to see a return on their investment by means of increased productivity over time. Organizations will not experience this return if the employee fails to reach full productivity or they leave the organization before they have an opportunity to contribute in a way that affects the organization's bottom line and performance outcomes (Chang, Ehrlich, & Millen, 2004).

In addition, when employees leave, they take with them the human capital for which the organization has invested recruitment, acclimation, and training resources. Not only is a critical role now vacant, the organization must now reinvest those same resources in another new employee, resulting in an overall net loss of their initial investment. Further, critical vacancies create inefficiencies that can make the organization vulnerable strategically and operationally (Lynch & Buckner-Hayden, 2010).

New Employee Profile

New employees offer the promise of enthusiasm, fresh ideas, additional manpower, and future leadership for a company. However, new employees or employees who are new to their roles, are vulnerable (Suggs, 2014). When a new employee joins a company, they have not yet earned the social currency or influence to impact the company's culture. By the time they become acclimated, they have either forgotten their new ideas or traded them in for groupthink. Groupthink is a thought process exhibited by members of a group trying to prevent or reduce conflict, thus reaching a consensus without critically exploring the ideas (Turner & Pratkanis, 1998). The potential promise of a new employee can quickly become a liability.

On average, it takes 20 weeks for professional staff and 26 weeks for executive staff to reach full productivity (Williams, 2003). According to the United States Department of Labor, over 35% of employees have been with their companies for less than two years and over 25% have been with their companies for less than one year (U.S. Department of Labor, 2010). Given this information, American organizations are functioning with approximately 25% of their workforce having only reached full productivity within roughly the last six months (Buckner-Hayden, 2012).

The Labor Department (2010) reported that between the ages of 18 and 37, Americans will change employers nearly 10 times. This is appreciably different from the organizational cultural standards when one could expect to work for an employer for the duration of their career, enjoy employer loyalty, and retire with a pension and a gold watch (Suggs, 2012). This current nomadic employment culture creates a challenge for organizations with respect to managing transient intellectual capital, turnover, and maintaining organizational stability.

These challenges are relevant at all professional levels, including executives (Suggs, 2014). Coyne and Coyne (2007) built a database that compiled 2002-2004 turnover rates of high-level executives of the 1000 top companies in the United States, as determined by their market cap by the end of 2001. During this same timeframe, they investigated the recently reported employment status of executives who left companies as a result of a new CEO.

Here is what they determined:

"Chances are higher the executives will find themselves out the door. They're more likely than not to land in a lower position at a new company, to work in a much smaller firm, or to retire altogether" (p. 64).

When there is turnover at the executive level, the organization experiences double jeopardy. They must endure the loss of a senior level staff person in addition, turnover at the executive level frequently causes disruptions with the executive's direct reports and laterally (Suggs, 2014).

New executives almost always cultivate their own organizational culture. Even if employees are seasoned, the future becomes ambiguous. They must now acclimate to the new executive's rules, expectations, and culture norms (Coyne and Coyne, 2007). Many are unsure if they will be able to successfully make the adjustment.

Why Employees Quit

Given the intensity and time commitment necessary to find a job, not to mention the financial repercussions of unemployment, it is hard to imagine why an employee would leave their new job. What would have to occur to drive this decision?

As previously discussed, a majority of managers believe that employees leave their jobs because they want more money. However, most employees leave for reasons other than money (William, 2003).

Let us take a look at some reasons why employees leave.

According to Branham (2005) employees leave because:

- The environment is not what they expected
- They are not the right fit for the role

- They are not receiving coaching and feedback
- They perceive there are limited opportunities for advancement
- Their contributions are not recognized or they feel devalued
- The environment is too stressful
- They received insufficient job training
- Poor teamwork
- Poor communication
- They do not trust their leader

Give this list, a critical observation is, employees do not leave their ***work.*** They leave ***the people they work with***, most notably their manager (Buckingham & Coffman, 2012).

At the core of this issue is socialization. “Socialization is a process for acclimating individuals to the components of an organization’s culture necessary for success” (Suggs, 2014, p. 25). It bridges the potential of a new employee’s talent with the opportunity to actualize it (Snell, 2006). Organizational socialization has a pervasive impact on new employee adjustment. Unless organizations are proactive and deliberate regarding socialization, many employees will not be successful in their new roles (Buckner-Hayden, 2012). Ashford and Saks (1996) has long discovered that a structured socialization process is associated with less;

- role ambiguity,
- conflict,
- stress symptoms,
- and intentions to quit.

In addition, employees experienced greater;

- job satisfaction,
- organizational commitment,
- and organizational identification.

Most new employees achieve functional performance after their first three months. They understand rules, regulations, processes, and governance. However, if they do not develop personal connections both intellectually and socially, they will not experience a continued increase in their productivity. Chang, Ehrlich, and Miller (2004) concluded that social networking could be a valuable tool to help understand how connections are developing, their impact, and the overall job satisfaction of new employees.

Lastly, an investigation by Hunter Douglas revealed that the primary reason for 70 % of their employee turnover within the first six months was because new employees did feel connected or engaged at their company (Lee, 2006). Employees who are not socialized are more likely to leave an organization. This is especially critical during their first 30 to 180 days. Employees decide within their first 30 days whether they feel welcomed in an organization (Dai & De Meuse, 2007), and whether or not they will stay within the first six months (Aberdeen Group, 2006).

Organizational socialization has a ubiquitous impact on new employee adjustment. The question for many organizations is, how do they properly socialize employees, help they reach full productivity quickly, and prepare them for long-term success at their companies?

Onboarding

Onboarding is an organization development tool within the practice of human performance and training, also known as, training and development. It is an acclimation process focused on the integration of new employees into a company's culture (Dai & De Meuse, 2007) both functionally and socially, with the ultimate goal of preparing them to succeed in their new roles as quickly as possible. It is a direct bridge between the promise of a new employee, their productivity, (Snell, 2006) and the fulfillment of their potential. A well-designed onboarding program helps new employees learn the culture of the organization, develop and foster relationships early, and helps the organization maximize its human capital (Lynch & Buckner-Hayden, 2010). These benefits allow organizations to reduce their exposure to human capital risk, take advantage of the expertise and ideas of new employees early, and position them for enduring success.

Onboarding is an extension of the employee orientation process and lasts approximately three months to a year. Let us take a look at the difference between the two.

New Hire Orientation Verses Onboarding

A new hire orientation should address:	**Onboarding accomplishes the following:**
• New employee fears and anxieties • General policies and procedures • Job descriptions, tasks, and expectations • Organizational culture and values • General policies and procedures	Integrates new employees into their company's culture Socializes them as a part of their team Informs them of "who" they need to know in their company (orientation often covers the "what") Expedites the learning curve to full productivity

Rollag, Parise, and Cross, R. (2005) identified the following myths that many organizations have adopted as assumptions for onboarding their employees:

- The best new employees can fend for themselves.
- A massive information session, also knows as the information dump, allows new employees to obtain what they need.
- Cursory introductions are sufficient for employee socialization.
- Mentors are best for helping new employees integrate themselves into the organization.

These assumptions are false (Rollag et al., 2005). According to Johnson (2007) new managers who were rapidly onboarded, generated value faster than their counterparts who only participated in a traditional orientation training. According to Dai and De Meuse (2007), employees who participated in a structured onboarding program were 69% more likely to stay with their company after three years, compared to those who did not go through a comprehensive onboarding program. Bauer and Green (1994) found that proper socialization when onboarding employees resulted in:

§ More engagement
§ Less conflict
§ Feeling of acceptance
§ Greater productivity

Lee (2006) reported that comprehensive onboarding resulted in:

§ Reduced turnover at the end of the first six months
§ Better attendance
§ Greater levels of employee engagement

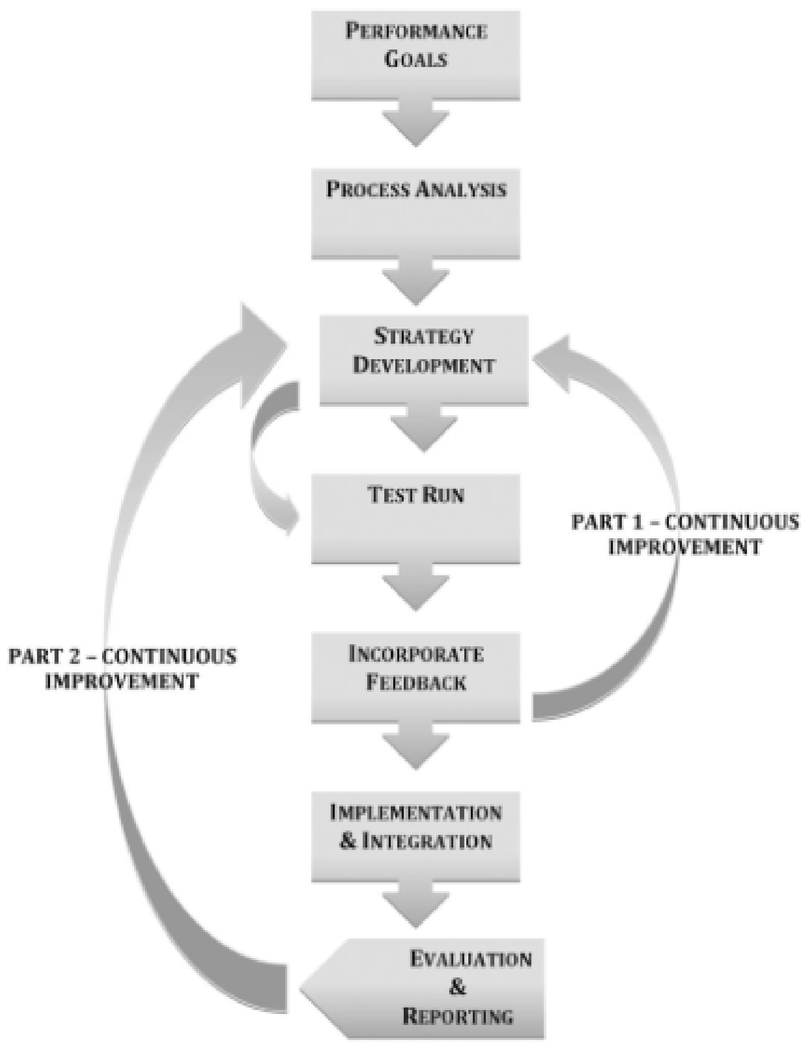
Buckner-Hayden (2012) reported the following organizational benefits as a result of a comprehensive onboarding program:

§ Longer tenures
§ Higher performance evaluation ratings
§ More internal promotions
§ More performance-based pay increases

We know beyond doubt, organizations will not fully benefit from their new human capital if they are not appropriately onboarded.

Onboarding Workforce Maximization Design Model

The onboarding program should be a long-term strategy, not a two-week program. It should be integrated into the hiring process and extended to at least, the first six months of employment or the end of the probationary period. This seven phase **Onboarding Workforce Maximization Design Model** will support the organization in acclimating its employees both functionally and socially into the company's culture and help prepare employees for enduring success (Suggs, 2014).



(Suggs, 2014. P. 37)

Suggs (2014), outlined each design phase as follows:

PHASE I- Identify performance goals

The first step in this process is to identify what you want your new employees to know, do, feel, and believe at the end of your process.

PHASE II- Process analysis

Conduct a comprehensive investigation of your current processes including:

- Who is accountable
- Who should be engaged in the process
- The intended impact of the activity or event
- Which performance goal are met

PHASE III- Onboarding strategy development

The process analysis should expose clear gaps in your current process. During this step, develop additional strategies to ensure all performance goals are addressed. This includes methodology, media needs, and process facilitation.

PHASE IV- Test run

This is an opportunity to deliver the program, “test” the new process, and identify ineffective strategies or unintended outcomes.

PHASE V- Incorporate feedback

Using all of the information that was collected during Phase IV - Test run, update your onboarding strategy accordingly.

PHASE VI- Implementation & integration

Incorporate your onboarding program into your organization’s current processes. This includes:

- Organizational language and vocabulary
- Human resource and operational workflow
- Administrative practices
- Policies and procedures

PHASE VII- Evaluation & reporting

Measure to determine if the onboarding cohort achieved the performance goals. Results should be shared with stakeholders as well as onboarding cohort members. These metrics and analytics validate which strategies are effective and also allow you to engage in continuous improvement.

Conclusion

New employee liabilities can be lessened with a comprehensive onboarding program that socializes employees and helps them acclimate to the company's culture both intellectually and socially. Organizational socialization has a pervasive impact on new employee adjustment, managerial outcomes, and organizational return on their new employee investment. An effective onboarding program adds managerial value in two critical areas; mitigated inefficiencies and reduced time to full productivity for new employees.

Findings indicate that a structured onboarding approach to socializing employees results in:

- Less role ambiguity
- Reduced conflict
- Fewer stress symptoms
- Decreased intentions to quit

In addition, it produces:

- Better job satisfaction
- Greater organizational commitment
- Stronger organizational identification

(Ashford and Saks, 1996)

The Onboarding Workforce Maximization Design Model provides a comprehensive 7-phase design model that can help support the development of a comprehensive onboarding program. For more information about the Onboarding Workforce Maximization Design Model visit www.onboardingthebook.com.

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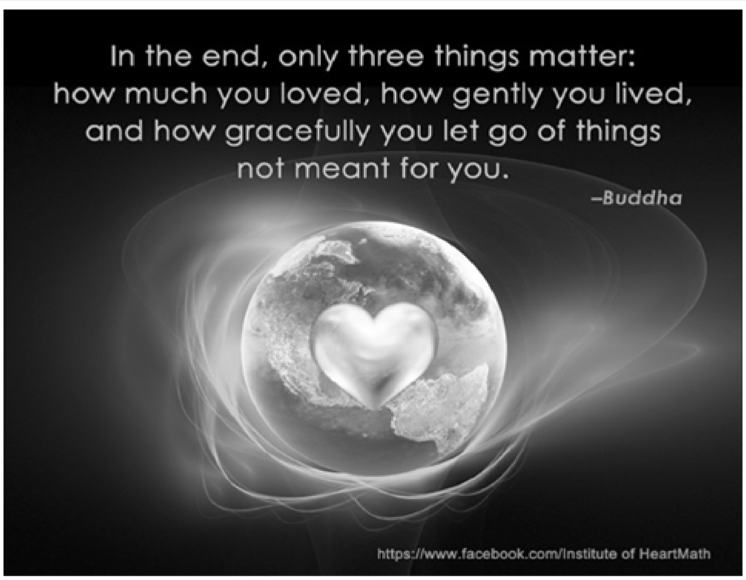

A STUDY ON ATTRIBUTES OF EMOTIONAL BRANDING WITH REFERENCE TO INSURANCE SECTOR

Vijay Kumar Dhannur[1], Dr. Roopa T.N[2]

ABSTRACT

India with about 200 million middle class household shows a huge untapped potential for players in market and even more attractive for global Insurance majors. Intense Competition in a de-tariffed environment will manifest itself in prices, products, underwriting criteria, innovative sales methods and credit worthiness, insurance companies will vie with each other to capture market share through better pricing and client segmentation.

