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vidwat

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SOUTH AFRICAN CRICKET PLAYER JONTY RHODES NAMED HIS DAUGHTER INDIA.....

I learned human values there, I learned yoga there,
I learned different religion's diversity there... so we named our daughter INDIA.

_ Jonty Rhodes.

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DHRUVA
defining excellence

VIDWAT (विद्वत) in Sanskrit means: know, understand, find out, learn, ascertain, discover and expound.

"Vidwat – The Indian Journal of Management", published by DHRUVA College of Management, Hyderabad, reflects this array of meanings. It is a vehicle for a wide range of researches from across the globe to bring their insights to B-Schools as well as practicing managers.

"Vidwat – The Indian Journal of Management" is a an annual publication. Its objective is to encourage and publish applied research in all the functional areas of management. It lays emphasis on juxtaposing ancient Indian wisdom to modern management that is relevant to academicians and practising managers grappling with Gen Y

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Op-Ed

It's a New Year and another chance to make it better

2016 is over 2017 has begun!!!

"Each one of us being an optimist nurtures the hope that the future will bring to fruition what the past could not deliver".

Hazaaron khwaishein aisi ki har khwaish pe dam nikle, *as Ghalib would say****: A thousand wishes such that for each I'd give my life!***

Every New Year is an opportunity to move the past behind and to move forward in life. Leaving the past behind is to leave any and every negative emotion and memory behind and to make a new beginning with positivity, vigor, love and compassion. This is what's known as "Naidanyata (discipline) & Vistarata (expansiveness)" in Indian philosophy.

In order to practise this "manasa vacha karmana", one has to imbibe and practice "Forget & Forgive" - the most effective tools to let go of the past, to erase hatred, enmity and misery and to burn away past impressions. By forgetting others' follies and by seeking forgiveness for your misdemeanors', you get freed from the past and help make anew!

This entire process of forgetting & forgiveness makes one's mind, body and soul completely pure and humble. This helps one to improve relationship, create harmony in the family and society and helps in spiritual upliftment. No one can go back in time and erase a bad occurrence, but one can start fresh and create a new dawn.

The first to apologize is the bravest, the first to forgive is the strongest and first to forget is the happiest….

"If there is one place on the face of earth where all the dreams of living men have found a home from the very earliest days when man began dream of existence, it is India. — Romain Rolland

We at Dhruva have initiated an exercise to bring in ancient wisdom into mainframe curriculum of MBA/PGDM. AHIMSA (Axis Hyderabad Indian Management Systems Academy), our forum is trying to reach Indian thinkers like Devdutt Patnaik, Prof N.V Raghuram, Nageshwar Singh, Chaganti Koteswar Rao, Rajiv Malhotra, Dr Anuj Srivastav to name a few to organise conferences, print articles in Vidwat and address seminars.

One such attempt was "Relevance of ancient Indian wisdom to modern management" by Nageshwar Singh and N.V. Raghuram conducted on Dec 24, 2016. Now, articles by NV Raghuram and Nageswar Singh are featured in this edition of Vidwat. This apart, Vidwat is featuring few more articles by our own editorial board members, which is diametrically opposite to the universal norm and also it is a deliberate attempt on our part to tell the academic world about our way of thinking and approach to business management.

Some of the titles from professors at Dhruva are; "Factors Influencing Employee Retention- A study in select service sector organizations" (Smt. Hima Bindu)," A study of Growth Oriented Tax Saving Schemes of select Indian mutual fund companies" (Sri KH Gokul Krishnan), "Fundamental Analysis - Effectiveness Evaluated through qualitative research from secondary papers" (Sri. Sadab Alam), "Shopper Marketing Insights at a Retail Store- a consumer perspective" (Sri. Narendra Kagita), "Relevance of Ancient Indian Wisdom to Modern Management" (Sri. Nageswara Singh.B), "Contribution of Ancient Indian Thought" (Sri. N.V.Raghuram).

This journey will continue to bring out more perspectives and start afresh and create new beginnings.

Contd...

ahimsa ..... *few musings that seem weird prima facie*

Creativity, Leadership, Entrepreneurship and Ethics are hard nuts; can't be taught(in the conventional teaching-learning process)!

..... these are like "Chaturvarna"... Creativity = Brahmin, Entrepreneurship = Vaishya,

Leadership = Kashtriya, Ethics = Shudra"Every body professes, no body practises"

Ethics is doing what's right/Moralistic/value oriented/duty bound/ the way we aught to live/knowing yourself/Beauty (that gives, forgives)..... is therapeutic. It brings peace,balance,calm,kindness, gentleness..... all virtues!

Ethics can be imbibed from mother nature, parents, culture, moores, community, polity etc

1. One can live Ethics for others to emulate (a.k.a Sri Ramachandra...Rama vigrahavan dharmaha)
2. In the lineage of Socrates-Plato-Aristotle-(Alexander),one finds divergent views:

"Knowledge(Right Vs Wrong)is necessary to become Virtuous. Virtue is necessary to attain (True) happiness".

* Knowledge can be taught (Learnt), but not Virtue
* All Evil is committed out of ignorance -hence, involuntary
* Committing an injustice is far worse than suffering an injustice
* Being in right & not protesting tantamounts to cowardice

---------------------- **IMPONDERABLES** ----------------- ---

Socrates accepts poison, rather than escaping prison (compare this with Z.A. Bhutto going to gallows)
Sri Krishna using Adharma to fight adharmic persons
Dr S Pratap Reddy being tough imposing Diligence, Dignity, Dhyana, Dharma on his students practising "Cruel to be kind"
Euthanesia
ISIS killing non-believers
A call girl indulging in immoral act to eke out living.
Oedipus killing his own father and marrying his own mother unknowingly
Dharma Raja telling the only lie of his life Äshwathama hata hat kunjara
Ashwathama killing upa pandavas
Drona asking for Ekalya's right thumb as guru dakshina

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Plato's philosophy is akin to Sanatana Dharma:

He says"Highest good leads to highest happiness"

VIRTUE is universal(definite=definition!)-not relative

Happiness is well within (Panca kosha)

True love leads to admiration-not expects some thing in return

Our feelings are like horses left free

Plato advocates "Fulfilment =Nirvana (a.k.a self actualisation)

Socrates' life as the "gadfly" of Athens began when his friend Chaerephon asked the oracle at Delphi if anyone was wiser than Socrates. The Oracle responded that none was wiser than Socrates. Socrates believed that what the Oracle had said was a paradox (absurdity), because he believed he possessed no wisdom whatsoever.

He was found guilty of both corrupting the minds of the youth of Athens and of "not believing in the gods of the state", and subsequently sentenced to death by drinking a mixture containing poison hemlock, a toxic herb that paralyzes the nervous system. he could have saved himself by paying a fine, but instead refused to answer the charges against him, claiming he had done nothing wrong. He purposefully gave a defiant defense to the jury because "he believed he would be better off dead".

We wish all the enlightened readers, researchers, contributors, management & corporate fraternity and the Dhruva alumni "The Best 2017" once again and happy Makara Sankranti.

Dr. S. PRATAP REDDY
Founder Chairman - DHRUVA
Managing Editor - VIDWAT

RELEVANCE OF ANCIENT INDIAN WISDOM TO MODERN MANAGEMENT

Nageswara Singh. B.
A Senior Vedik Scholler

ABSTRACT

This paper explains how Indian traditional knowledge and cultural wisdom can help us in addressing the problems of modern management. This paper presents relevant anecdotes from Ramayana, Kathopanishad and Bhagawad Gita, which are integral part of Indian thought and cultural heritage. This paper explores scope for enhancing the intrinsic worth of individual in an organization, how inner harmony and peace are fundamentally essential for effective leadership in any sector, and how the individuals excel in day-to-day work as elucidated in Indian literature. Further this paper elaborates on how by integrating human values underlined in the Indian epics will lead to effective organizational achievements in the long run.