Emotions and rationality play a pivotal role in all purchase decisions, but the extent of their influence on the consumer varies with the circumstance. Over the last decade, emotional branding has become a popular branding strategy among the marketers for the reason of brand positioning. Since many services are intangible, consumers cannot touch feel the product or otherwise evaluate it before consumption.

This study emphasizes on the literature of emotional branding. It briefly outlines the breadth and depth of understanding in the field emotional branding for further journeying. The evaluation provides a blend of understanding the research gap and formulating the hypothesis for future study. This study aims at proposing a conceptual model by identifying the essential attributes requisite for emotional branding.

Key Words: *Emotional branding, loyalty, emotions, brand experience, insurance and customer relationship.*

RATIONALE BEHIND THE STUDY

Branding is the new key challenge in the financial services industry life in the 21st century will be longer with more choice in more fields of activity. The financial consequences of an increased life span are particularly likely to be tough. Inevitably, this will lead to more complexity which in turn necessitates greater clarity and appeal from the service providers.

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Branding is more relevant in the financial services market which not only faces the problem of securing and retaining customers in an increasingly competitive market place but also experiences the need for heightened relevance of the brand proposition in a world where brand has been termed the new religion.

In India, the LIC has been successful in creating a strong brand. In rural India, the LIC is especially synonymous with Insurance. But in the wake of competition it has to do a considerable brand building exercise at least in urban India.

The Insurance sector in India

The Insurance sector in India is governed by Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and General Insurance Business (Nationalisation) Act, 1972, Insurance Regulatory and Development Authority (IRDA) Act, 1999 and other related Acts. With such a large population and the untapped market area of this population Insurance happens to be a very big opportunity in India. Today it stands as a business growing at the rate of 15-20 per cent annually. Together with banking services, it adds about 7 per cent to the country's GDP .In spite of all this growth the statistics of the penetration of the Insurance in the country is very poor.

Nearly 80% of Indian populations are without Life Insurance cover and the Health Insurance. This is an indicator that growth potential for the Insurance sector is immense in India. It was due to this immense growth that the regulations were introduced in the Insurance sector and in continuation "**Malhotra Committee"** was constituted by the government in 1993 to examine the various aspects of the industry. The key element of the reform process was participation of overseas Insurance companies with 26% capital. Creating a more efficient and competitive financial system suitable for the requirements of the economy was the main idea behind this reform.

Since then the insurance industry has gone through many sea changes .The competition LIC started facing from these companies were threatening to the existence of LIC. Since the liberalization of the industry the insurance industry has never looked back and today stand as the one of the most competitive and exploring industry in India. The entry of the private players and the increased use of the new distribution are in the limelight today. The use of new distribution techniques and the IT tools has increased the scope of the industry in the longer run.

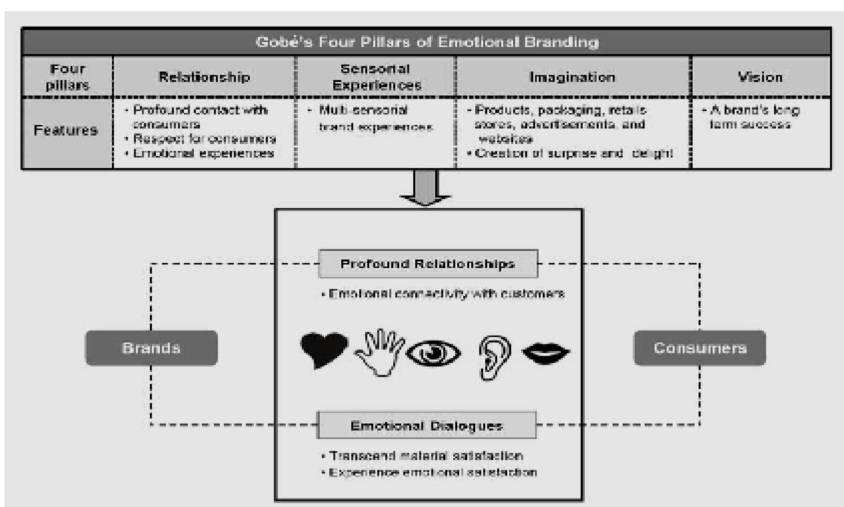
Emergence of Emotional Branding

A brand for which marketers promotes by targeting consumers' emotional impulses and desires is called Emotional branding. Emotional brand and its impacts on consumers are well researched by marketing academics such as Aaker (2000), Fournier (1998), and Holt (2004). They describe that a brand can have its own personality, embed symbolic messages carry iconic myths that are personal and appealing to consumers. A brand has always been advertised in a benefit-driven approach because it adds something genuine to the products, which was regarded as more relevant to the consumers (Aaker, 2000). This kind of branding is also known as the mind-sharing branding, which "owns a simple, focused position in the prospects mind, usually a benefit associated with the product category" (Holt, 2004:15).

The product-focused or benefit-driven branding is no longer the main stream as the market rivalry saturates, and differentiation diminishes. Consumers are facing more difficulty in terms of making a purchasing decision among all the product brands. It has become impossible to differentiate between products based on their functions. So companies will need to constructsome points of difference (Anderson et al, 2006; Keller, 2003b). This is where a brand comes into place. Emotional branding treats the functional benefits of its product as points of parity i.e. these are the points that make a brand better or poorer than the next best alternative. Such type of branding shifts the consideration away from the product to the symbolic and emotional benefits of the brand, which are points of difference i.e. elements that are judged superior to the next best alternative.

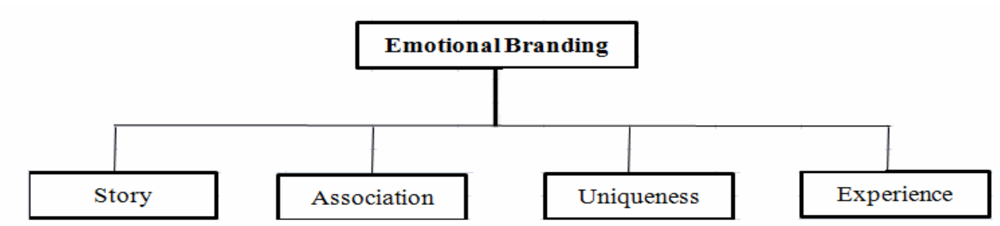
Emotional branding treats the functional benefits of its product as points of parity i.e. these are the points that make a brand no better or worse than the next best alternative. Emotional branding is a kind of marketing communication strategy that affects consumers' attitude towards a brand. This is because the emotional benefits obtained from emotional branding are more likely to be more unique to consumers, and these unique experiences lead to a more positive behavioral response towards the brand (Robert, 2004). It encourages a positive brand attitude and feeling through the creation of a positive brand image, sincere brand personality and social approval and respect (Keller, 2003b).

Fig1.1 Gobe's Four Pillars of Emotional Branding



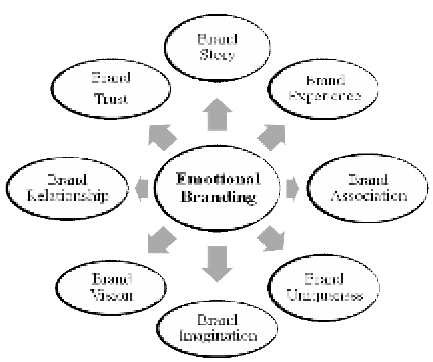
However, emotional branding framework, built up by Gobe in 2001, is an acceptable concept to create emotional dialogue based on four essential pillars: Relationship, Sensorial Experiences, Imagination, and Vision. The author elucidates relationship as the emotional experience and the profound contract that the customer develops with the brand. He proclaims sensorial experience as the multi sensorial brand experience; imagination is another parameter where he claims it's the outcome of product, packaging, websites and creation of additional value as customer delight and surprises. The last attribute vision also plays a crucial role which leads to a long term success.

Fig 1.2 Pongs Dimensions of Emotional



The dimensions have been recognized by Pong (2007). In her study, she qualitatively researched five distinctive dimensions of emotional branding, namely brand story, brand association,brand uniqueness, brand experience, and brand value. The last dimension, brand value, will not be incorporated in this study due to the nature of this dimension. Pong (2007) defines brand value as something that makes a brand appealing to consumers because its price is reasonable for a durable and creative product design.These attributes help to strengthen the consumer-brand relationship. However, these are the product attributes, qualities and values which Aaker (2000) defines as product oriented dimensions. For Pong (2007), all these dimensions are not divergent from each other, sometimes they are corresponding. In order words, one dimension can share some of the distinctiveness of another dimension. The difference is just how these characteristics are represented.

Fig 1.3 Proposed Attributes of Emotional Branding



BRAND STORY

Holt (2004) defines an emotional branding as cultural branding. This kind of branding describes the background and history of a brand, and gives meanings that address the wider anxieties and desires in the society. Emotional branding is also an icon, when consumers consume this branded product, they should also experience the myth. Brands become authors that tell legitimate brand stories that appeal to consumers because of the significance to consumer's lifestyles, dreams and goals. The stories of how a brand comes about and the force supporting the brand are full of metaphors that evoke the human imaginations (Holt, 2004; Robert, 2004). In other words, "consumers do not choose brands, they choose lives" because these brands add meaning to their lives and help them to accomplish their goals (Fournier, 1998:367).

BRAND EXPERIENCE

Experiential marketing focuses on experience-orientation, self-initiation, interactivity, and dramaturgy (Whelan and Wohlfeil, 2006). It is something that manipulates consumers' environment. When consumers first encounter a product, they will be encouraged to 'experience' the value of a product before purchasing it. They are also likely to engage in an ongoing dialogue with the product representatives. Extending Schimitts (1999) concept, experiential marketing can be applied to a brand as well. It is the unique experience consumers go through with a particular brand. Schmitt (1999) emphasizes the point that, in order to design a successful branding strategy, marketers need to recognize the fact that consumers are both rationally and emotionally driven. Therefore, the environment needs to be created in a way that allows consumers to recognize the tangible and intangible values of the brand.

BRAND UNIQUENESS

In the perspective of emotional branding, brand uniqueness is something that consist the creativeness of the product design, or the brand communication channel. When consumers identify a branded product as extraordinary, contemporary, and creative, this brand will trigger consumers to buy out the product. Brand uniqueness does not necessarily mean adding the only technological feature to the product. Brand uniqueness is about concentrating on whether or not the ultimate branded product fits into consumer's lifestyle. According to Pawley and Cooper (2006) that in order to win consumers' heart, it is essential to develop a creative appeal on the brand and make consumers understand the brands importance and meaning. The brand brings about commitment, passion and empathy. Emotional branding differentiates a brand by making it' super-evolve and category-of-one.

BRAND ASSOCIATION

Associations are usually created through distinctive branded features such as mark, designs, brand name etc. Brand associations are classified into categories of attributes, benefits and attitudes (Keller, 2003a). Brand associations are frequently related to the functional performance of a branded product.

Romanuik and Gaillard (2007) also infer that a brand association can be shared among multiple brands: consumers may perceive multiple brands holding one same brand association. In other words, when a brand uses an element as a cue, consumers can recover multiple brands at the same time, because this attribute is related with diverse brands and is not exclusive to any one of them.

BRAND TRUST

Trust is a concept studied in diverse disciplines and, as a result, there are various definitions of trust. A dictionary definition of trust: “A psychological state where a person accepts vulnerability based upon positive expectations of the intentions of another.” Vulnerability here explains that the trustee will not take advantage of you, and that you are willing to shift the decisive and controlling power of your personal affairs to the trustee, thus transferring emotion and power during the process.

Reichheld (1996), Morgan and Hunt (1994) put forward that brand trust leads to brand loyalty and commitment because trust creates long-term profitable relationships. Trust towards insurance according to Gronroos (2001) depends not only on the laws, industry regulations and contracts but also on the professionalism of the other party. If a customer, for example, has entered into a long-term contract with a service provider, the customer trusts that the service provider will perform according to expectations. Therefore, customer trust has a positive influence on customer loyalty. The greater the customer trust is, the higher the customer loyalty becomes. Both customer trust in the employees and customer trust in the company are positively related to customer loyalty (Sirdeshmukh & et al., 2002).

Brand Relationship, Brand Imagination and Brand Vision has been elucidated in Gobe’s four pillar model. According to J. Jo Sko Brakus, Bernd H. Schmitt, and Lia Zarantonello (2009) Brand experience is conceptualized as sensations, feelings, cognitions, and behavioral responses evoked by brand-related stimuli that are part of a brand's design and identity, packaging, communications, and environments The authors differentiate numerous experience dimensions and construct a brand experience scale that includes four dimensions: sensory, affective, intellectual, and behavioral. Hence this research includes only brand experience as an attribute since sensory experience is an element of brand experience.

CONCLUSION

When consumers see a product branded with one of the emotional branding dimensions, they will likely pay more attention and show more positive emotions towards a product. These dimensions will help to create or foster the affective relationship between the consumers and their brand.

Emotional branding within the field of management is still relatively nascent. The proposed study is expected to provide the results, which would help in identifying and analyzing various problems and also the prospects in the field of branding INSURANCE products which would in return add to the literature of Emotional Branding. In addition to these, Management Institutes, Academicians, students and research scholars will also be benefited for further rigorous research.

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A PROJECTED CONCEPTUAL MODEL OF ESR- A FRAMEWORK FOR IT SECTOR

Deepti Shetty[1], Dr. Roopa T.N[2]

ABSTRACT

The United Nations has long recognized that the private sector explicitly the IT sector plays a pivotal role in development (Ad De Raad, 2003). Global Report (2001), the concepts and practices of corporate volunteering and formal employee involvement has emerged largely from business behavior and culture in the West. Nevertheless, the mutual aid (or self-help) dimension of volunteerism has a long tradition in the seven projected countries namely Ghana, Brazil, ***India****, Nigeria, Lebanon, South Africa and Philippines. Individuals and groups undertake voluntary activities in support of community development projects and other local causes. Shetty Deepti (2014),* ***"ESR (Employee Social Responsibility) is an Activity or Initiative planned, organized and executed by the employees towards the advancement of the society without any assistance from the organization".*** *In today's era, corporate leaders are discovering the fact that it is not enough to believe in the perceived benefits of ESR programs. Rather, it is increasingly important and valuable to be able to demonstrate how, and to what extent, these programs make a difference. In short, companies are beginning to look beyond attitudes, beliefs and perceptions and examine stakeholder behavior and how their condition/status change with time and in turn benefits the company's triple bottom line. This article aims to develop a conceptual model of Employee Social Responsibility (ESR) which has been derived from the viewpoints of eminent authors who have embarked upon the contributions made by Employees which has made significant difference in the society and the company.*

Key Words*: Employee Social Responsibility, Employee Volunteering programs, ESR, Social Responsibility.*

1.1 RATIONALE BEHIND THE STUDY

It is notable that the IT sector's social responsibility concept is deep rooted and well established. Firms are more seen as active members of the society. Even though the single bottom line has expanded to triple bottom line, making profit still is crucial for companies, as it allows the IT players in necessary expansion, investment, and development of new techniques and procedures. Pacharaporn Kesaprakorn (2008) Social Responsibility is a

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"returned investment" i.e triple bottom line investment, bringing optimistic outcomes or profit to the companies, community, and the environment if managed systematically and strategically. In essence, profit ensures long term company survival. **ESR** is novel mantra for IT giant's which would help to accomplish the bottom line. One of the most ancient social rules is the "Principle of Reciprocity". Generally, responding positively (negatively) to positive (negative) actions, and acting according to ones rights and duties is referred to as reciprocity. So ESR would help the private players enhance the overall growth of the organization.

1.2 EVOLUTION OF EMPLOYEE SOCIAL RESPONSIBILITY

An attempt is being made to review some relevant studies on Employee Social Responsibility. In view to the literature that has been considered for developing this model, many authors have highlighted upon a concept of Employee Volunteerism that could be directly related to **E**mployee **S**ocial **R**esponsibility. Enumeration of these research articles, theories and reports has been documented for the purpose of developing ESR Model.

Geroy, Wright, & Jacoby (2000) believed that the term Employee Social Responsibility could also be referred to as "employee volunteerism", and in essence there are two different types of employee volunteering programs. Employer supported volunteering program and employer guided volunteering programs Employer supported volunteering put to practice at the spare time of the employees who do not get any monetary support or monetary reward from the employer. The second type of volunteering is a planned activity and occurs during the working hours and these are directly linked to the strategic goals of the company. For the betterment and development of the employees the company often prefers employer-guided volunteer programs so as to develop the overall personality of the employees based on set skills.

Adding on to the views of previous author "Employee Volunteerism" is defined as those community service initiatives planned, organized and executed by employees and endorsed by management that generate specific benefits for the corporation, employees and the community says in one of the report of Case Foundation and Hands on Network, Philanthropic Advisors(2005).

In the later year Gabriel Eweje, (2006) a study conducted with respect to MNE's in Africa, where he presents few arguments of conservative and conventional view of ESR, which reveals that in the past companies' approached the community whenever the need arose however more recently they have conventional approach and they are more proactive and thoughtful towards community assistance. This has resulted in the "appearance of a fully developed community relations department, solely set up to anticipate and plan the needs of the communities" (Nigerian Petroleum News, 1998, p. 1, cited in Gabriel Eweje, 2006), who can understand better their own real needs and future aspirations. It also cites the major driver programs come from their employees. These are the initiatives of the employees rather than the company itself. Broad range of activities, including community assistance programs; encouraging educational needs; nurturing a shared vision of a corporation's role in the community; enabling employees to do voluntary work in the community; philanthropic giving.

1.2.1 ESR ACTIVITIES INITIATED BY EMPLOYEES with reference to the IT sector

After trying to explain Employee Social Responsibility, this part emphasizes on the range of activities planned and executed by the employees irrespective of the place and time frame.

Menon (2006) observes that in India there is an emerging army of volunteers who are from offices, boardrooms and canines and are spilling on the streets. He related this theory followed by IBM where most of the employees engage themselves in On Demand Community Program Almost fifteen percent of these employees are associated with NGO's or Projects based on community service such as CRY, Parikrama and they provide training on skill building activities and mentor or simple technological training.

White Webb Gayle(2010), In an international study the author depicted that fewer than four percent of the world's major 5000 companies tend to produce a report on social responsibility and those produced are trivial in nature. The author gave a solution for the above problem and stated that for companies to promote more social responsibility is to involve employees. Author also mentions the reasons for involvement of employees firstly; it gives employees a sense of feeling of self actualization which was developed by psychologist Abraham Maslow. Secondly, the organizations in US are all recognized by social activities and tend to attract talented employees.

Business Responsibility report (2011-12), Employees at Infosys have initiated the note book drive. In this drive they sponsor the books and stationary for the less privileged students across all the schools. This is exclusively funded by employees. Since Infosys encourage their employees for such initiatives it has now become a part of CSR drive. There are series of employee initiatives which has now become Employee driven CSR activity for the organizations. The list of activities are Akanksha, Arpan, Mamata, Samarpan, Sanjeevini, Soften, Sparsh, Spring and Akshaya Patra and are implemented at various regions like Bhubaneshwar, Chandigarh, Hyderabad, Bangalore, Trivundurum, Mysore Pune and Many more.

Hewitt Survey(2013) At Etech a global leader for inbound, outbound and live chat solutions, there are various initiatives for community service taken up by employees and have been a practice of CSR in recent days. The employees have made their own teams and help community in different forms. Below are few of the initiatives mentioned which is performed by employees:

- Few of the lady employees bowled for kids and raised money and also created awareness at the same time.
- There was other set of members who collected loose pocket change for the people in the community who were facing the crisis of an unplanned pregnancy and who were in turn scared and confused.
- A quite a few members have got together and have made a remarkable difference in the lives of middle school students by conducting a mentoring session on regular basis.

1.2.2 IMPACT OF ESR ON EMPLOYEES

This part of literature deals with the probable impacts on employees by taking up initiatives in ESR activities. Few articles have emphasized on how employees tend to gain various professional and personal skills through social responsibility initiatives.

A volunteer program by an employee can be sometimes considered as a form of informal training since it provides the employees with opportunities to enhance their interpersonal and professional skills Ross (1997). To be very precise he mentions that volunteer programs do offer the employees to develop the skills which otherwise they may not develop ordinarily with the training provided by the company like communication skills, leadership skills and also the teamwork.

LBG Associates Philanthropic Advisors (2005), Spoke to corporate in US to Seek answers if volunteer programs actually have an impact on communities, employees and corporate bottom lines. After a through of existing studies and also through the conversation with several corporate leaders they inferred findings were mixed and quite promising. The study revealed that not only is there a need for stronger venture by the public, NGO's or private sectors in measuring the impact of volunteerism, but a number of corporate leaders have demonstrated a genuine interest in doing so. As per the study performed around 90 percent of surveyed employers encourage their employees to get involved in community or social activities. The study proves that the companies gradually increased their time allotted for the employees to volunteer into community activities and also the time off policy in the companies.

This study extends to know as to why companies support volunteerism and the answers were various as mentioned below:

- Ø It's Part of Being a "Good Corporate Citizen"
- Ø It's Part of the "Corporate Culture/DNA"

- It's the "Right Thing to Do"
- It Meets "Stakeholder Expectations"

(David Warshaw) obliged that the time invested in employee social responsible activities or volunteer programs helps to:

- Build Company reputation
- Enhance Employees Morale
- Strategize Team Building
- Gain business skills and expertise

Cook Petra & Jackson Nicky (2006);in their study conducted in UK with senior managers as participants across all sectors and sizes of organization. They proclaimed that the major motivation for the employers to volunteer in social activities or programs is majorly

- To give something back and to improve things, help people
- Building network
- Experience living and working in new culture
- Lastly to develop their professional skills

They also instigate the various management skills incurred through volunteering programs as listed below

- Broaden communication skills
- Problem solving skills
- Managing change
- Influencing and persuading
- Conflict management
- Coaching and mentoring

Chia-Chun Saprina Chiang(2010); gives the list of employee skills which are supported by encouraging employee volunteering social activities which has been recorded according to The National Centre for Volunteering in UK (Volunteering England website), volunteering best supports, including the following:

- Organizational and time management skills
- People skills (caring, negotiating, and listening)

- ü Accountability and assessment reporting
- ü Planning skills
- ü Leadership development and teambuilding
- ü Budgeting skills
- ü Survival skills (stress management, prioritization)

1.2.3 IMPACT OF ESR ON PRIVATE PLAYERS

After having discussed the impact of ESR activities on employees in the organization, the further review of literature helps to have a general idea on the impact of activities on company. Few cases and primary reports and journal articles have been reviewed for the purpose of gaining information.

LBG Associates Philanthropic Advisors (2005), business case was explored in terms of corporate employee initiatives or voluntary programs towards societal problems. It inferred that it helps employees, corporate bottom line directly or indirectly. By sustaining volunteerism in organization, it has been argued that companies can project their image as good “corporate citizens” and strengthen corporate ties with the communities. Employee initiatives may also impact employee morale and pride. It can also help companies to recruit and retain a highly qualified workforce. It also enhances brand recognition and successive sales, and generates positive economic benefits for companies. As far as employees are considered, it is widely cited that volunteerism provides skill enhancement and rejuvenate employees. It educates them how to handle multiple tasks, as well as how to work in a team environment. It also helps develop and refine skills in, decision-making, conflict resolution and communications, while at the same time dropping stress and this all happens at little cost to the company.

Konana (2006) mentioned that many corporations in US provide employees an opportunity to make a note of their community service to include in their annual evaluation report. Most of the corporations expect their employees to actively associate with the community service programs in one or the other way. He states that employees come across many benefits by involving themselves in such activities to mention a few it builds positive image, it develops a sense of loyalty towards the organization which in turn helps the organization in creating a dedicated workforce. It helps employees to deal in a friendly manner with their employers and in turn adding to their brand value, reputation and image.

Robert L (2009) gave a face lift by confining CSR to three R’s as Reputation, Relationship and Responsive Rectitude. By considering these three parameters a study was conducted in few companies. Many companies enjoy competitive advantage due to the reputation that they carry in the society. In one of the study with the company named

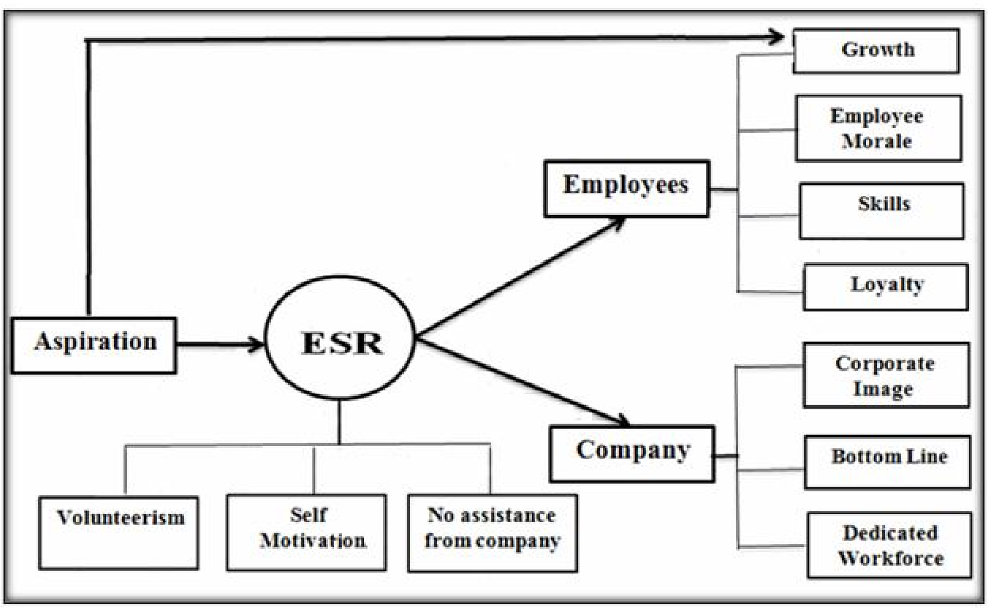
Underwriters Laboratory they proclaim that 6808 employees are ready to serve their customers with societal issues.

Nicolae Cornel Jucan., Sabina Mihaela Jucan (2010)., He proclaims that Employees who volunteer have generally better opinions about themselves, their organization and community. Small and medium level companies who invest and encourage employees to volunteer in social activities make profits and can retain valued employees. Camplin Jeffery C. (2011) mentioned that Employees in particular are vital for changing the dynamics of environmental and social performance of an organization.

1.3 CONCEPTUAL FRAMEWORK OF ESR

With reference to the viewpoints of the renowned and distinguished authorson ESR the conceptual framework has been derived. **E**mployee **S**ocial **R**esponsibility (ESR) generally is derived from the Aspiration that an individual embraces. Through the strong ambition or aspiration employees tend to grow in the organization or in the personal life. Employees with strong determination or aspiration can directly grow in their personal or professional life however if an employee shows an evidence of ESR activities then there are more possibilities of developing the benefits mentioned in the model. ESR model acts as a catalyst for an individual or the company to emphasize more on ESR.