Key words: *Ramayana, Kathopanishad, Bhagawad Gita*

More often, the management systems that we borrowed from the west appear to emphasize on systems and structures rather than staff and style. No doubt, they have touched upon the key elements such as staff, skill and style but not grasped fully the human attitude and the motive behind the behavior. In essence, this points the need for improving the attitudinal behavior of each functionary. It is a common experience that many corporate bodies which are otherwise staffed by modern management specialists at times fall short of achieving organizational/corporate goals. It shows that the present management approaches sometimes do not adequately equip the top leaders in carrying the organizational staff along with them.

The prime function of a leader is to encourage individuals to articulate their inner voice and collaborate so as to inspire others rather than laying undue emphasis on system approaches. Such genuine involvement provides individuals in an organization to develop sense of ownership and identify themselves at an emotional level to connect with the broader objectives of the organization. Otherwise, they tend to remain as mere employees.

In this context, the Indian traditional knowledge (Vedanta) exhorts every human being to realize their inner potential to channelize their energies resulting in effective actions. The epics like Ramayana and Mahabharata emphasize the need for self discipline and the individual's outlook towards society and their responsibility as a contributing agent for the welfare of community.

Profound ideas relating to human activity are embedded in Bhagawad Gita, Ramayana and Upanishads. The domains of management like governance, empowerment, and leadership were also dealt with elaborately in Indian Scriptures. In those days, what was rendered as advice to the rulers is also relevant in the modern context in advising present CEO of any business organization.

Ramayana authored by Valmiki provides great scope for understanding human management. It is perhaps one of longest epic poems in world literature (24,000 verses in 7 Kandas). It is narrative allegory interspersed with managerial ideas, ethics and philosophy. In a way, it is repository of knowledge from time immemorial. It contains management practices that would transcend time, space and be effective at all places.

For instance, 100th sarga (chapter) of Ayodhya Kanda of Ramayana deals at length with talent management, financial management, time management, production management, compensation management etc. The following are the 6 verses, which illustrate the aforesaid management practices. In fact, the entire sarga is a conversation between Rama and Bharata in the forest, wherein the former is advising the latter on various aspects of governance.

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Sloka 1

KACHCHIT HRUSTAH CHA SURAH CHA
DHRUTIMAN MATIMAN SUCHITH KULINAH CHA
ANURAKTHAH CHA DAKSHAHA SENAPATHIH KRUTAHA
(100:30)

Meaning: "O Bharata, I hope you are selecting an army chief who is cheerful, courageous, wise, valiant, of good conduct, of good antecedents, who is liked by his subordinates and who is effective.

Application to the modern management systems:

This is equally relevant to the selection and placement of top executive in any organization. The CEO or Chief Operating Officer (COO) of any organization is comparable to a General in an army. He should possess qualities such as courage, cheerfulness, good conduct, wisdom and of amiable nature. In the present context, the message from the above verse is a person of high talent and caliber should be selected as CEO, for effective functioning of the organization.

Sloka 2

LAGHU MULAM MAHODAYAM
KSHIPRAM AARABHASE KARTUM NA DEERGHAYASI
(100:19)

Meaning: "O Bharata, I hope that you launch action without delay which is beneficial to you and the country, which has great benefits with least cost".

Application to the modern management systems:

Here Rama emphasizes on four aspects of governance, namely swift action, welfare to the community, cost effectiveness and productivity, which are quite relevant to modern management practices. In order to be vibrant, the top management must take decisions and implement them without delay. Such decisions should not involve loss to the organization. The essence of managerial effectiveness has been touched upon by Rama while passing on advice to Bharata.

Sloka 3

KATCHCHIT BALASYA BHAKTHAM CHA VETANAM CHA YATHA VUCHITHAM

SAMPRAPTHA KALAM DATAVYAM DADASI NA VILAMBASE

Meaning: I hope you are regularly paying your army the suitable salary along with attendant benefits on appointed day without any delay.

Application to the modern management systems in compensation management:

This advice equally applies to the present day organizations, highlighting the importance of compensating the work force suitably with appropriate emoluments and ensuring prompt payments on the appointed day.

Sloka 4

AAYAH TE VIPULAHA KACHCHIT ALPATARO VYAYAH

APATRESHU NATE KACHCHIT KOSO GACHCHATI RAGHAVAH (100:06)

Meaning: I hope your income is abundant and expenditure is minimal. I wish your treasure does not reach undeserving people.

Application to the modern management systems in financial management:

There is a profound message in the above observation for the current financial management experts in ensuring surplus revenue and arresting wasteful expenditure in any sphere of activity, so that financial crunch never arises.

Sloka 5

KACHCHIT ARTHAM CHA DHARMAM CHA KARMAM CHA JAYATHAM VARA

VIBHAJYA KALE KALAGNA SARVAAN BHARATA SEVASE (100:63)

Meaning: O Bharata, are you pursuing wealth, your duty and the delight of senses, dividing them all according to time. You will be a winner if you are conversant with proper use of time.

Application to the modern management systems:

The above sloka underlines the importance of time management which is critically important at every stage, while pursuing broader organizational goals viz creation of wealth, satisfying human needs and organizational duties.

Sloka 6:

KACHCHIT MUKHYA MAHATSU EVA MADHYAMESHU CHE MADHYAMA

JAGHANYAH CHA JAGHANYESHU BHIRTYAHA KARMASU YOGITAM
(100:25)

Meaning: I hope that superior, intellectual and highly talented people are involved in decision making level, people of mediocre ability for moderate tasks and unskilled people in routine work.

Application to the modern human resource management systems:

Division of work and deployment of people in various levels of management according to their abilities is emphasized. Highly talented people at the top position, moderate people at the middle level and unskilled people at the lower rung of hierarchical structure. It gives an insight into selection and placement activity of HR department.

Thus, the 100th Sarga of Ayodhya Kanda in Ramayana is filled with abundant ideas on Governance. We have chosen only the above 6 verses for brevity sake.

Kathopanishad

Upanishad means "Sitting near" the source of perennial knowledge.

"Upanishads are great mine of strength. Therein lies the strength to invigorate the whole world, the whole world can be vivified, made strong, energized through them".

- Swamy Vivekananda

Upanishads contain profound thoughts connected to human development, fulfillment and realization. The ideas given by the sages through Upanishads are also relevant to the present management practices. They emphasize on the individual's contribution for the welfare of the society. In the present organizational set up, every employee should think that he is not only working for his sustenance but also contributing for the welfare of the society.

Kathopanishad is a dialogue between Yama, the God of death and Nachiketha, the seeker of higher knowledge. The Upanishad portrays Nachiketha as an embodiment of 'Shraddha', i.e. faith. According to Napoleon Hill, the author of famous book, 'Think and Grow Rich', faith is an 'external elixir', which gives life, power and action to the impulse of thought. Faith is positive attitude at its peak.

Nachiketha in his conversation with Yama, asks as a third boon, about the phenomenon of death. In fact, he wants to know the internal nature of man, the inner "self". Yama lured him with all material attractions to dissuade him from asking such intricate question. But alert Nachiketha insisted for that particular knowledge. Pleased by Nachiketha's sraddha, Yama imparts him the highest wisdom. Sraddha is not merely faith; it is faith in higher values plus intense effort to attain what is believed in.

Modern management can be immensely benefited by the teachings on two aspects - 1) in choosing goals, 2) in recognizing inner nature of human being (self within).