Fig 1: A Projected Conceptual Model of ESR



1.3.1 DIMENSIONS OF ESR :

Volunteerism, Self Motivation and No assistance from company are three dimensions identified from the literature reviewed. Volunteerism or volunteer work involves movement undertaken without compensation for the benefit of the society, the environment, and an individual other than close relatives International Labour Organization Report (2011). The employees volunteer for the social activities without any expectations in return either in the form of monetary or non monetary benefits. Employees who volunteer are self motivated and they need not be advocated by the higher authorities or the employers. A number of shared aims within the group of volunteers can be derived in the sense, where volunteering is executing an activity out of one's own will and wish, on an ordinary basis and for the advantage of people outside the family circle, without being rewarded for their actions (Hartenian 2007; Ziemek 2006 cited in Bidee J; Vantilborgh T; Pepermans R; Huybrechts G; Willems J; Jegers M; Hofmans J 2012). The last and the final dimension observed is that there is absolute no support from an organization in ESR. The activity or the responsibility should be solely performed by an employee.

CONCLUSION

The ESR activities exhibited by the employees directs to certain advantages directly or indirectly to Employees and the Company. From the literature it is pretty apparent that the employees displaying ESR activities are liable to grow personally and professionally in the organization. Employee morale is also enhanced due to such activity which is been proposed by few authors in their research. Employee Skills are boosted, the skills like Professional skills and Management Skills(People Skills, Communication Skills, Decision Making Skills, Team Building and Work Skills, Creativity Skills, Planning Skills and Survival skills (stress management, prioritization). Finally the organizations who readily allow the employees to perform such acts they remain loyal to the organizations. An employee participating in ESR activity also has an impact on the organization; it has a tendency to enrich the corporate image, achieve the bottom line (Social, Environmental and Financial achievement) of the organization. Above all it assists the organization to have a dedicated workforce.

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EFFECT OF LENGTH OF SERVICE ON EMPLOYEE MOTIVATION: A STUDY OF THE EMPLOYEES OF PUBLIC SECTOR IN GWALIOR REGION

Vijay Dubey[1], Sameer Varma[2], Sukanya Sharma[3]

ABSTRACT

With the advancement in every sector and also with the ever increasing competition there is one issue which is increasing with an alarming rate. Every company these days normally faces a common problem of high employee turnover. Even in reputed organizations, experienced employees are leaving the company looking for greener pastures. Also there is a significant decrease in the level of employee's motivation because of their shorter association with the organization. There are a several reasons that lead to the decrease in the level of work motivation of the employees after spending many years in the organization. This may result because of the lack of challenging work, lack of appreciation, monotonous work and over burden. There's a saying that employees don't leave companies, they leave managers – and today they are leaving more often than ever. Many employees despite of spending years on a job lose their zeal in work and often end up performing low. While employees leave for a variety of reasons, the reality is the companies simply fail to retain their employees for longer duration. Many employers believe the ultimate secret to retaining employees is offering more money; however, studies continually show that while money is important but it's rarely the main reason for leaving a company. Organization cannot replace experience with people so if experienced employees leave it loses the knowledge the employees had with them. This paper aims to find out the effect of length of service on employee motivation and productivity. It is an empirical study with the sample population of employees of Public institutions in Gwalior. It also attempts to find out the reasons that lead to the downfall in the motivation of the employees with the increase in length of their service.

Keywords: *Employee retention, motivation, productivity*

INTRODUCTION

The efficiency and performance of an employee largely depends upon the motivation and morale. Employee tend to perform well in the presence of several factors causing the motivation to perform and can also end up performing low on various grounds due to several reasons either intrinsic or extrinsic. In Herzberg's theory, motivation and hygiene

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factors are two of the most key factors in individuals' efficiency, success and failure in organizations. This theory emphasizes that some job factors result insatisfaction, while some others may result in dissatisfaction; they will not either be considered the source of satisfaction. Some factors cause an increase in individual's motivation and some others play less important roles in increased motivation. With the increase in the length of service of employee in a particular organization, one gets a complete idea on the various ways to performing the duties. With the increase in the time of service on a particular job, people tend to take things in a less formal manner compared to the time when employee starts a particular job. Employees tend to perform in a less proper manner after spending years on a particular job. It is observed that the motivation level decreases due to several reasons. Studies have found that an unsatisfactory work environment can have adverse effects on worker motivation, and motivation is directly linked to productivity. Workers who are inadequately motivated become apathetic or even resentful of their work. Unmotivated workers are likely to make only a trifling effort, with a marked decrease of potential in overall output and the quality of work. Since the workers are directly responsible for carrying out the construction work, suitable motivation is necessary for maximizing their productivity. Past studies have shown that motivation is one of the factors that influence the productivity of people (Maslow, 1954; Herzberg, 1968;Vroom, 1964). The theories above explain that there are a number of factors leading to motivation and demotivation of employees. Among various factors, time is one more important factor that has a significant impact on the performance of the employees.

LITERATURE REVIEW

Benjamin Balbuena Aguenza1, Ahmad Puad Mat Som stated that employees stay or leave an organization based on six key reasons, they were: financial rewards, job characteristics, career development, recognition, employee management and work-life balance.

Kovach (1987) suggests that if a company knows why its employees come to work on time, stay with the company for their full working lives, and are productive, then the company may be able to ensure that all of their employees behave in that way. Kovach (1987) supports this suggestion by saying that no standard motivational factor is applicable to all organizations because of individual differences.

Daft and Marcic (2004) explained that motivation refers to the forces either within or external to a person that arouse enthusiasm and persistence to pursue a certain course of action.

(Dongho Kim) proved that the priorities of employee motivational factors changed over time, and there is more than one reason why these changes occurred. The reasons may be economic conditions, change of working environment or industries, labor market conditions, industry competitions, change in workers attitude, etc.

Aityan & Gupta, (2012) found that organizations nowadays strive to achieve the loyalty of their employees more than in the past, especially among high-tech organizations, banks, health institutions and other organizations in which the participation and the status of its employees do not depend on the number of years spent by the employees in a specific organization, but on its qualification and experience in taking the decisions that affect the future of the organization

Mary Groves (2012) illustrated that competitive wages are a strong motivational factor, especially for the lower-income demographic of the company. They are less pleased with management and the company, which helps lead to their comparatively low motivation levels.

Herzberg et al. (1993) cited that demotivation is associated with incidents that cause job dissatisfaction and low morale among workers, while motivation is associated with incidents officering opportunities for improved job satisfaction and motivation. Herzberg et al. (1993) support the notion that good 'hygiene' or 'maintenance' in the work environment will prevent many of the negative effects of low morale. Relation with superior and peers, supervision, salary, company policy, working condition, job security are demotivating factors.

McNerney (1996) stated that workforce morale is low due to downsizing and job instability, and there is no longer layers of management to supervise employees and keep them productive

Sheehan (1993) indicated that productivity of employees decrease far more drastically after a co-worker quits for reasons of job satisfaction than when a co-worker quits because of illness

Ken Gay (2000) cited that politics and unclear expectations are two problems that organizations face. Other problems that have a negative effect are constant change, low quality standards, and unproductive meetings.

S. Thomas Ng, R. Martin Skitmore, Ka Chi Lam, Anthony W.C. Poon, (2003) indicated that discrimination on annual job compensation, entrusting responsibilities and unpleasant relationship with family partner are most important factors influencing employees' motivation. The survey also showed that while financial factors was important on increasing employees' motivation, non-financial factors are considered more important.

Borcherding and Oglesby (1975) mentioned the key demotivators for workers include poor interpersonal relationships, poor worker attitudes, poor workmanship and the work itself. By simply removing certain demotivators, it is quite possible that the motivational aspects of the situation will increase without necessitating the addition of motivators.

S. Thomas Ng, R. Martin Skitmore, Ka Chi Lam, Anthony W.C. Poon, (2003) stated that the morale of workers on the seven Hong Kong civil engineering sites visited was relatively low, with demotivation occurring due to extensive reworks, overcrowded work areas, problems in crew interfacing, availability of tools, delays in inspection, availability of materials, and incompetence of site foremen.

Cheng & Brown, (1998) found that factors that affect the employees of hotel industry in a negative way are insufficient wage and job security, limited training programme, new opportunities' not developing, business managers being deprived of manager qualifications and high job transfer speed

Lindner (1998) classified factors, affecting employee's motivation according to importance degree, as attractive job, good wage, being praised, good working conditions, promotion opportunities, taking part in decisions and manager-staff relations.

OBJECTIVES OF THE STUDY

- To study the effect of length of service on employees motivation & productivity.
- To identify the factors that causes dissatisfaction or demotivation among employees with the increase in the length of service.

HYPOTHESIS

The study aims at finding out the effect on the level of motivation of employees with increasing length of service.

- Ho1 (Null Hypothesis): Length of service has no significant influence on employee motivation & productivity.
- Ho2 (Null Hypothesis): Employees motivation does not decrease with the increase in the length of service.

RESEARCH METHODOLOGY

The study will be empirical in nature and is to be conducted to determine the relation and extent of relation between length of service & motivation & productivity.

Sample Population- The populations for the study are the employees of Public sector.

Sample size- To achieve the objective of the study overall sample size of 100 professionals of Public sectors is used.

Sampling Techniques – Convenience sampling technique is used to get the data for the study.

Sources of Data Collection –The study is conducted with the help of the primary data collected through Structured Questionnaire and secondary data through various research papers and books.

Tools used for Data Analysis– Reliability test are used to test the reliability. Descriptive Statistics is calculated to find out the occurrence of the agreement/disagreement from the data collected through Likert scale. Graph is used to represent the factors affecting motivation and the data statistics.

DATA ANALYSIS & INTERPRETATIONS

Table 1: Reliability Statistics

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
.770	.779	2

Table 2: Descriptive Statistics of Data through Likert Scale

Motivation

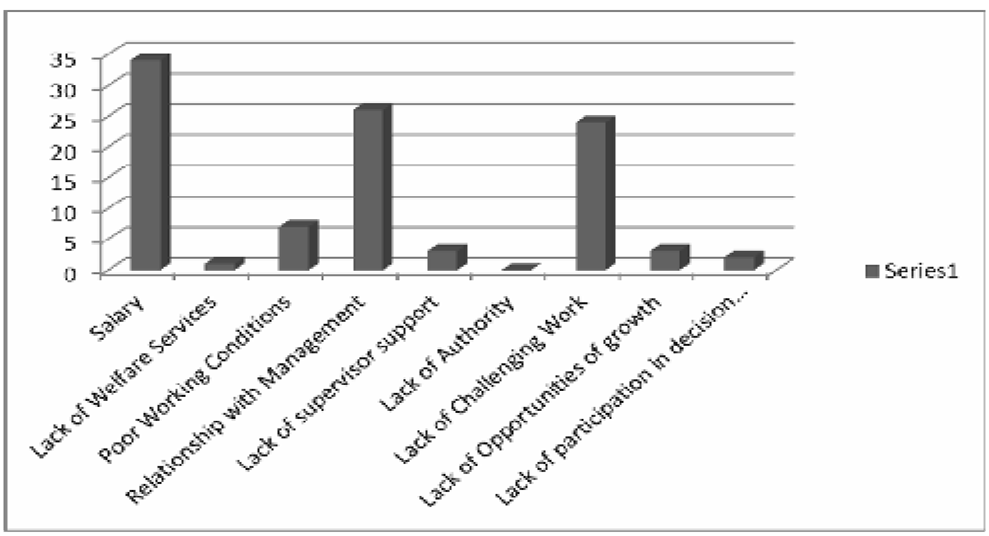
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	15	15.0	15.0	15.0
	2	65	65.0	65.0	80.0
	3	4	4.0	4.0	84.0
	4	12	12.0	12.0	96.0
	5	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

Productivity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	24	24.0	24.0	24.0
	2	37	37.0	37.0	61.0
	3	16	16.0	16.0	77.0
	4	17	17.0	17.0	94.0
	5	6	6.0	6.0	100.0
	Total	100	100.0	100.0	

As given in the questionnaire, the respondents were required to respond on if their motivation and productivity has declined with the length of service. The frequency of responses (1,2) clearly indicates that most of the respondents have agreed that their motivation and productivity has declined with the length of the service in a particular organization.

Table 3: Graph of factors affecting motivation and Productivity



Above responses indicate that one of the main reasons of employees declining motivation and productivity on work is salary or the lack of proper increments. The other most significant reasons are the poor relationship with management and lack of challenging work. The factors that have least effect on employee motivation at work are welfare services and lack of authority.

Limitations of the study

One of the major limitations of the study is that is covers only the employees of Public sector as there may be difference in the opinion of government employees who work in different work environment with different style of working.

Suggestions

Monetary increments should be given according to a set procedure and on the basis of roles handled by the employees. A feeling of horses and monkeys under the same roof should not come into the minds of the employee with perspective of incentives.

Atmosphere of mutual trust should be developed by supervisors or the superiors that will increase the efficiency of the employee. Superiors can also try to reduce the stress of the employees to some extent.

Employees should be given work with which the employees could learn new things and supervisor shall help the employees to do the assigned task.

Conclusion

One of the main concerns of the employers and the organization these days is to retain their best talent or employees for a longer duration. There are a number of factors that influence the employee's motivation and productivity at work when they work for longer duration with a particular organization. Organizations need to develop several programmes and initiatives so as to keep employees motivated during work. The study shows that there is a direct negative impact on employee's motivation and productivity with the increase in the length of service in a particular organization. Organizations need to plan and come up with various initiatives keep employee's motivation increased even after the increase in the years of service. The literature pointed out several key factors that lead to demotivation and decrease in the productivity of the employee with the passage of time mainly due to lack of proper salary, poor relations with the management and also because of the lack of challenging work. There needs to be proper increments, challenging work and proper management attention that may be helpful in turning the organizations employees positive and efficient in the longer run.

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A STUDY OF CONSUMER PERCEPTION TOWARDS DIFFERENT SHOES BRANDS IN RETAIL STORES

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ABSTRACT

Consumer perception is one of the subject that sellers uses to enhance understanding of consumer. Perception is based on prior attitudes, beliefs, needs, stimulus factors and situational determinants, individuals distinguish objects, events, or people in the world about them. Brands are a ways of differentiating a company's products and services from those of its competitors. Retailing in India has grown-up over the past few years, from Mom & Pop stores, hyper stores, super-stores, discount stores, Cash n carry and many new formats are still in emerging stage. Wal-Mart has just made its inroads on the Indian terrain, Mark & Spencer's are already growing exponentially. There is abundance of evidence to prove that customers will pay a considerable price premium for a good brand and stay loyal to that brand. It is important, therefore, to comprehend what brands are and why they are important.

This study is a genuine attempt to find out the consumer perception towards Local, National & International brands in branded shoes category. It also analyzes the underlying factors of these brands and the difference between the consumer perception of Local & National Brands, National & International Brands and Local and International Brands.

INTRODUCTION:

In this globalization era, all multinational brands are available across the continents. India a growing economy attracts more & more International brands to our new generation consumers. Now all new brands attracts maximum foot falls in all retail stores. We see Hyper stores (e.g. Reliance Group), Superstores, Discount stores, Exclusive stores, Cash & Carry and many more new formats have made in road even in class –II and III cities of India.

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The consumer in India is gradually becoming purchaser of branded products/ services. During past 6 years, after 5th pay commission cash on hand/ liquid money has increased many folds. Now an average 5 acre land holding farmer having two crops (wheat & paddy) can allow his children to go buy branded products. Now local /domestic branded products are also creating history globally. Some of the Indian products like Rajnigandha Pan-Masala, Catch Masala (DS Group), ITC – Tobacco, M&M Tractors and Infosys etc. Brand name used by manufacturer whenever that product is sold, it consists of A name, term, sign, symbol or design or combination of these. A brand differentiates them from those of competitors.

Local Brands like Zoom, Goldstar, Mazdoor, Anand Shoes & National brands like Action, Lakhani, Relaxo, Liberty Shoes, Bata etc. and International Brands like Reebok, Nike, Adidas, Puma shoes etc are available at different Retail stores. These retail stores offer variety of brands at competitive price as their purchases are directly & large quantity from company. Retailers are end of supply chain distribution system. Mostly retailers want to sale Groceries & FMCG items in their name so they will have better margins like Big-Bazar & Reliance Fresh stores.

Customer preference analysis is really a call to action. By understanding the preferences formation components and the preferences expectation evaluation by group or segment of customers, companies can design response strategies that are truly responsive to vital customer expectation and that differentiate in the marketplace.

This study is a genuine attempt to find out the consumer perception towards Local, National & International brands in branded shoes category. It also analyze the underlying factors of these brands and the difference between the consumer perception of Local & National Brands, National & International Brands and Local and International Brands.

Review of Literature:

Ackerman, D., Tellis, G., (2004) defined that Customer perception is customer's intention to purchase a specific product or services in future repeatedly (Jones and Sasser, 1995). Customer loyalty is defined as an interaction between customers' relative attitude towards a brand or store, and their repeated purchase behavior towards that brand or store

Bellizzi, J., Krueckeberg, H., Hamilton, J., & Martin, W. (1981). Found that Consumer perceptions of national, private, and generic brands. Gathered perceptions of national, private label and generic brands through a series of Liker-type scales. Respondents showed significant perceptual differences for the three types of brands and consistently rated private label brands below the national brands on attributes related to quality, appearance, and attractiveness.

Carpenter, J.M., Moore, M., (2006) explained that considerable research has been directed towards store attributes and customer loyalty in western countries (Carpenter and

Moore, 2006). However, limited attention has been paid to this issue in developing countries. Consumers' perception of store attributes influenced by retail formats, type of products, cultural value, shopping intention and customer base (Paulins and Geistfeld, 2003). Bearden (1977) states that store atmosphere, location, parking facilities, and friendliness of store people are the salient factors that influence consumer store patronage. As a result store attributes such as service offering, activities, facilities and convenience have major influence on customer satisfaction and loyalty.

Curasi, Bellenger, Cornell (2003) states that, dissatisfaction with products and a service among customers occurs due to their preference. This study was focus on mature American's behaviors. It states that: Mature Americans are not as impressed with "peripheral" or "excess" products or service attributes as are younger consumers. Companies can be successful if they sell the core service separately from auxiliary features.

Dhar and Hoch (1997) examined cross-retailer variation in private label performance and found that brand competition is a much more important determinant of private label share than retail competition. In particular, they found that private label share would be higher in a category where there are fewer national brands and less intense inter-brand competition. They argue that the retailer plays the determining role in the success or failure of its own label as this is the only brand for which the retailer must take on all responsibility.

Fraj, Martinez (2007) focused on environmental and natural attitudes as predictor of ecological behavior of consumer. A three-dimensional approach to this variable has been developed by the researchers. It explains the factors as emotional, cognitive and co native components. In his study random sample survey of 573 individuals was used to verify the conceptual model and framework. This model was assessed firstly by principal factor analysis. Then by structural equation modeling. Findings of this study showed that environmental attitudes have an important influence on ecological behavior.

Grunert (2005) This research shows that provides the competencies which can increase producers' level of market orientation get increased weight in the attainment of competitive advantage. Their are various types of competencies which are especially important: Two groups of trends serve as point of departure. There are more dynamic and heterogeneous consumer demands. These can be analyzed in terms of consumer demands for sensory, health, process and convenience qualities. It has changing roles for retailers in the food chain.

Hoch and Banerji (1993) contested the common perception that a private label's primary attraction was the substantial price discount relative to the national brands, at which they were sold. They emphasized the role of quality in the private label purchase decision. They found evidence to support the notion that perceived quality was much more important than the level of price discount in determining the private-label category share.

Huddleston, P., Whipple, J., VanAuken, A., 2004 found that Competition in the retail sector is likely to be adversely affected as well. Smaller retailers unable to compete on price and technological sophistication will be relegated to "top-up" shops whilst the majority of shopping is carried out at larger superstores (Fiddis, 1997). Whilst it may be argued that these stores might provide a price constraint to the larger retailers, small shops do not carry the same range and do not have the same physical convenience factors as larger stores. Substitution is thus imperfect and the main constraint on retail prices will be other large retailers. Foreign entry is also rendered less likely due to the information advantage of national firms, as acknowledged by the EC (1997) where modern developments may reinforce the nationalistic structure of retail markets.

Kolsaker, Kelley, Choy (2004) suggests that although consumers recognize a number of benefits, there is deep-rooted resistance to buying a particular product online. They identified that the experienced shopper is only moderately satisfied. It also states that satisfaction appears to be associated strongly with willingness to make further purchases.

Lunnemann, Mathä (2005) explores consumer price behavior. Price changes are provided both by state- and time-dependent elements. For some product types, such as non-energy industrial goods and processed food, a relatively large share of the observed price changes is charged in next phases of life cycle. The median durations of energy and unprocessed food are for months, while prices of services changes fewer than once a year. It also explains that individual prices do not show signs of downward rigidity

Rodriguez, Berges, Casellas (2002) explained the Argentinean consumers are less likely to buy fresh fruit and vegetables, red meat, and bread at a supermarket. They would rather buy these from shops offering personal attention and service for those products it shows that, controlling for region, the more the education, income, durable assets like: car, refrigerator etc are responsible. Controlling credit cards of the consumer, the greater the probability that he/she will shop at a supermarket. Controlling for a personal characteristic reduces the probability of shopping at a supermarket. These can b**e** understood as region, parity, structure.

Rosen (1984) found in his telephonic survey of 195 households and obtained ratings for generic, private label, and national brand grocery products on three quality perceptions: overall quality, quality consistency over repeat purchases, and quality similarity across stores. Data gathered across nine product categories showed that private label brands had lower scores in comparison to national brands for overall quality as well as quality consistency over repeat purchases

Sethuraman.R (2000) found that perceived quality differential (or parity) between national and private label play a dominant role in a consumer's decision to consider purchasing a private label. The price differential between national and private labels is one important basis for selling private labels (Sethuraman, 1995b). Intuitively, price differential would have a positive relationship with private label shares as conventional wisdom suggests that private labels gain sales by offering the brand at a price lower than that of national brands

Sinha, P.K., Banerjee, A., 2004. Stated that Consumer study in India indicate that store convenience and customer services positively influence consumers store choices, whilst, entertainment, parking and ambience facilities had a negative influence on consumer choice. Indian consumers were also found to be price sensitive and quality conscious (Tuli and Mookerjee, 2004). Choo, Jung and Pysarchik (2004) note that Indian consumers' attitude towards new products are changing significantly and this can increase their intention to shop in new retail formats such as supermarkets. Thus, product attributes such as quality, price, and availability of new products are important constructs within the Indian context.

Sukalakamala, Boyce (1998) discovers the importance of knowing consumer preferences and its demand estimation is essential to success. This research investigated customers' perceptions, acceptance and expectations. This study was focused related to an authentic Thai dining experience. This research examined the degree of authenticity which customers expect from the dining experience. One of the major goals of this research is to provide facts for restaurant's owners/managers.

Objectives of the Study

1. To develop and standardize a measure to evaluate consumer perception towards Local Brands, National Brands and International Brands in Retail Stores.
2. To identify the underlying factors of Consumer Perception towards Local Brands, National Brands, International Brands.
3. To compare the Consumer Perception between Local and National Brands.
4. To compare the Consumer Perception between Local and International Brands.
5. To compare the Consumer Perception between National and International Brands.
6. To identify new avenues for further research.

Research Methodology

The Study

The study was exploratory in nature with survey method being used to complete the study.

Sampling Design:

Population: Population included all the consumers of branded shoes who visit retail stores of Gwalior region.

Sampling Element: Individual consumers of shoes were the sampling element.

Sampling Technique: Non – Probability purposive sampling technique was used to select the sample.

Sample Size: Sample size was 150 Respondents.

Tools Used for data Collection:

Self-designed questionnaire was used for the evaluation of Consumer Perception towards banded shoes. Data was collected on a likert type scale, where 1 stands for minimum agreement and 5 stands for maximum agreement.

Tools Used for Data Analysis:

Item to total correlation was applied to check the internal consistency of the questionnaire. The measure was standardized through computation of reliability and validity. Factor analysis Test was applied to find out the underlying factors of Consumer Perception towards branded shoes. Z-Tests were applied to find out the significant differences in the Consumer perception between Local and National Brands, Perception between Local and International Brands, Consumer Perception between National and International Brands.

Results and Discussions

Consistency Measure (Consumer Perception)

Consistency of all the factors in the questionnaires was checked through item to total correlation. Under this correlation of every item with total was measured and the computed value was compared with standard value (0.15905989 for 150 respondents).The factors having item to total correlation lower than the critical value were declared as inconsistent and dropped from the questionnaire.

Table 1: showing item to total correlations for the Measure evaluating

S. No.	Items	Computed correlation value	Consistency	Accepted/dropped
1	Role of price in purchasing decision.	0.323271	Consistent	Accepted
2	Quality of branded products.	0.421411	Consistent	Accepted
3	Reliability of branded products.	0.61748	Consistent	Accepted
4	Role of advertisement in creating brand image.	0.411442	Consistent	Accepted
5	Role of advertisements in purchasing decision	0.534123	Consistent	Accepted
6	Recommendations of people.	0.294913	Consistent	Accepted
7	Branded shoes can build status in society.	0.495102	Consistent	Accepted
8	Brand image.	0.55523	Consistent	Accepted
9	Brand availability	0.568851	Consistent	Accepted
10	Sales promotion.	0.400567	Consistent	Accepted
11	It is necessity to have branded shoes.	0.439309	Consistent	Accepted
12	Availability of varieties of designs is important.	0.259971	Consistent	Accepted
13	There is no brand loyalty towards branded shoes.	0.185488	Consistent	Accepted
14	Branded shoes are more durable than non branded shoes.	0.403792	Consistent	Accepted
15	Popularity of brand.	0.503413	Consistent	Accepted
16	Branded shoes are luxurious item.	0.376912	Consistent	Accepted
17	Brand likeability	0.386241	Consistent	Accepted
18	Brand loyalty	0.402954	Consistent	Accepted
19	Recommendation of a brand to others.	0.5591	Consistent	Accepted
20	Discount offer.	0.156521	Inconsistent	Dropped

Reliability Measure

Cronbach alpha method has been applied to calculate reliability of all items in the questionnaire. Reliability test using SPSS software and the reliability test measures are given below:

Table 2: Showing Alpha Reliability Statistics for Consumer Perception

Reliability Statistics

Cronbach's Alpha	No. of Items
.754	**19**

It is considered that the reliability value more than 0.7 is good and it can be seen that in statistics, reliability value is quite higher than the standard value, so all the items in questionnaire are highly reliable.

Validity Test

Validity of the questionnaire was checked through face validity method and was found to be high.

Factor Analysis

Principle component factor analysis with Varimax rotation was applied. The factor analysis resulted in 6 factors. The details about factors, the factor name, Eigen value, Variable convergence, Loadings, Variance% and cumulative% are given in the table.

Table 3: Showing Factor Analysis for Consumer Perception

Factor name	Eigen Value	Variance %	Variable Convergence	Loadings
1.Brand Loyalty	3.868	20.359	Continuous use of a brand. Recommendation of a brand. Brand likeability.	.785 .690 .476
2.Quality	1.818	9.569	Branded shoes are more durable than non branded shoes. Popularity of brand is important for purchasing shoes. Shoes are always of good quality. Brand availability is important for you. Reliability of shoes is very important. Branded shoes are luxurious item.	.763 .606 .468 .463 .459 .434
3.Advertisement	1.534	8.073	Advertisement is responsible for creating brand image. Advertisements affect purchasing of shoes. Recommendations of people are also very important for purchasing shoes.	.808 .729 .493
4. Status	1.427	7.512	Prestige good Price plays a very important role in purchasing of	.739 .684

			shoes. It is necessity to have branded shoes. brand image.	 .603 .443
5. Varieties in design	1.348	7.095	Varieties. Brand loyalty	.780 .558
6. Promotional Schemes	1.055	7.095	Sales promotion	.772

Discussion of Factors

1. Brand Loyalty: This factor has emerged as the most important determinant of Consumer Perception with total eigen value of 3.868 and % variance of 20.359.Major elements of this factor include continuous use of a brand, recommendation of favorite brand, brand likeability. This shows that people are more loyal towards branded products.