Sloka 1

SREYASCHA PREYASCHA MANUSHYAMETAH
TAU SAMPARITYA VIVINAKTI DHIRAH
SREYOSI DHIRO ABHIPREYASO VRINITE
PREYO MANDO YOGAKSHEMAT VRINITE.

Meaning: Both sreya and preya approach man; the dhira (wise man) examining the two, discriminates between them. The wise man verily prefers sreya to preya but the foolish chooses preya through love of self gain and attachment.

There are two pathways for a human being to pursue, one is Shreya (welfare) and another is Preya (the pleasant). The one who chooses pleasant cannot attain his goals.

Preya is happiness arising from sensory satisfaction and it is temporary. It operates at a very low level where as shreya is permanent good life, sustainable realizing the ultimate goal, providing the welfare of the society.

Application to the modern management systems:

This can be applied to present business organizations. If organizational goals are temporary, aimed at earning quick profits, it is operating at Preya level. Whereas Shreya is aimed at well being of its employees and welfare of the society. If organizations follow the Shreya path with ultimate aim as welfare to the community and stakeholders, they would survive.

Same is the case of individuals working in organizational setting. Their career will be in jeopardy if they work for personal goals without caring for super ordinate goals of the organization.

Discipline of inner life

Sloka 2

NAVIRATHO DUSHCHARITHAT NASANTHO NASAMAHITAH

NASANTHA MANASO VAAPI PRAGNANE NAINA AAPNUYATH

Meaning: No one who has not given up evil conduct, who is not self restrained, who is not meditative, nor one who is not calm in mind can attain this position even though he has knowledge.

Application to the modern management systems:

It suggests that contemplative calmness is required inside for efficient action outside. Though Yama says about the innate qualities required for self realization, the same qualities holds good to a CEO in order to transform his vision statement into reality. We cannot expect a man bereft of the above qualities navigate an organization through rough weather to safe shores. The emphasis is on self fulfillment. Man has to transcend from egoistic individuality to conscious participation.

Infosys founder Narayanamurthy creating a trust, donating huge money to Akshaya mid day meal scheme, Kurien creating Amul empowering rural masses of Gujarat state, our former president APJ Abdul Kalam's austere living, E. Sridharan's integrity in managing Delhi metro are shining examples for discipline of inner life. They had chosen sreyo marga. The secret behind their success lies in the wise choice, they made.

Sloka 3:

YASTU VIANAVAN BHAVATI SAMANASKAH SADA SUCHIH

SATU TATPADAM APNOTI YASMAT BHUYO NA AYATE.

Meaning: Person possessed with right knowledge, mind held under control and ever pure reaches that goal from where he never returns to mundane material plane.

Application to current management scenario:

As a management professional, our endeavor should be acquisition of true knowledge to execute right actions in the overall interests of the organization. Humility, uncontaminated mind, and self-less attitude are requisite traits. It is almost similar to level 5 leadership propounded by J. Collins where in humility combines with will power.

Such qualities transform managers into institution builders

Now let us move to highlights of Bhagavad Gita to capture some management ideas.

"In all nations there are minds which incline to dwell in the conception of fundamental unity. This tendency finds its highest expression in writings of the East and chiefly in Bhagavad Gita. These writings contain little else than this idea and they raise to pure and sublime strains in celebrating it.

-Ralph Waldo Emerson

Multi faceted and multi dimensional knowledge is embedded in Bhagavad Gita. It places before us the wisdom of intellectual discrimination and the way of dedicated work unmindful of results. It emphasizes on self restraint and conservation of psychological energy. Arjuna is like a chief operating officer. Unable to face the challenges, he is suffering from depression syndrome. Krishna takes up the role of a mentor. He transforms Arjuna into a mature leader, through elaborate exposition of self mastery. The following verses on forbearance, equanimity, fearlessness, communication and finally right attitude convey profound ideas to be applied by every manager in organizational perspective.

Sloka1:

MATRA SPARSASTU KAUNTEYA SEETHOSHNA SUKHA DUKHADA

AAGAMAAPAYINO NITYAHA TAM TITIKSHISWA BHARATA

(2.14)

Meaning: Arjuna! contact with sense objects will give you some times sensation of cold, some times of heat, some times of pleasure, some times of pain, but they come and go. They do not last long. So, please bear with them.

Application to management situation:

The manger has to face favorable as well as unfavorable situations while leading his teams in the organizations with equanimity. He should not be perturbed by ups and downs. They come and go. He has to develop strength of mind to bear with difficult situations by responding instead of reacting. His entire focus must be to achieve the goals.

Sloka 2:

MUKTA SANGAH ANAHAM VADI DHRUTYUSAHA SAMANVITAH

SIDDHYASIDDHYOH NIRVIKARAHA KARTA SATTWAKI UCHYATE

(18.26)

Meaning: An agent who is free from attachment, non egoistic, endued with firmness and enthusiasm, and unaffected in success or failure, is called sattwika.

Application to Management context:

Here, the emphasis is on behavior. The person at the helm of affairs in an organization must be assertive and enthusiastic. He must be strong and steady in decision making. At the same time not self centered. He must be positive in attitude.These are the characteristics of an ideal leader. Mangers can draw inspiration from this advice to put forward the best out of them.

Sloka 3:

YADYADACHARATI SRESHTHAHA TATTA DEVETARO JANAHA

SAYATHAH PRAMANAM KURUTE LOKASTADANUVARTATE.(3.21)

Meaning: Whatever the superior person does, that is followed by others; what standards he or she demonstrates by action, people follow that.

Application in management situation:

Manager occupying top position must be of high standard of conduct. He/she has great responsibility to set high standards to lead the teams.Leader like Satish Dhavan at ISRO inspired persons like Abdul Kalam by setting high standards.

Sloka 4:

ANUDVEGA KARAM VAKYAM SATYAM PRIYA HITAMCHA YAT

SVADHYABHYASANAM CHAIVA VANGMAYAM TAPAUCHYATE

Meaning: Arjuna! Your speech should not excite other people. It must be true and pleasant meant for the welfare of the listener. Regularly update your knowledge. This is called tapas of speech.

Application to managerial context:

Here is great advice to managers how to communicate with their staff. Speech is important instrument in establishing relationships. Good word spoken with empathy bond people together. It should be affectionate and exude confidence in the people associated with him in organizational activities. This is real penance through word, paving way for harmony.

Sloka 5:

AMANITVAM ADAMBHITVAM AHIMSA KSHANTI RARJAVAM

ACHARYOPASANAM SAUCHAM STHAIRYAM ATMAVINIGRAHAH. (13.7)

Meaning: Absence of conceit, absence of pretence, not hurting, rectitude, inner and outer purity, service to the teacher, firmness and mastery over the mind are the requisite qualities to realize inner divinity.

Application to modern management:

Even though, Krishna is stipulating these qualities to a sadhaka for self realization, the enumerated qualities hold good to a CEO to be effective in realizing organizational goals. The most valuable commodity in business organization is neither technology nor capital, but people. They look to leaders as role models. In order to infuse confidence amongst the staff, the leader must possess all the eight afore said qualities. In fact, they are the dimensions of leadership.

Thus Gita offers many solutions to the present day problems of the manager. Just we have touched upon 5 verses from 700 slokas. It speaks volumes of intellectual ability of Vedavyasa, the author of Mahabharata.

To sum up our traditional knowledge contains various ideas on management which are relevant to the challenges being faced by top leaders of organizations. It is up to them to revisit these repositories of knowledge and derive benefitsout of them.

"There is in Rabindranath Tagore the stillness of nature. The poems do not seem to have been produced by storm or by ignition, but seem to show the normal habit of his mind. He is at one with nature, and finds no contradictions. And this is in sharp contrast with the Western mode, where man must be shown attempting to master nature if we are to have "great drama."