2. Quality: This factor has total eigen value of 1.818 and % variance of 9.569.Major elements of this factor include durability, quality, reliability of branded products; popularity of brand ; brand availability; branded products :a luxurious item.

3. Advertisement: This is also one of the important factors with total eigen value of 1.534 and % variance of 8.073.The major elements consists of role of advertisement in purchasing decisions, in creating brand image and recommendations of people.

4. Status: This factor also emerged as important factor with total eigen value of 1.427 and % variance of 7.512 with elements consisting of role of price in purchasing decision, branded products: prestigious goods, necessity to have branded products and brand image of goods.

5. Varieties in design: This factor has eigen value of 1.348 and % variance of 7.095. Major elements are availability of varieties of designs and loyalty towards brands.

6. Promotional Schemes: This is one of the important factors with total eigen value of 1.055 and % variance of 5.551. Element of this factor is sales promotion activities.

Z-Test

Z test was applied to evaluate the difference in consumer perception between local and national brands, local and international brands and national and international brands.

Null Hypothesis:

H1: There is no significant difference in Consumer Perception between Local and National brands.

H2: There is no significant difference in Consumer Perception between Local and International brands.

H3: There is no significant difference in Consumer Perception between National and International brands.

If the value of Z is less than the standard value (1.96 at 5% level of significance) the null hypothesis is accepted.

Table 4: Z test for Consumer Perception

Consumer Perception	Value of Z	Mean of first x1	Mean of second x2	Standard error	Result
Between Local and National brands	1.8868	68.28	71.39	1.6482	Insignificant
Between Local and International brands	2.7551384	68.28	73.18	1.7784	Significant
Between National and International	0.61067	71.39	73.18	2.9311	Insignificant

There is no significant difference in Consumer Perception between Local and International brands and between National and International brands but there is significant difference in Consumer Perception between Local and International brands.

Implications of the Study

1. This study is a useful contribution for the various companies to evaluate the consumer perception.
2. This study can be used by different researchers to evaluate the different factors by different prospective.
3. The study can be useful for the organizations so that they can concentrate on the factors, which have adverse effect on consumer perception.
4. It will help organizations in knowing the parameters which consumers keep before purchasing different brands like local brand, national brand, and international brand.
5. The study will also help in understanding the various consumer perception related issue, which affect the purchase decision of consumers.

Suggestions

1. This study has been done by taking small sample of 150 respondents (50-national brands, 50-local brands and 50-international brands) so it is suggested to conduct this study in by taking large samples.

2. This study has been conducted at Gwalior region only. It is desirable that the study be replicated by including more cities before generalizing the results of the study.
3. This study should also be replicated using other types of products and services too.
4. The study can also be done on other demographic segments.
5. The retailers and companies can position local & national brands and national & international brands in same or in nearby shelves in retail stores

Conclusion

This study has resulted in the standardized and reliable measure to evaluate the consumer perception towards branded shoes. In present scenario it is necessary to understand the consumer perception before position the product in the market. In this study the consumer perception was the only variable. The result of the study show that there is no significant difference in Consumer Perception towards Local and International brands and between National and International brands but there is a significant difference in Consumer Perception towards Local and International brands.

The factors like brand loyalty, quality, advertisement, status, variety in design and promotional activities create an impact on the consumer perception. And among all this factors the brand loyalty factor has emerged as the most important factor having a greatest impact on the consumer perception towards the different brands in retail stores among the all factors.

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CORPORATE SOCIAL RESPONSIBILITY IN INDIA AT PRESENT

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ABSTRACT

Companies such as TATA and Birla are involved the Corporate Social Responsibility for decades, long before CSR become a popular basis in India at present. Regardless of having such good glorious examples CSR is in a very much potential stages in India. A key challenge facing business is the need for more reliable indicators of progress in the field of corporate social responsibility, along with the broadcasting of CSR strategies. Transparency and exchange of ideas can help to make a business appear more reliable, and push up the principles of other organizations at the same time. A lack of understanding, inadequately trained personnel, coverage, policy etc. further adds to the reach and effectiveness of CSR programs. So many companies are undertaking these activities supposedly and promoting/ highlighting the medium activities. Therefore, at present, focuses on the finding & reviewing of the issues and challenges faced by CSR activities in country. Therefore, suggested about requirements for conception of awareness, partnership among all stakeholders which creates barriers in implementing CSR initiatives, medium and large corporate houses involved in CSR activities, resources and banking synergies to implement to best CSR practices and companies involved in CSR activities etc.

Keywords*- Corporate Social Responsibility, CSR, corporate, stakeholders, society, societal Marketing*

Introduction

In today's economic and social environment, issues related to social responsibility and sustainability are gaining more and more importance, especially in the business sector. Business goals are inseparable from the societies and environments within which they operate. Whilst short-term economic gain can be pursued, the failure to account for longer-term social and environmental impacts makes those business practices unsustainable. In general way about corporate social responsibility is becoming more and more essential activity to businesses both i.e. national level and international level. As globalization accelerates and large corporations provide as global providers, these corporations have

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progressively recognized the benefits of providing corporate social responsibility programs in their different locations. CSR activities are now being undertaken throughout the globe.

Concept of CSR

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. Corporate social responsibility is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives i.e. The Triple-Bottom-Line is an accounting framework that incorporates three dimensions of performance: social, environmental and financial. This differs from traditional reporting frameworks as it includes ecological and social measures which can be difficult to assign appropriate means of measurement. its dimensions are also commonly called the three Ps: people, planet and profits. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept and charity, sponsorships or humanity which can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and support its brand, the concept of CSR clearly goes beyond that Promoting the uptake of CSR. The key drivers for CSR are enlightened self-interest, Social investment, transparency and trust, increased public expectations of business. Therefore a properly implemented CSR concept can bring along a variety of competitive advantages, such as enhanced access to capital and markets, increased sales and profits, operational cost savings, improved productivity and quality, efficient human resource base, improved brand image and reputation, enhanced customer loyalty, better decision making and risk management processes.

Present position of CSR in India

According to above mentioned, Corporate Social Responsibility is not a new thought in India. Always since their commencement, corporate like the Tata Group**,** The Aditya Birla Group and Indian Oil Corporation**,** out of its few, have been concerned in serving the community. Through donations and charity events, many other organizations have been doing their part for the society. The basic objective of CSR in these days is to maximize of the company overall impact on the society and stakeholders. About CSR policies, practices and programs are being broadly integrated by an increasing so many companies throughout their business operations and processes Companies have particular CSR teams that formulate policies, strategies and goals for their programs of CSR and set aside budgets to fund them. These programs are often determined by social philosophy which have clear objectives and are well defined and are aligned with the standard business. The programs are put into practice by the employees who are crucial to this process. CSR programs ranges from community development to development in education, environment and healthcare etc. For pattern, a more comprehensive method of development is adopted by some corporations such as Bharat Petroleum Corporation Limited, Maruti Suzuki India

Limited and Hindustan Unilever Limited**.** Provision of improved medical and sanitation facilities, building schools and houses, and empowering the villagers and in process making them more self-reliant by providing vocational training and a knowledge of business operations are the facilities that these corporations focus on. So many companies are helping other peoples by providing them good standard of living.

In other word, the CSR programs of corporations like GlaxoSmithKline Pharmaceuticals' focus on the health aspect of the community. They set up health camps in tribal villages which offer medical check-ups and treatment and undertake health awareness programs. Out of it few of the non-profit organizations which carry out health and education programs in backward areas are to a certain extent funded by such corporations. For instance, a lot of work is being undertaken to rebuild the lives of the tsunami affected victims. This is absolutely undertaken by SAP India in partnership with hope foundation**,** an NGO that focuses mainly on bringing about improvement in the lives of the poor and needy. CSR has gone through many phases in India at present. The ability to make a significant difference in the society and improve the overall quality of life has clearly been proven by the corporate. Not one but all corporate should try and bring about a change in the current social situation in India in order to have an effective and lasting solution to the social woes. Partnerships among companies, NGOs and the government should be facilitated so that a combination of their skills such as expertise, strategic thinking, manpower and money to initiate extensive social change will put the socio-economic development of India on a fast track.

Objectives of CSR

The following objectives for corporate social responsibility strategy at present can be included which are as under:-

1. Consistent business partner - in this objective can say that customer care and satisfaction is the top priority, regardless of the type of product or service offered and aim is to improve the quality of customer service, partnerships, and ethical behavior in relationships with customers, adherence to contract terms with customers and suppliers i.e. timeliness, quality, transparent trade and complaint procedure with additional services offer.

2. Feeling of full responsibility for the environment - As a mining company, it cannot avoid the harmful effects of activity, however, conscious of the responsibility for the negative environmental consequences, should take steps to minimize the negative effects, and much cases to make a major contribution to reclaim of the land. So increase all responsibility for the environment through the implementation of the assigned tasks, including meeting the requirements of environmental protection under the best available techniques. Finally, they overriding goal is to protect waters against salinity, sound management of waste mining, hazardous, and others, greenhouse gases reduction, minimizing the mining impact on surface area and environmental education of employees.

3. **Make sure good and safe working conditions -**Any of company most important asset is its people and make every effort to take care of their development and safety should feel responsible, as the largest employer in the region, to attract qualified staff and provide them with a stable, good job and the best conditions. Hence aim is to increase the level of safety and health at work through technical improvement of the mines, natural hazards monitoring, reducing the impact of human factors on accidents and improving the quality of training. Activities under this strategy will be focused on supporting the local community employment, building the image of a good and stable employer, building an organizational culture of commitment, focus on results and increasing productivity and also aim at identification of employees from particular companies with the Group. Continuous improvement of the organizational culture and ways of communication and interaction with employees is within the range of our interest

4. **Energetic participation in community life –** People are not only a business unit, but also a member of the local communities in which they operate. They strive to build good relations with representatives of these communities. Through thoughtful activities that fit into the Vision and Mission of company and reach potential or current stakeholders. Through these activities and also build the bond and a sense of solidarity with the environment and its problems.

Issue and challenges –

Issues –

In India, so many companies such as TATA and Birla are practicing the Corporate Social Responsibility for decades, long before CSR become a popular basis. In a lack of understanding, inadequately trained personnel, coverage, policy etc. further adds to the reach and effectiveness of CSR programs. Large no. of companies are undertaking these activities superficially and promoting/ highlighting the activities in Media. Therefore focused on the finding & reviewing of the issues and challenges faced by CSR activities in India, which are as under

1. **Decrease Role of Government-** Government has relied on legislation and regulation to deliver social and environmental objectives in the business sector in the last period. Decrease government resources, coupled with a distrust of regulations have led to the investigation of voluntary and non-regulatory initiatives instead.

2. **Requirements for Greater exposé –** There are so many increasing requirements for corporate exposé from stakeholders, including customers, suppliers, employees, communities, investors, and activist organizations.

3. Increased customer Interest –There is indication about the ethical conduct of companies exerts a growing pressure on the purchasing decisions of customers. In a recent survey by environics international, more than one in a five customers reporting having either rewarded or punished companies based on their perceived social performance.

4. Rising investor forces -Investor are changing the way they assess companies performance, and are making decision based on criteria which include ethical concerns. The social investment forum reports that in the United States in the year of 1999, and there was more than $2 Trillion worth of assets invested in portfolios that used screens linked to the environment and social responsibility. A separate survey by environics international revealed that more than a quarter of share-owning American took into account ethical consideration when buying and selling stocks. Therefore more on socially responsible investment can be found in the banking and investment section of the site.

5. Competitive Labor Market - Many employees are increasingly looking beyond paychecks and advantages, and in quest of out employers whose philosophies and operating practices match their own principles. In order to hire and retain skilled employees, companies are being required to improve working conditions.

6. Supplier Relations - As stakeholders are becoming increasingly interested in business relationships, and many of the companies are taking few steps to ensure that their followers conduct themselves in a socially dependable manner and some are introducing codes of conduct for their suppliers, to ensure that other company's policies or practices do not dull their reputation.

Challenges

These challenges are listed below –

1. Lack of Community participation in CSR Activities - There is a lack of interest of the local Community in participating and contributing to CSR activities of companies. This is biggest attributable to the fact that their exists little or having no knowledge about CSR within the local communities as no serious efforts have been made to spread awareness about CSR and instill confidence in the local communities about such initiatives. The present condition is further motivated by a lack of communication among the company and the community at the proletariat.

2. Need to assemble Local Capacities - There is a requirement for capacity assembling of the local non-governmental organizations as there is solemn shortage of trained and efficient organizations that can effectively contribute to the ongoing CSR activities initiated by companies.

3. Issues of Transparency -Lack of transparency is one of the key issues brought forth by findings. There is an expression by the companies that there exists lack of transparency on the part of the local implementing agencies as they do not make sufficient efforts to disclose information on their programs, audit issues, impact assessment and utilization of funds.

4. Non-availability of Well Organized Non-governmental Organizations - It is also reported that there is non-availability of well organized nongovernmental organizations in remote and rural areas that can assess and identify real requirements of the community and work along with companies to ensure successful implementation of CSR activities. This also builds the case for investing in local communities by way of building their capacities to undertake development projects at local levels.

5. Narrow Perception towards CSR Initiatives: Non-governmental organizations and Government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more donor-driven than local in approach.

6. Non-availability of Clear CSR Guidelines: There are no clear cut statutory guidelines or policy directives to give a definitive direction to CSR initiatives of companies, and found that the scale of CSR initiatives of companies should depend upon their business size and profile.

Suggestions

- In favor of corporate social responsibility it is found that there is requirement for conception of awareness about CSR amongst the general public to make CSR initiatives more effective.
- It is also point out that partnerships among all stakeholders including the private sector, employees, local communities, the Government and society in general are either not effective or not effectively operational at the proletariat level in the CSR field at present, Which creates barriers in implementing CSR initiatives. Hence It is suggested that appropriate steps be undertaken to address the issue of building effective bridges amongst all important stakeholders for the successful implementation of CSR initiatives.
- It is suggested that only medium and large corporate houses are involved in CSR activities, that too in selected geographical areas.
- It is suggested that corporate houses and non-governmental organizations should actively consider pooling their resources and building synergies to implement best CSR practices to scale up projects and innovate new ones to reach out to more beneficiaries.
- It is suggested that so many CSR initiatives and programs are taken up in urban areas and localities. Afterword, the impact of such projects does not reach the needy and the poor in the rural areas.

- It is suggested that the Government should consider rewarding and recognizing corporate houses and their partner non-governmental organizations implementing projects that effectively cover the poor and the neglected.
- A large number of companies concerned in CSR activities, it is suggested that an authorization mechanism should be put in place for companies through an independent agency for mainstreaming and institutionalizing CSR in the main business framework of the companies.
- It is suggested that at present it is necessary that companies involved in CSR activities urgently consider pooling their efforts into building a national association for corporate social responsibility.

CONCLUSION

The result of corporate social responsibility is now determinedly fixed on the universal business agenda but in order to progress from premise to actual action, many obstacles requirement to be overcome. A key challenge facing business is the need for more reliable indicators of progress in the field of corporate social responsibility, along with the broadcasting of CSR strategies. Transparency and exchange of ideas can help to make a business appear more reliable, and push up the principles of other organizations at the same time. Some of the positive outcomes that can happen when businesses assume a policy of social responsibility and much of the benefits are included for the above efforts. Hence at present it is very necessary that companies may be involved in CSR activities urgently consider pooling their efforts into building a national association for corporate social responsibility.

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ROLE OF MICROFINANCE IN PROMOTING MICRO ENTREPRENEURSHIP

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ABSTRACT

Micro finance is gradually emerging as one of the most effective strategies to promote entrepreneurship. It can effectively generate employment and sustain the income of the households by giving them opportunities of work. During the past 25 years, the micro finance movement has challenged the conventional financial sector. Today microfinance is very much in the agenda of public policy and it has been increasingly used as a vehicle to reach entrepreneurial goals. Microfinance in India is represented by Self Help Groups (SHGs) which are linked to Banks mainly women as its members. Micro enterprise requires small capital. But the poor people find it difficult to gather and manage their finance due to rigid government policy. Hassle free micro finance is fast becoming a tool to promote „Sustainable Micro entrepreneurship.

The paper attempts to analyze the growth and role of micro finance in developing the micro entrepreneurship. It indicates some challenges faced by micro finance groups to promote sustainable micro enterprise.

1. INTRODUCTION

Since independence our success in the development sectors are only moderate. Unemployment and poverty still pose major challenge for us, especially in rural areas. It all happened irrespective of the high opportunities of employment generation lies in agriculture sector and rural non-farm sector (RNFS). Micro-enterprises can play an important role in improving the quality of life and poverty alleviation. Micro-enterprises, whether in the informal or organized sectors, provide opportunities for gainful employment while preserving the social structure. Microfinance can play an important role to meet credit needs of rural poor. According to Singh (2002), "In India, the need for microfinance is higher as the demand for credit to start micro-enterprises by the poor people could not be met by the institutional initiatives of rural finance up to large scale. Due to the failure of

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percolation theory of social development, poor people are highly dependent on non institutional sources of credit. Growth of micro-finance in India has been in response to the failure of institutional initiatives of rural credit and exploitation attached with informal system of credit". Non government organizations (NGOs) in India acted very promptly for the growth of micro finance sector as it provides space to the poor people to use their on savings for credit linkages and finally starting the viable micro enterprises.

The United Nations General Assembly designated 2005 the international year of micro credit. The year has seen the launch of a wide array of programmes throughout the UN system to raise public awareness about micro credit and microfinance, while promoting partnership and innovation among governments, donors, international organizations, NGOs, the private sector and microfinance institutions (MFIs). Micro finance has already made a positive impact on quality of life of millions of poor people by providing greater access to credit, savings, insurance, transfer remittances, and other financial services which would otherwise be untouchable.

2. OBJECTIVE OF THE STUDY

The paper attempts to analyze:

i) Need and importance of microfinance to promote micro enterprises.

ii) Constraints faced by the microfinance sector in promoting micro enterprise and suggest the measures to overcome the limitations.

3. CONCEPTUAL FRAMEWORK OF MICRO ENTERPRISE AND MICRO FINANCE

3.1 Micro Enterprise

Dictionary meaning of micro enterprise is "very small-scale business, esp. owner-operated with few employees" (*Webster's New Millennium™ Dictionary of English, 2003-2005*).

The term "micro enterprise" refers to a very small-scale, informally organized business activity undertaken by poor people.

According to Schreiner& Woller "Micro enterprises are tiny businesses; most have one employee, the owner" (Schreiner& Woller, 2003).

Street vendors, carpenters, machine shop operators. Seamstresses and peasant farmers---micro entrepreneurs come in all types, and their businesses in many sizes. This diverse group requires a variety of support to grow and improve. Many of these men and women and their employees are poor and have limited access to services. But they do not lack potential. More than 80 percent of the businesses in Latin America and the Caribbean have l 0 employees or less, and they account for as much as half of all employment in many countries. Numbered at some 50 million, these micro enterprises can no longer be considered marginal. They are the heart of the region's economy.

Microenterprise in the production sector is defined as a unit where investment in plant and machinery does not exceed Rs. 25 lakh whereas a micro enterprise in the service sector is an enterprise where the investment in equipment does not exceed Rs.10 lakh; (notification No. S.O. 1722(E) dated October 5, 2006 specified by the Ministry of Small Scale Industries).

3.2 Micro finance

The term microfinance is of recent origin and is commonly used while addressing the issue of financial support to micro-entrepreneurs. There is, however, no statutory definition for microfinance. The taskforce on Supportive Policy and Regulatory Framework for Microfinance has defined microfinance as "Provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards". The term "Micro" literally means "Small". But the task force has not defined any amount. However as per the Micro Credit Special Cell of the Reserve Bank Of India, the borrower accounts upto the limit of Rs. 25000/- could be considered as micro credit products and this amount could be gradually increased upto Rs. 40000/- over a period of time which roughly equals to US $ 500 – a standard for South Asia as per international perceptions. However the Micro Financial Sector (Development and Regulation) Bill, 2007 defined the micro credit as loans not exceeding Rs. 50000 (Rs. 150000 in case of housing).

The term microfinance, sometimes, is used interchangeably with the term micro credit. However while micro credit refers to purveyor of loans in small quantities, the term microfinance has a broader meaning covering in its ambit other financial services like saving, insurance etc., as well.

The mantra is banking through groups. The essential feature of the approach is to provide financial services through groups of individuals, formed either in joint liability or co-obligation mode. Basically, groups can be of two types:

Self Help Groups (SHGs): The group in this case, does financial intermediaries on behalf of the formal institution as is being done under SHG-Bank Linkage Programme. This is the predominant model followed in India, both by banks and the microfinance institutions (MFIs).

Grameen Groups: In this model, financial assistance is provided to the individual in a group by the formal institution on the strength of groups assurance. In other words, individual loans are provided on the strength of joint liability/ co-obligation. This microfinance model was initiated by Bangladesh Grameen Bank and is being used by some of the Microfinance institutions (MFIs) in our country.

3.3 Models of Microfinance Practices in India

There are a variety of delivery models for microfinance in India:-

i) **The SHG Bank Linkage Model**

Under this model, groups are formed by different agencies known as Self Help Promoting Institutions (SHPIs). These could be NGOs, Voluntary Associations, Government Agencies, Panchayati Raj Institutions, Vikash Volunteer Vahini (VVV) clubs, banks, cooperative societies etc.

ii) **Micro Finance Institutitons (MFIs)/ NGO-SHG Models**

This model involves NGOs, MFIs, NBFCs etc., for accessing funds either from banking system and/or Developmental Financial Institutions (DFIs) like NABARD & SIDBI for giving loans to SHGs either.

iiii) **NGO/MFI Federation – SHG Model**

In this model SHGs get financial services, mostly savings and credit, with the help of federations. Federations have been promoted by MFIs like Dhan Foundation, PRADAN, SEWA etc.

iv) **Grameen Model**

This model the financial assistance, i.e., loans for productive purposes is provided by the MFIs/NGOs directly to the members of small groups (i.e. affinity groups consisting of about 5-7 members) directly on the strength of group assurance. It is often coupled with an obligation to save by group members. This model is followed in India by SHARE Microfinance Ltd., ASA and CASHPOR Financial and Technical Services Ltd.

v) **The Cooperative Model**

This model has been initiated by Cooperative Development Forum (CDF), Hyderabad which has relied upon a “Credit Union” model involving saving first strategy. It has built up a network of Women Thrift Groups (WTGs) and Men Thrift Groups (MTGs).They is registered under Mutually Aided Co-operative Society Act (MACs).

4. NEED AND IMPORTANCE OF MICRO ENTERPRISE

Micro Enterprise is a proven way to strengthen viable small businesses resulting in increased household income and savings and thus the alleviating the crunch of economic poverty.

Mentioning the importance of Micro and small enterprises (MSEs) in India, Awasthi (2004) asserted that “Micro and small enterprises (MSEs) constitute an important segment of the Indian economy. Besides providing employment to nearly 25 million persons, mostly belonging to the lower rung of socio economic strata in the society, the sector helps the process of economic diversification, utilization of otherwise dormant resources, balanced regional development, production of and demand for wage goods, equitable distribution of income, and widening the base of entrepreneurial supply"

Rangarajan (2005) opined that promotion of micro enterprises is a viable and. Effective strategy for achieving significant gains in income and assets for poor and marginalized people.

Schreiner (2004) has defined support for microenterprise in terms of asset-building. He highlighted the fact that microenterprise programs help people to build human, financial, and social capital for the development of micro businesses that will improve people's well-being. In group or individual NGOs are playing important role as catalyst in helping the rural unemployed persons to acquire training through MEDPs (Micro-Enterprise Development Programmes) so that they can become self-employed by starting their enterprises in RNFS. Moreover, they can also become job providers instead of job seekers. Thus, institutionalisation of MEDPs through NGOs can be an alternative approach of rural development in India.

The success of any MEDP in terms of starting the enterprises by the trainees trained under it depends mainly upon the availability of loan. Micro-finance sector can provide help to solve this problem.

5. MICROFINANCE AND ENTREPRENEURSHIP: DIFFERENT APPROACHES

The approaches of NGOs for delivering services of microfinance can be classified under four broad categories:

i) **Self-Help Group Promotion Approach**

The SHG promotion approach is based on the premise that the NGO promotes SHGs and provide them services of financial advisor. This ultimately leads to build the capacity of SHGs in terms of savings mobilization, linking them with banks and providing technical support in starting the viable micro enterprises by the SHG members. In this approach NGO basically is a mediating contact between SHGs and Banks.

ii) **Minimalist Approach of Micro Finance Institutions**

The approach of promoting MFIs is based on the premise that financial institutitons like Small Industries Development Bank of India (SIDBI), RKM and other donor agencies provide bulk lending, soft loans and some grant to such NGOs which can act as MFIs by on lending money to the poor people.

The example of such MFIs are SEWA Bank & FWWB in Gujarat, BASIX in Andhra Pradesh etc.

iii) **Micro Enterprise Development Approach**

Entrepreneurship Development Programme (EDP) means a programme of entrepreneurship development designed to help a person in strengthening his/her entrepreneurial motive and in acquiring skills and capabilities necessary for playing his/her entrepreneurial role effectively. To make EDP successful and effective, the role of the NGOs has significant importance in terms of identification of place or location, promotional activities, selection of potential entrepreneurs, entrepreneurial training, monitoring and follow-up mechanism mode.

iv) **Social development Approach**

The social development approach of micro finance is based on the premise that people should earn more money by investing in the viable micro enterprises. One share of the profit should be spent on social development i.e. health, education, housing, drinking water, sanitation etc. By earning profit from the micro enterprises people will increase their paying ability for services being delivered to them under different projects of social development run by NGOs and State/Central Government.

6. MICROFINANCE AND MICROENTERPRISE: INDIAN PARADIGM

The financial sector reforms motivated policy planners to search for products and strategies for delivering financial services to the poor – microfinance - in a sustainable manner consistent with high repayment rates.

The search for these alternatives started with internal introspection regarding the arrangements which the poor had been traditionally making to meet their financial services needs. It was found that the poor tended to – and could be induced to - come together in a variety of informal ways for pooling their savings and dispensing small and unsecured loans at varying costs to group members on the basis of need. The essential genius of NABARD in the Bank – SHG programme was to recognize this empirical observation that had been catalysed by NGOs and to create a formal interface of these informal arrangements of the poor with the banking system. This is the beginning of the story of the Bank-SHG Linkage Programmed.

6.1 SHG - Bank Linkage Programme

The SHG – Bank Linkage Programme started as an Action Research Project in 1989. In 1992, the findings led to the setting up of a Pilot Project. The pilot project was designed as a Partnership model between three agencies, viz., the SHGs, banks and Non Governmental Organisations (NGOs). SHGs were to facilitate collective decision-making by the poor and provide 'doorstep banking; Banks as wholesalers of credit, were to provide the resources and NGOs were to act as agencies to organise the poor, build their capacities and facilitate the process of empowering them.

6.2 Performance and Accomplishment of SHG-Bank Linkage Programme

The programme has come a long way from the pilot stage of financing 500 SHGs across the country. NABARD extends 100 par cent automatic refinance facility to all banks against their lending to SHGs or through NGOs to SHGs. As on 31 March 2007, 41,60,584 SHGs were maintaining savings bank accounts with the banking sector with outstanding savings of Rs. 3512.71 crore, thereby covering more than 5.8 crore poor households under SHG Bank Linkage Program. The Commercial Banks had the maximum share of savings from 22, 93,771 SHGs (55.1%) with savings amount of Rs. 1892.42 crore (53.9%) followed by Regional Rural Banks with savings bank accounts of 11, 83,065 SHGs (28.4%) and savings amount of Rs. 1158.29 crore (32.9%) and Cooperative Banks having savings bank accounts of 6, 83,748 SHGs (16.4%) with savings amount of Rs. 462.00 crore (13.2%). The share of SGSY SHGs in the total was 9, 56,317 forming 22.9% of the total SHGs having savings accounts in the banks.