— Ezra Pound in Fortnightly Review, 1 March 1913

CONTRIBUTION OF ANCIENT INDIAN THOUGHT

N.V. Raghuram
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Historically, it is well known that India was the seat of knowledge and there are evidences to prove that people would come from other countries to Universities of Nalanda and Takshasila. In our conversations among knowledgeable circles, we commonly hear references of Vedas, Upanishads and Bhagavad-Gita, Ramayana and Mahabharata. These texts are so ancient that they were the way of life for the people of this land, when other parts of the world were still primitive in their knowledge and quality of life. Some of the literature of the world like Koran does not permit anyone to interpret but only the priest is authorized and it should be acceptable for all. Whereas Indian culture always appreciated wise people interpreting and discussing about these ideas of our scriptures. As a result, several aspects of this knowledge have been interpreted and appropriated from time to time and therefore this knowledge continued to be alive, vibrant and helped mankind. There are several concepts of this knowledge which can easily give proper direction not only for today's but even for the future mankind.

Since so called spiritual texts round the world were not available for discussions and logical interpretations, slowly in the last four to five centuries, science separated itself from what is supposed to be spiritual knowledge and tremendous progress happened in understanding the external world. Science always carried the openness to adopt wisdom from any part of the world irrespective of its origin. In that context, can we think of bringing wisdom from the ancient Indian texts in contributing to the vision of modern science and technology especially in the critical areas? This article aims at discussing some of the important ideas like health, happiness, knowledge, fair understanding of rights and responsibilities and the structure of society.

1. World Health Organization (WHO) has suggested more than three decades ago, that definition of health and its management should not be based on sickness but wellness. Indian system of health was always based on health and not on sickness. The medical science of India is known as Ayurveda which only means knowledge of health or life and not sickness. The definition for health according to WHO "health" is "not absence of sickness" but it is positive state of well being at physical, mental, social and spiritual levels. Though the definition is so lofty when it comes to the management of health they are at the level of addressing sickness and nothing to do with health. The knowledge of 'Yoga' and 'Ayurveda' will give very clear direction for fulfilling this definition of health of WHO. The burden of modern medicine has been so much that health costs are unaffordable. Most of the health issues are due to life style and not because of any external problems. Opening our eyes to health rather than sickness and trying to adapt a life style which can take care of our health can be the panacea. This is the area where ancient Indian wisdom which addresses health and not sickness will help us. 'Ayurveda' actually means the knowledge of health and its maintenance. Yoga takes you on a journey from body level all the way to consciousness deep within. Sickness is local whereas health is all pervasive. Sickness, most of the time manifests at physical level but health belongs to all our personality ranging from body at gross physical level to mental health and finally at our spiritual well being. Therefore, this is the need of the global man. This approach integrates persona from gross physical level to the conscientiousness deep within.

2. Activities of every human being are undertaken for the sake of happiness and for preventing suffering. This is a universal truth but many times we are confused with what is the way to "real

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happiness”. In the process we are constantly struggling and some researchers said that wealth has increased manifold today but we are not sure whether happiness has increased proportionately or increased at all! This only shows that we need to reorient our inquiry into a different direction. Upanishads offer very sound discussion. Objects belong to the outside whereas happiness truly is of inner domain. Today’s rat race is due to this simple principle that we should have money and these objects outside give us happiness. Before we really enjoy the object the paradigm shifts to another object or another source of gratification. In pursuit of happiness we are plundering the whole nature and we are even destroying the eco system. If only we realize our personality seeks “bliss” within , we don't have to go outside for the sake of happiness. Unnecessary competition and instability of job etc are all result of the ignorance of the fact that our nature is happiness. Unless and until we wake up to this truth, we will be damaging our health and moving a far from nature.

3. Similarly we thought that we have increased knowledge in leaps and bounds but one of the modern thinkers expressed his heart saying that it appears we only increased information but we have not made man wise. Indian lore says that there are two types of knowledge; one is peripheral and the other core. Upanishad calls one as knowledge and the other as non-knowledge. It is interesting to know what these two are: Knowledge is defined as that which gives us the freedom. Like the knowledge of heat gives us the freedom how to utilize the fire, knowledge of swimming gives us the freedom from fear to enter into water; Ultimately to know that our nature itself is “freedom” and verily knowledge of that is the true knowledge. We have many other subject areas of knowledge. The first knowledge is the knowledge inside and the second one is the knowledge of the manifest world outside. Like the knowledge of house building, knowledge of electricity and knowledge of medical science, these are knowledges no doubt but they don't serve the purpose of “knowledge of oneself”. But this knowledge is useful for other purposes which Upanishads refer to as non-knowledge.

4. Lastly there is so much hullabaloo going on about the “rights - human rights, animal rights, workers rights etc”. But we need to understand that “rights” is one strong dividing force of our mankind. On the other hand the binding force in the mankind is “responsibility”. Nature works on the principle of responsibility but not on rights. We can examine this concept and bring about this concept globally in our lives so that we can create a more harmonious society which is the need of the hour. Interestingly if you take any Indian language we use the word for rights is ‘Haq’. ‘Haq’ is not a word whose origin is Arabic (and not certainly Sanskrit). Sanskrit language which is so rich that it could give so many words to other languages could not have given one word for ‘right’. It would not have been difficult but the culture itself does not have the concept of ‘right’. In this culture we have word for responsibility and not for right simply because nature works based on responsibility but not right. Responsibility is life, right is death. Responsibility cares for others and their comforts whereas in rights ‘me and mine’. Responsibility is transforming this ‘me and mine’ to ‘we and ours’. What started simply as transactional level ‘me and mine’, which is associated with objects, slowly is percolated into other areas in an ugly way, my house my car my my … etc, on to my child, my this or my that which is always with the trend of more and more isolation of individuals and finally into my religion and my God and all that which has lead to losing all kinds of compassion resulting into wars and violence created due to selfishness. All the Indian values are absolutely needed for the future mankind.

Four major areas have been identified in this article which can add profusely for the betterment of individual human beings.

a) Change focus from sickness to health,

b) Realize happiness is our inner nature,

c) Knowledge has two variants- Knowledge and non-knowledge

d) India believes in “responsibility”, not “rights”- which is alien.

FUNDAMENTAL ANALYSIS-EFFECTIVENESS EVALUATED THROUGH QUALITATIVE RESEARCH FROM SECONDARY PAPERS

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ABSTRACT

The unique nature of capital market instruments is that it forces investors to depend strongly on fundamental factors in their investment decisions. These fundamental factors relate to the overall economy or to a specific industry or to a company. The performance of the securities that represent the company are said to depend on the performance of the company itself. However, as companies are a part of industrial and business sector, which in turn are a part of overall economy, even the economic and industry factors can affect the investment decision. Fundamental analysis examines the economic environment, industry performance and company performance before making an investment decision.

The purpose of fundamental analysis is to identify key drivers of firm value. Academic research of fundamental analysis attempts to link fundamental analysis signals (e.g., changes in accounts receivable or research and development) with future returns and earnings. Prior studies using data from the US show significant relationships between fundamental signals and earnings and returns **(e.g. Abarbanell and Bushee 1997; Lev and Thiagarajan 1993).** While the relationship between fundamental signals and value is well documented in the US, there is little research to examine this relationship in an international setting. The purpose of this study is to understand the effectiveness of fundamental analysis in stock selection by evaluating various research papers on the subject.

Key words: *Fundamental Analysis, EIC Analysis, Valuation*

INTRODUCTION

Fundamental Analysis is the method of evaluation of stock of a company by measuring the intrinsic value of the stock. Intrinsic value is the actual value of a company or an asset based on the underlying perception of its true value including all tangible and intangible the aspects of the business. This value may or may not be equal to the current market value of the stock of the company. For finding the intrinsic value, fundamental analysis uses top to bottom approach which is also called as E-I-C (Economy, Industry and Company analysis) approach. Firstly it studies the macro economy i.e., overall health of economy, industry trends, and competitors performance. After that the next step is to examine the financial data of the company.

If this intrinsic value of the stock is more than its current market price, investor would prefer to purchase the stock because he believes that the stock will perform better in future and it will move towards intrinsic value. If intrinsic value of the stock is less than the market price, then investor would prefer to sell the stock because he believes that the price of the stock will fall in future and it will come close to the intrinsic value.

Fundamental analysis of any security can be broken down into a three step approach:

- The first step is macroeconomic and microeconomic analysis, which could include forecasting variables such as, international and local GDP growth rates, inflation rates, interest rates, regulatory frameworks, exchange rates, productivity figures and prices for various factors of production e.g., labour and energy.
- The second step is industry analysis, which, depending on the security, inter alia would include an analysis of such variables as price levels, forecasts of total sales (market size), the threat of competing and substitute products, both local and imported and the costs of entry and exit from the industry.
- The third step would be a detailed analysis of the individual security. Depending on the security in question this could include unit sales, prices, base cost of production, transaction costs, issuance of new debt or equity, and a myriad of other variables that are directly related to the security in question.

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Literature Review

According to **Murphy (1999),** fundamental analysis is the study of the cause of price movements while a technical analysis is the study of the effect. By definition, fundamental analysis measures all the underlying economic factors to arrive at an intrinsic value of a commodity or asset. By comparing this value to the current market price one can immediately determine if the market is overpriced, under-priced or at equilibrium, indicating a sell, buy or hold, respectively. While fundamental analysis focuses on, inter alia, the economics of supply and demand and their effects on price levels, technical analysis is the study of market action, i.e., price and volume. Both approaches, attempt to solve the same problem, i.e., to correctly predict the direction that prices are likely to move, and by how much.

Ou and Penman (1989) collected data on 68 potential signals available from the financial statements. They removed variables that were not significant when regressed on change of future earnings. After screening variables in this fashion, 34 variables remained. The authors then used step-wise regression to reduce the final set of signals to 18. The results showed that these variables are significantly associated with earnings changes. **Holthausen and Larcker (1992)** based their study on the 68 variables from Ou and Penman (1989) study. Instead of evaluating the value relevance of the signals based on future change in earnings the authors used future excess returns. The results revealed that many of the signals are associated with future returns.

Lev and Thiagarajan (1993) utilized a different approach in selecting signals by examining those used by financial analysts. Their analysis yielded twelve signals and they examined the association of these twelve signals and annual returns. Their results suggest that these signals contain value relevant information. **Abarbanell and Bushee (1997)** incorporated the Lev and Thiagarajan (1993) fundamental signals into their analysis of the association of the signals and future earnings. They used only nine of the twelve signals and presented convincing evidence of the value relevance of fundamental signals. **Abarbanell and Bushee (1998)** examined the association of fundamental analysis and abnormal returns. The results indicate that the inventory, gross margin and selling and administration expenses variables are statistically associated with future abnormal returns.

Joseph. D. Piotroski (2000) examines whether a simple accounting based Fundamental Analysis strategy, when applied to a broad portfolio of high Book to Market firms, can shift the distribution of returns earned by an investor. The research shows that the mean returns earned by a high Book to Market investor can be increased by at least 7.5% annually through the selection of financially strong high Book to Market firms.

Pascal Nguyen, (2003) constructs a simple financial score designed to capture short term changes in firm operating efficiency, profitability and financial policy. The scores exhibit a strong correlation with market adjusted returns in the current fiscal period and the same continues in the following period also.

Burton G. Malkiel, in his book titled **'A Practical Guide for Random Walkers'** has totally negated the value of the predictive power of both fundamental and technical analysis. Neither fundamental analysis of a stock's firm foundation of value nor technical analysis of the market's propensity for building castles in the air can produce reliably superior results. Even the pros hide their heads in shame when they compare their results with those obtained by the dartboard method of picking stocks' **(Malkiel, (1999).** However, Malkiel does support the view that both technical and fundamental analysis are helpful tools in identifying a portfolio of shares that will at the very least match the market performance indices **(Malkiel, 2003).**

Problems with Fundamental Analysis

Burton G. Malkiel, author of **A Random Walk Down Wall Street,** one of the most respected financial publications, noted that between 1 July 1988 and 30 June 1998, the average United States managed fund underperformed the S&P 500 by more than 3% per year. He concluded that:

Financial forecasting appears to be a science that makes astrology look respectable.

Basically, the security analyst must be a prophet without the benefit of divine inspiration.

Fundamental analysis, when used in isolation, has a number of serious drawbacks:

- There are an infinite number of factors that can affect the earnings of a company, and its stock price, over time. These can include economic, political and social factors, in addition to the various company statistics mentioned earlier

- The data used can be at least six months out of date.
- Reported earnings can be dubious due to creative accounting. For example, property valuations; value of mastheads; deferring the reporting of product development costs.
- It is difficult to give appropriate weights to the factors.
- The results obtained from this analysis are only valid for a limited period of time after the analysis has been performed. Forecasts are often downgraded - hence the saying "if you are going to forecast, forecast often".
- The rules change to suit the game.
- In the early 1970s and 1980s P/E multiples of 80 or 90 were considered acceptable by some for 'blue chip' stocks in the United States.
- In the 1980s in the United States some biotechnology stocks sold at '50 times sales'. The companies had no earnings and paid no dividend. The new yardstick to value these became 'products in the pipeline'. By the late 1980s most had lost three-quarters of their stock price.
- It assumes that the analyst is competent. In fact, the best analysts in stock brokers' offices end up on the sales desk or in portfolio management where the salaries are much higher.
- A fundamental analyst assumes that other fundamental analysts will form the same view about the company and buy the stock, thus restoring its value and returning the trader or investor a capital gain. In practice, an undervalued company's stock price can stay at approximately the same level (or decline) for years.
- It assumes that news travels instantly - but will everyone act on it instantly?
- It ignores the influence of random events such as oil spills, product defects being exposed, acts of God and so on.
- It assumes that there is no monopolistic power over markets.
- Even when fundamental analysis reveals an undervalued company, or a stock with high growth prospects, it does not tell us anything about the timing of the purchase of the stock. In other words, we may have discovered a grossly undervalued stock whose price has been falling for some time, and may well continue falling!

Benefits of Fundamental Analysis

Many traders utilize Fundamental Analysis on the strengths and weaknesses of a particular market to assess whether it may appreciate or depreciate in the future. Unlike Technical Analysis, which looks purely at price action and trends, Fundamental Analysis takes on a much more rigorous assessment of an asset.

For example, in property investments, some may buy a house on expectations that as the house is placed within a growth area, its price should rise in value. A fundamental analyst however, would look at its foundation, insulation, history, the surrounding schools and scope for improvement before deciding to invest.