The Micro Enterprise Development Programme (MEDP) for skill Development programme was launched in March 2006 by NABARD with the basic objective to enhance the capacities of the members of matured SHGs to take up micro enterprises through appropriate skill upgradation/ development in existing or new livelihood activities both in farm and non-farm sectors by way of enriching knowledge of participants on enterprise management, business dynamics and rural markets programme.During 2006-07, a total 297 Micro Enterprise Development Programmes (MEDPs), both under Farm and Non –farm activities, were conducted covering 7,579 members of the matured SHGs.

6.3 Microfinance in India: Some relevent facts

In the financial year 2007/08, microfinance in india through its two major channels – SBLP and MFIs – served over 33 million Indians, up by 9 million over the previous financial year. 4 out of 5 microfinance clients in India are women. Per 31st March 2008, the outstanding micro-credit portfolio of India Microfinance was about Rs. 22,000 crore. 75% are accounted for by SBLP, 20% by large MFIs and 5% by medium and small MFIs.

SBLP reports over Rs. 3,500 crore savings of SHG-members (2006/07). MFIs are prohibited from accepting savings; however, one third of their clients are served under the SHG-model and thus encouraged to save among themselves and/or open savings accounts with banks. The MFI KBS Local Area Bank reports about Rs. 40 crore savings portfolio for its 1 lakh clients (2007/08).

Table 1:The Bharat Microfinance Report, 2008 Outstanding Portfolio (in Rs. Crore)

SBLP*	*10,644*	*16,900*
Sa-Dhan, 223 MFIs	3,456	5,954
Total**	13,582	21,961
Client Outreach (in million persons)		
SBLP*	16.01	*21.57*
Sa-Dhan, 223 MFIs	10.04	14.1
Total**	***24.55***	***33.55***

* SHG-Bank Linkage Programme is spearheaded and implemented by NABARD. Figures in italics are estimates,

** The total has been reduced by 15% of MFI-figure, assumed to be the overlap with SBLP

Given these quantitative achievements, the main findings are:

i) Microfinance has reduced the incidence of poverty through increase in income, enabled the poor to build assets and thereby reduce their vulnerability.

ii) It has enabled households that have access to it to spend more on education than non-client households.

iii) Families participating in the programme have reported better school attendance and lower dropout rates.

iv) It has empowered women by enhancing their contribution to household income, increasing the value of their assets and generally by giving them better control over decisions that affect their lives.

v) In certain areas it has reduced child mortality, improved maternal health and the ability of the poor to combat disease through better nutrition, housing and health - especially among women and children.

vi) It has contributed to a reduced dependency on informal money lenders and other non-institutional sources.

vii) It has facilitated significant research into the provision of financial services for the poor and helped in building capacity at the SHG level.

viii) Finally it has offered space for different stakeholders to innovate, learn and replicate. As a result, some NGOs have added micro-insurance products to their portfolios, a couple of federations have experimented with undertaking livelihood activities and grain banks have been successfully built into the SHG model in the eastern region. SHGs in some areas have employed local accountants for keeping their books; and IT applications are now being explored by almost all for better MIS, accounting and internal controls.

6.4 Key Lessons

(i) "Poor are bankable". Sounds simple, but, when we view this in context of the attitudinal constraints which characterized bankers on the eve of the linkage programme, one realizes what an immense learning point this has been.

(ii) The poor, organized into SHGs, are ready and willing to partner mainstream financial institutions and banks on their part find their SHG portfolios "safe" and "performing".

(iii) Despite being contra intuitive, the poor can and do save in a variety of ways and the creative harnessing of such savings is a key design feature and success factor.

(iv) Successful programmes are those that afford opportunity to stakeholders to contribute to it on their own terms. When this happens, the chances of success multiply manifold.

This has been possible in the Bank - SHG linkage programme on account of the space given to each partner and the synergy built in the programme between the informal sector comprising the poor and their SHGs, the semi-formal sector comprising NGOs, and the formal sector comprising banks, government and the development agencies.

(v) Yet another learning point has been that when a programme is built on existing structures, it leverages all strengths. Thus, because the Bank-SHG programme is built upon the existing banking infrastructure, it has obviated the need for the creation of a new institutional set-up or introduction of a separate legal and regulatory framework.

Since financial resources are sourced from regular banking channels and members savings, the programme bypasses issues relating to regulation and supervision. Lastly, since the Group acts as a collateral substitute, the model neatly addresses the irksome Problem of provision of collateral by the poor.

(vi) Central banks, apex development banks and governments have an important role in creating the enabling environment and putting appropriate policies and interventions in position which enable rapid upscaling of efforts consistent with prudential practices. But for this opportunity, no innovation can take place.

6.5 Challenges:

(i)Regional Imbalances – The first challenge is the skewed distribution of SHGs across States. About 60% of the total SHG credit linkages in the country are concentrated in the Southern States. However, in States which have a larger share of the poor, the coverage is comparatively low. The skewed distribution is attributed to

- The over zealous support extended by some the State Governments to the programme.
- Skewed distribution of NGOs and
- Local cultures & practices.

NABARD has since identified 13 states where the volumes of SHGs linked are low and has already initiated steps to correct the imbalance.

(ii) From credit to enterprise

The second challenge is that having formed SHGs and having linked them to banks, how can they be induced to graduate into matured levels of enterprise, how they be induced to factor in livelihood diversification, how can they increase their access to the supply chain, linkages to the capital market and to appropriate/ production and processing technologies. A spin off of this challenge is how to address the investment capital requirements of matured SHGs, which have met their consumption needs and are now on the threshold of taking off into "Enterprise". The SHG Bank-Linkage programme needs to introspect whether it is sufficient for SHGs to only meet the financial needs of their members, or whether there is also a further obligation on their part to meet the non-financial requirements necessary for setting up businesses and enterprises.

(iii) Quality of SHGs – The third challenge is how to ensure the quality of SHGs in an environment of exponential growth. Due to the fast growth of the SHG Bank Linkage Program, the quality of SHGs has come under stress. This is reflected particularly in indicators such as the poor maintenance of books and accounts etc. The deterioration in the quality of SHGs is explained by a variety of factors including the intrusive involvement of government departments in promoting groups, Inadequate long-term incentives to NGOs for nurturing them on a sustainable basis and diminishing skill sets on part of the SHG members in managing their groups. Significant financial investment and technical support is required for meeting this challenge.

7. MICROFINANCE INSTITUTIONS IN INDIA: EMERGENCE& GROWTH

A range of institutions in public sector as well as private sector offers the micro finance services in India. They can be broadly categorized in to two categories namely, formal institutions and informal institutions. The former category comprises of Apex Development Financial Institutions, Commercial Banks, Regional Rural Banks, and Cooperative Banks that provide micro finance services in addition to their general banking activities and are referred to as micro finance service providers. On the other hand, the informal institutions that undertake micro finance services as their main activity are generally referred to as micro Finance Institutions (MFIs).

MFIs are an extremely heterogeneous group comprising NBFCs, societies, trusts and cooperatives. They are provided financial support from external donors and apex institutions including the Rashtriya Mahila Kosh (RMK), SIDBI Foundation for micro-credit and NABARD and employ a variety of ways for credit delivery. Since 2000, commercial banks including Regional Rural Banks have been providing funds to MFIs for on lending to poor clients. Though initially, only a handful of NGOs were into financial intermediation using a variety of delivery methods, their numbers have increased considerably today. While there is no published data on private MFIs operating in the country, the number of MFIs is estimated to be around 800.It is estimated that the MFIs share of the total institution-based micro-credit portfolio is about 8%.

Table 2: Legal Forms of MFIs in India Types of MFIs

	Estimated Number*	**Legal Acts under which Registered**
1. **Not for Profit MFIs** a.) NGO - mFIs	400 to 500	Societies Registration Act, 1860 or similar Provincial Acts Indian Trust Act, 1882
b.) Non-profit Companies	10	Section 25 of the Companies Act, 1956
2. **Mutual Benefit MFIs** a.) Mutually Aided Cooperative Societies (MACS) and similarly set up institutions	200 to 250	Mutually Aided Cooperative Societies Act enacted by State Government
3. **For Profit MFIs** a.) Non-Banking Financial Companies (NBFCs)	6	Indian Companies Act, 1956 Reserve Bank of India Act, 1934
Total	700 - 800	

8. MICROFINANCE INSTITUTIONS (MFIs): ROLES AND CHALLENGES

MFIs can play a vital role in bridging the gap between demand & supply of financial services if the critical challenges confronting them are addressed:

Sustainability: the first challenge relates to sustainability. It has been reported in literature that the MFI model is comparatively costlier in terms of delivery of financial services. An analysis of 36 leading MFIs by Jindal & Sharma shows that 89% MFIs sample were subsidy dependent and only 9 were able to cover more than 80% of their costs. This is partly explained by the fact that while the cost of supervision of credit is high, the loan volumes and loan size is low. It has also been commented that MFIs pass on the higher cost of credit to their clients who are „interest insensitive for small loans but may not be so as loan sizes increase. It is, therefore, necessary for MFIs to develop strategies for increasing the range and volume of their financial services.

Lack of Capital – The second area of concern for MFIs, which are on the growth path, is that they face a paucity of owned funds. This is a critical constraint in their being able to scale up. Many of the MFIs are socially oriented institutions and do not have adequate access to financial capital. As a result they have high debt equity ratios. Presently, there is no reliable mechanism in the country for meeting the equity requirements of MFIs.

As you know, the Micro Finance Development Fund (MFDF), set up with NABARD, has been augmented and re-designated as the Micro Finance Development Equity Fund (MFDEF). This fund is expected to play a vital role in meeting the equity needs of MFIs.

Borrowings – In comparison with earlier years, MFIs are now finding it relatively easier to raise loan funds from banks. This change came after the year 2000, when RBI allowed banks to lend to MFIs and treat such lending as part of their priority sector-funding obligations. Private sector banks have since designed innovative products such as the Bank Partnership Model to fund. MFIs and have started viewing the sector as a good business proposition. Being an ex- regulator I may be forgiven for reminding banks that they need to be most careful when they feel most optimistic. At a time when they are enthusiastic about MFIs, banks would do well to find the right technologies to assess the risk of funding MFIs. They would also benefit by improving their skill sets for appraising such institutions and assessing their credit needs. I believe that appropriate credit rating of MFIs will help in increasing the comfort level of the banking system. It may be of interest to note that NABARD has put in position a scheme under which 75% of the cost of the rating exercise will be borne by it.

The Bharat Microfinance Report 2008 Published by Sa-Dhan on 31st March 2008. Highlighted the following facts:-

- Growth of MFI- loan portfolios passed 70% annually between March 2006 and March 2008. The strongest impulse came from medium – often urban – MFIs in 2006/07 and from large MFIs in 2007/08.

Indian MFIs are true to their mission of serving the poor strata of society. A stable 8 out of 10 clients have been provided loans sized less than Rs. 10,000.

The loan segment between Rs. 5,000 and Rs 10,000 has been growing strongest. This can be explained by two impulses: On one hand, microfinance customers mature to bigger loans over the loan cycles. On the other hand, urban microfinance starts with comparatively bigger loans than rural finance.

Indian MFIs serve 4.1 million clients from the SC/ST background. The reported number of SC/ST has been growing alongside the rate of total outreach, thus the SC/ST-share is stable at 3 out of 10 clients.

India's MFIs operate in 209 out of 331 poorest districts of the country; up by 5% over the previous year.

Large MFIs are particularly active in expanding their operations to the poorest districts; many of them serving more poorest than other districts.

Urban Microfinance is emerging as a strong growth driver; between March 2006 and March 2008,

1 out of 3 new clients was from the urban background. One Quarter of all MFI clients is from the urban background

Limitations of MFIs

- Most of the MFIs Follow a minimalist approach
- MFIs are efficient in financial intermediation only
- They Lack human resources to provide business counseling
- Mostly have a single loan product
- Self Help Promoting Institutions(SHPIs) lack in scale and capacities
- SHPIs Promote only weak SHGs
- Self Help Promoting Institutions rely too much on bank processes to provide credit to SHGs
- Banks usually provide short term loans to MFIs
- Banks microcredit loans provided to meet priority sector obligations

9. CONCLUSIONS

The micro finance sector is still in its young age in India. Emergence and growth of micro finance in India has proved very useful but many SHGs are failing to establish and nurture their enterprises. There are still large sections of the population without access to services. A conservative estimate for example suggests that just 20% of low-income people have access to them.

Thus, there is an urgent need to widen the scope, scale and outreach of financial services to reach the vast un-reached population.

The following issues need to be considered while introducing SHGs to micro-enterprises:

i) Is it appropriate to introduce income generating activities based on skill, knowledge and resources?

ii) Is it better to integrate with exiting livelihood activities of group membership?

iii) Should emphasis be laid on developing business skills than on providing backward and forward linkages?

The following recommendations can be made:

ü Specialized bank branches for micro enterprise & SHG lending need to be set up.

ü Collateral free loan value needs to be raised further by RBI (currently Rs 50,000)

ü There is a Need for new generation livelihoods promotion institutions, who can understand the diverse needs relating to livelihoods the poor

ü District level agencies should be developed to link microenterprises with inputs, technology, capital and markets.

ü Government has to invest in investment in capacity building and nurturing to overcome limitations of microfinance groups so that they can produce effective and viable entrepreneurs

Micro-enterprise development is not a stand-alone activity. It is both efficient and cost effective to promote farm sector micro-enterprises because backward and forward linkages are locally available. Promotion of non-farm sector activities particularly those in manufacturing sector is a challenge for providing market linkages because significant sales turnover is required by each member to earn incomes which are even equivalent minimum wages or to cross the poverty line.

Micro entrepreneurship through microfinance has become a modern economic weapon for the poor to fight against poverty and unemployment. But It has long way to become successful. Many programmes from IRDP to SGSY were started by the government enthusiastically but they were not able to achieve their objectives. The reason behind this is poor follow up, lack of management and participation from the government as well aspeople. No programme can ever get its ultimate result unless and until there is co-ordination and co-operation between government and beneficiaries.

Microfinance in India is often narrowly described as microcredit only.It ignores the broad range of financial services for poor like savings, money transfer, insurance etc. Credit alone is not sufficient for promoting micro enterprise. There is a urgent need to explore other microfinance services like savings, money transfer, insurance to develop sustainable micro enterprises for the other 100 million poor in India.

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