Companies attempt to predict sales, governments attempt to predict unemployment and meteorologists attempt to predict the weather. With all of these industries attempting to harness the power of fundamental analysis, one benefit is a refinement and improvement in the pool of fundamental analytic techniques available. For instance, if a good technique is developed to predict the weather, it can be applied to futures prices and, hopefully, yield satisfactory results as well. That said, here are some strengths of fundamental analysis:

- **Long-term Trends:** Fundamental analysis is good for long-term investments based on very long-term trends. The ability to identify and predict long-term economic, demographic, technological or consumer trends can benefit patient investors who pick the right industry groups or companies.
- **Value Spotting:** Sound fundamental analysis will help identify companies that represent a good value. Some of the most legendary investors think long-term and value. Graham and Dodd, Warren Buffett and John Neff are seen as the champions of value investing. Fundamental analysis can help uncover companies with valuable assets, a strong balance sheet, stable earnings, and staying power.
- **Business Acumen:** One of the most obvious, but less tangible, rewards of fundamental analysis is the development of a thorough understanding of the business. After such painstaking research and analysis, an investor will be familiar with the key revenue and profit drivers behind a company. Earnings and earnings expectations can be potent drivers of equity prices. Even some technicians will agree to that. A good understanding can help investors avoid companies that are prone to shortfalls and identify those that continue to deliver. In addition to understanding the business, fundamental analysis allows investors to develop an understanding of the key value drivers and

companies within an industry. A stock's price is heavily influenced by its industry group. By studying these groups, investors can better position themselves to identify opportunities that are high-risk (tech), low-risk (utilities), growth oriented (computer), value driven (oil), non-cyclical (consumer staples), cyclical (transportation) or income-oriented (high yield).

- **Knowing Who's Who:** Stocks move as a group. By understanding a company's business, investors can better position themselves to categorize stocks within their relevant industry group. Business can change rapidly and with it the revenue mix of a company. This happened to many of the pure internet retailers, which were not really internet companies, but plain retailers. Knowing a company's business and being able to place it in a group can make a huge difference in relative valuations.
- **Intuitive Appeal:** Most of us accept the precept that one thing causes another. Using fundamental analysis to predict futures prices has that precept as its foundation, and attempts to identify the "causing" factors. In this sense, the approach is intuitively appealing.
- **Objectivity:** Fundamental analysis is objective in nature where relationships are tested by sound mathematical and statistical methods. Those that fail are discarded, while those that pass are perceived as being credible. There is no room for personal predilection or bias. The reliance on objectivity is desired by many traders who hold little confidence in their ability to predict prices purely by discretion.

Successful Fundamental Analysts & Their Investment Strategy

Warren Buffett. The most famous and successful investor in the world, Buffett is a value investor who looks for exceptional companies at reasonable prices.

David Dreman. Looks for stocks that are battered with good price / earnings ratios, low price / book ratios and a higher than average dividend yield.

Philip Fisher. An advocate of investing for the long term in high quality, high growth companies. He looked for the strength of the management and the characteristics of the business.

Benjamin Graham. One of the founders of value investing. He looked for companies with strong balance sheets, little debt, above average profit margins, and good cash flow.

Jesse L. Livermor. Thought that the main difference between successful and unsuccessful investors was the amount of effort that they put into studying the fundamentals of a company and the economy.

Peter Lynch. Only invests for the long term and undergoes a depth of due diligence into the fundamentals of a company before investing that few can match.

Bill Miller. A value investor. Miller thinks that any company can be a value stock simply by trading below its intrinsic value. He attributes his success to extensive fundamental analysis.

John Neff. Uses fundamental analysis to identify good companies, in good industries, with low price/earnings ratios.

William J. O'Neil. A growth investor who looks for stocks with the greatest potential for large price increases within a short period if purchase.

Thomas Rowe Price, Jr. A pioneer of growth investing he focused on identifying companies with strong management in fields that were likely to see earnings and dividend growth that would outstrip inflation and the overall economy.

Sir John Templeton. Was a value contrarian investor and searched for neglected companies around the world with low prices and an exceptional long term outlook.

Ralph Wanger. Looks for strong small companies with entrepreneurial managers running businesses that are easy to understand and will benefit from a macroeconomic trend.

Fundamental Analysis vs. Technical Analysis

Fundamental analysis often assumes that the short-term market price is incorrect, but that the value will correct itself in the long run. Profits are made by buying or selling a mispriced asset and then waiting for the market to correct its "mistaken" current price.

Technical analysis is the complete focus on an asset's price chart because of the belief that all of the fundamentals are already "priced in" to the market. It looks at the movement of price, momentum, and the structure of the market to find patterns that lead to high probability outcomes. Recognizing these patterns and their positive expectancy allows traders to enter the market and exit later at a better price for a profit.

	Fundamental Analysis	Technical Analysis
Definition	Value calculated using various economic factors	Uses price movements and patterns on charts to predict future price movements
Data From	Economic reports, news events, industry statistics	Chart analysis
Asset Bought (Sold)	When price falls below (above) intrinsic value	When trader sees a price formation that has a high probability of moving into profit in the near future
Type of Trader	Usually longer term position traders	Generally swing traders and short term day traders
Time Horizon	Often holding for days, weeks, or even months	Can be long term, but most take positions for days, minutes, or even seconds
Concepts Utilized	Report expectations vs actual outcomes, current news events compared to histrorical events	Trendlines, support & resistance (supply & demand), dow theory, price patterns

Fundamental Analysis and Technical Analysis: Can they co-exist?

Although technical analysis and fundamental analysis are seen by many as polar opposites - the oil and water of investing - many market participants have experienced great success by combining the two. For example, some fundamental analysts use technical analysis techniques to figure out the best time to enter into an undervalued security. Often times, this situation occurs when the security is severely oversold. By timing entry into a security, the gains on the investment can be greatly improved.

Alternatively, some technical traders might look at fundamentals to add strength to a technical signal. For example, if a sell signal is given through technical patterns and indicators, a technical trader might look to reaffirm his or her decision by looking at some key fundamental data. Oftentimes, having both the fundamentals and technicals on your side can provide the best-case scenario for a trade.

While mixing some of the components of technical and fundamental analysis is not well received by the most devoted groups in each school, there are certainly benefits of at least understanding both schools of thought.

Research Findings on Effectiveness of Fundamental Analysis

Ou and Penman (1989) collected data on 68 potential signals available from the financial statements. They removed variables that were not significant when regressed on change of future earnings. The authors then used step-wise regression to reduce the final set of signals to 18. The results showed that these variables are significantly associated with earnings changes. **Holthausen and Larcker (1992)** based their study on the 68 variables from Ou and Penman (1989) study. Instead of evaluating the value relevance of the signals based on future change in earnings the authors used future excess returns. The results revealed that many of the signals are associated with future returns.

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A study conducted by the University of Economics and Business - Vietnam National University, Hanoi **(Tran Phuc, Dang, Nhu Ngoc, Nguyen)** in 2010 found that fundamental analysis has regularly been practiced by most of securities firms' analysts (up to 96.77%) in their work and has provided a basis for their assessment and recommendations. They concluded that the application of fundamental analysis in stock valuation in Vietnam stock market has many shortcomings, almost all analysts work manually without the facilitation of standard procedures, knowledge and up-to-date supporting equipment, which reduces accuracy and persuasiveness of their analysis.

A study by **Pascal Nguyen** titled "Fundamental analysis and stock returns: Japan 1993-2003" investigated the relationship between accounting information and stock returns. They showed that fundamental analysis is helpful in predicting future stock returns and for explaining the momentum phenomenon in stock prices. Although their score was based on a more limited set of accounting information compared to Abarbanell and Bushee (1998), Lev and Thiagarajan (1993) Piotroski (2000), they observed that high score stocks achieve a remarkable 11% return above the market with portfolio revision occurring 3 months after fiscal year end. This performance derives from the persistence of improvement in the firms' financial condition, which extends from the current period to the next period.

In 2012 study "Fundamental analysis and stock returns: An Indian Evidence" conducted by Venkates **CK, Dr. Madhu Tyagi, and Dr. Ganesh L,** tried to investigate the relationship between accounting information and stock returns of selected Indian stocks pertaining to Information Technology, Banking and Pharmacy sectors in the period 2001 to 2010. Their analysis investigated the relationship between financial statement information and stock returns. The score was based on a set of accounting information as formulated by Piotroski (2000). This is considered as a composite score which combines information related to Profitability, Liquidity, and Operating efficiency of any given firm. They found that, taken on an average, market adjusted returns monotonously increased with the score in the contemporaneous accounting period. This is inconsistent with the view that markets are rapidly integrating information into stock prices. They concluded that all individual accounting signals have a positive correlation with future stock returns and for most of the signals correlation is significant at 1% and 5% significance levels. This necessitates identifying those individual signals contributing in defining successful fundamental strategies. The positive correlation between aggregate fundamental signals and high score firms identifies it as a winner portfolio having an earning realization of close to 300%.

In a 2013 study titled "Does Fundamental Analysis Predict Stock Returns? Evidence from Non-Financial Companies Listed on KSE", the authors **Nadeem Iqbal, Sajid Rahman Khattak, and Muhammad Arif Khattak** examined the impact of fundamental analysis, FSCORE, and their predictive power of stock returns for the period of 2000 to 2009 by using simple regression (ordinary least square). The study used five variables from four different areas of, profitability, liquidity, efficiency, and market based ratios. These variables were cash flow, return on assets, leverage, market to book ratio, and accrual ratio. At the end of the study, they found a positive but insignificant impact of FSCORE and stock returns prediction. They also found that the coefficient of return on assets and market to book ratio shows positive but insignificant relation with stock returns.

In a 2014 paper titled "Can Technical Analysis be used to Enhance Accounting Information based Fundamental Analysis in Explaining Expected Stock Price Movements" published by **Ki Hoon Jimmy Honga and Eliza Wua,** they presented empirical evidence that price-based technical indicator variables can enhance the ability of accounting variables in explaining cross-sectional stock returns. They applied both ordinary least square and state-space modeling to a sample of firms included in the Russell 3000 index over the period from 1999-2012 to compare the roles of the two main types of information typically used by stock investors. Empirical results revealed the importance of accounting variables over longer term horizons for particularly, small-cap stocks. Technical variables were shown to be important in the shorter term horizons. This result was found to be robust to alternative methodologies used.

Conclusion

Fundamental analysis is the corner stone in investing.With the subject of investment being very broad and having a number of different strategies in mind, the use of fundamentals becomes inevitable. The biggest part of fundamental analysis is delving into the 'financial statement'. Also known as quantitative analysis this involves looking at the revenue, expenses, assets, liabilities and other financial aspects of a company. This information is important both for the investor and analyst to get an insight into the future performance of the company.

The economic well-being becomes more important as opposed to the movement of prices. The various fundamental factors can be grouped into two categories - quantitative and qualitative. As the practice shows, both categories are interlinked. Neither is better than other. For example, Coca cola analysts may look at its stock's annual dividend payout, earning per share etc., but the qualitative factor, brand name is equally (or even more) important to attract investors (Sushant 2010).

Buying a stock based on the fact that a stock is fundamentally undervalued, alone, is the trading and investment equivalent of driving at high speed on the wrong side of a major highway, heading into the oncoming traffic and screaming "I'll be fine, I'll be fine - I am driving a safe car"! One way to get the best of the fundamental and technical analysis worlds is to use a hybrid approach. Fundamental analysis can be used to identify 'value' stocks, for example, however the decision to buy them is only made when an appropriate technical signal is given. Of course, you have to somehow conduct, or obtain, accurate and current fundamental analyses of a wide range of stocks (Costa 2003).

The biggest criticism of fundamental analysis comes from proponents of technical analyses and believers of "Efficient market hypothesis". For the technical analyst everything depends on the price of stock in a company. According to efficient market hypothesis content, it is impossible to produce market beating returns for stocks either through fundamental or technical analysis (Sushant, 2010).

There are two common arguments against fundamental analysis. The first comes from those who follow the efficient market hypothesis and believe that stock prices already reflect all that is known. As a result they believe it is impossible to outsmart the market and identify mispriced stock using publicly available information. This would be true if human emotions were not a factor in market fluctuations and group intelligence allowed to take effect (Brown 2011).

The second argument against fundamental analysis is simply a matter of practicality. Bill Flekenstein, a famous fundamental analyst, gives a prime example of the vague conclusions that even the best in the business often arrive at: "How that will play out exactly, how long it will take and what the road map along the way might look like is difficult to say, due to the many permutations of how events might interact."

So, having all arguments for and against fundamental analysis which were presented in this paper, the question about usefulness of this tool necessarily arise in mind. However, the successful stock market valuation practice of famous investors mentioned in this article and others allow assuming that this tool has its power in predicting future prices of the company's stocks over a long-term period.

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A STUDY OF GROWTH ORIENTED TAX SAVING SCHEMES OF SELECT INDIAN MUTUAL FUND COMPANIES.

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ABSTRACT

Section 80C of the Indian Income Tax Act, 1961 allows deduction of up to Rs 1,50,000. Tax saving schemes of Indian mutual funds, popularly known as Equity Linked Saving Schemes (ELSS) qualify for valid tax saving instrument under Section 80C.However, investment in ELSS is fraught with risk as the returns are not guaranteed. The fund returns depend on various other performance indicators. The present study analyses the relation between ELSS funds' return with performance indicators like market return, fund risk, market risk and portfolio risk.

Key words - *Tax saving scheme, ELSS, Market return, Net Asset Value.*

Introduction

About two decades ago, Government of India permitted mutual fund companies to offer tax saving schemes to encourage retail individual investors' participation in equity markets. These tax saving schemes of mutual funds are popularly known as Equity Linked Savings Scheme (ELSS). Investment up to Rs.1,50,000 made by Indian individuals in ELSS is eligible for deduction under Section 80C of Indian Income Tax Act, 1961. ELSS invests predominantly in equity and equity related securities with an objective of long term capital growth. ELSS is advisable for those individuals who want to create wealth over a long term. ELSS offers dual benefit of tax savings and capital appreciation.

Unlike other tax saving schemes like PPF, EPF, Bank Fixed Deposits, National Savings Certificate (NSC), ELSS has a shorter lock in period of 3 years, which makes it as one of the preferred choices of tax saving schemes. However, investment in ELSS is fraught with risk as the returns are not guaranteed. But the returns can be high as the investment is made in equity and equity related securities.

Review of Literature:

Grinblatt and Titman (1993) launched a new measure for performance of a portfolio. They opined that to measure portfolio holdings, the use of a benchmark portfolio is not required. Their study observed that fund managers would not be able to make superior returns.

Srivastava and Gupta (2010) studied the market returns of benchmark indices and compared with returns of growth option tax saving equity funds. It was suggested that the fund returns outperformed the benchmark market returns.

Namita (2014) examined the relation between fund return and benchmark portfolio market return. The study concluded that fund returns are unable to outperform the market return. However, fund returns are higher than returns from a risk free asset.

Objectives of the study

1. To examine ELSS fund returns in relation with market return, fund risk, market risk and benchmark portfolio risk.
2. To identify the ELSS funds' performance indicators.

Research Methodology

In this study, four variables were identified and selected on the basis of available literature and past studies, to study their effect on fund return of a mutual fund. The variables are fund risk, market risk, market return of benchmark index and portfolio risk of benchmark index.

Those ELSS funds which existed for the past 10 years i.e. April 2006 to March 2016 are considered for the study and based on this, a sample of 6 ELSS funds with a sizeable Assets Under Management (AUM) value is taken for the study. It is assumed that a 10 year period is quite sufficient to make significant inference from the analysis.

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The study considered the performance of only the GROWTH oriented equity funds of sample ELSS funds. Dividend option of the fund is not considered for the study as the payment of dividend affects its Net Asset Value (NAV).

GROWTH option Net Asset Values (NAVs) of the sample ELSS funds and benchmark indices values are collected from the website of AMFI, BSE, NSE, factsheet of mutual fund companies.

The following method is used for the study:

Fund Return (R_p) :

The annual return of the sample ELSS funds is computed as follows:

Annual Return = LN {NAV(current year) / NAV (previous year) }, where LN = Natural Logarithm

The Compounded Annual Growth Rate (CAGR) for the 10 year period is computed in a spread sheet using MS - EXCEL formula.

Fund Risk (σ_p):

It is computed by estimating the standard deviation of the annual returns of the ELSS fund. Standard deviation is a measure of the volatility of the annual return of the fund. It is computed in a spread sheet using MS – EXCEL formula.

Benchmark portfolio Risk (σ_m):

It is computed by estimating the standard deviation of the annual returns of the benchmark indices NIFTY 500, BSE 100, BSE 200. It is computed in a spreadsheet using MS – EXCEL formula.

Benchmark Market Return (R_m):

The annual return of the benchmark indices NIFTY 500, BSE 100, BSE 200 is computed as follows:

Annual Return = LN {Index value $_{(\text{current year})}$ / Index value $_{(\text{previousyear})}$}

The Compounded Annual Growth Rate (CAGR) for the 10 year period is computed in a spreadsheet using MS - EXCEL formula.

Market Risk ($ß_p$):

Beta is computed to measure the market risk. Beta measures the volatility in the returns of a fund vis-à-vis the returns of a benchmark index. Beta is computed by using the following equation.

($ß_p$) = Covariance (R m, R p) / Variance R m)

Where Covariance (R m, R p) = Covariance between benchmark index return and ELSS fund's return

Variance (**R m**) = Variance in the return of the benchmark index.

Refer to Table 1(Annexure) for the respective benchmark indices.

Research Model:

The following multiple regression model is used to study the impact of study variables on fund performances.

Fund Return (R_p) =a + b_1 (σ_p) + b_2($ß_p$) + b_3(R_m) + b_4(σ_m)

Where σ_p = Fund risk,

$ß_p$ = Market risk represented by Beta,

R_m = Market return represented by Benchmark Index

σ_m = Benchmark portfolio risk

The following null hypotheses are formulated:

Hypothesis 1:

H_0: There is no significant relationship between fund returns and fund risk.

Hypothesis 2:

H_0: There is no significant relationship between fund returns and market risk.

Hypothesis 3:

H_0: There is no significant relationship between fund returns and market return.

Hypothesis 4:

H_0: There is no significant relationship between fund returns and benchmark portfolio risk.

Data analysis and interpretation

The data is analyzed by using SPSS package.

Table 2 (Annexure) shows that there is a moderate positive correlation between the fund returns and fund risk. Multiple R^2 is 0.002. This shows that 0.2% of variance of fund return is affected by the performance determinant taken for the study.

Anova (P-value): An examination with Anova & its P-value indicate that explains the significance of the result.

Table 3 (Annexure) depicts the results of Anova test performed to test the first null hypothesis. The result shows that the corresponding P-value 0.933 is greater than the level of significance value α = 0.05. Hence the first null hypothesis is accepted i.e. there is no significant relationship between fund returns and fund risk.

Table 4 (Annexure) shows that there is relatively positive correlation between the fund returns and market risk. Multiple R^2 is 0.074. This shows that 7.4% of variance of fund return is affected by the performance determinant for the study.

Table 5 (Annexure) depicts the results of Anova test performed to test the second null hypothesis. The result shows that the corresponding P-value 0.602 is greater than the level of significance value α = 0.05. Hence the second null hypothesis is accepted i.e. there is no significant relationship between fund return and market risk.

Table 6 (Annexure) shows that there is weak positive correlation between fund returns and market return. Multiple R^2 is 0.001. This shows that 0.1% of variance of fund return is affected by the performance determinant taken for the study.

Table 7(Annexure) depicts the results of Anova test performed to test the third null hypothesis. The result shows that the corresponding P-value is 0.943 is greater than the level of significance value α = 0.05. Hence the third null hypothesis is accepted i.e. there is no significant relationship between fund returns and market return.

Table 8 (Annexure) shows that there is relatively positive correlation between fund returns and benchmark portfolio risk. Multiple R2 is 0.090. This shows that 9% of variance of fund returns is affected by the performance determinant taken for the study.

Table 9(Annexure) depicts the results of Anova test performed to test the fourth null hypothesis. The result shows that the corresponding P-value is 0.562 is greater than the level of significance value α=0.05. Hence the fourth null hypothesis is accepted i.e. there is no significant relationship between fund returns and benchmark portfolio risk.

Regression Model:

The following regression model is developed through the regression test which shows the relationship between the study variables on fund performances.

Fund Return(R_p) = 29.577 + (-0.336) σ_p + 6.579 β_p + (-0.442)R_m + (-0.340)σ_m

The regression equation exhibits that:

If fund risk increases by 1%, fund return decreases by 3.3%, if market risk increases by 1%, fund return will increase by 6.5%, if market return increases by 1%, then the fund return decreases by 4.42% and if benchmark portfolio risk increases by 1%, there will be a decrease of 3.4% in fund return.

Conclusion

For the study period April 2006 to March 2016, it is concluded that the sample ELSS funds are able to generate marginally higher returns than the returns of their benchmark indices. However, fund returns couldn't outperform the benchmark market returns.

It is also concluded that there is no significant relation between fund returns and fund risk, market risk, market return and portfolio risk. The Anova test proves that the performance indicators are correlated with one another.

The study also concludes that performance variables impact the fund returns and hence considerable ingenuity must be employed by fund managers in managing the portfolio of the ELSS funds.

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Annexures

Table 1

		April 2006 to March 2016, 10 year returns				
		Fund Return (Rp)	Benchmark Index Market Return (Rm)	Market Risk (ßp)	Fund Risk (σp)	Benchmark Index Portfolio Risk (σm)
Benchmark Index	Mutual fund scheme (An Open Ended Equity Linked Savings Scheme)	CAGR(%)	CAGR(%)	Beta	Standard Deviation (%)	Standard Deviation (%)
BSE 100	Reliance Tax Saver Fund	12.00	7.00	1.33	30.00	40.20
NIFTY 500	Franklin India Tax Shield	13.00	8.00	0.90	28.00	29.30
NIFTY 500	HDFC Tax Saver	10.00	11.74	1.17	31.40	29.30
NIFTY 500	ICICI Pru Long Term Equity Fund (Tax saving)	11.00	12.12	0.94	32.00	29.30
BSE 200	Sundaram Tax Saver	11.00	8.00	1.10	26.20	41.51
BSE 100	UTI Long Term Equity Fund (Tax saving)	8.00	7.00	0.86	27.64	40.20
	MEAN	10.83	8.98	1.05	29.21	34.97

Source: Net Asset Value (NAVs) of ELSS funds and benchmark indices values collected from the website of AMFI, BSE, NSE and Fact sheet of mutual fund companies.

Table 2

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.045[a]	.002	-.247	1.92375

a. Predictors: (Constant), Fund Risk

Table 3

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	.030	1	.030	.008	.933b
1	Residual	14.803	4	3.701		
	Total	14.833	5			

a. Dependent Variable: Fund Return
b. Predictors: (Constant), Fund Risk

Table 4

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.272[a]	.074	-.158	1.85319

a. Predictors: (Constant), Market Risk

Table 5

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	1.096	1	1.096	.319	.602[b]
1	Residual	13.737	4	3.434		
	Total	14.833	5			

a. Dependent Variable: Fund Return
b. Predictors: (Constant), Market Risk

Table 6

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.038[a]	.001	-.248	1.92431

a. Predictors: (Constant), Market Return

Table 7

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	0.021	1	0.021	0.006	0.943[b]
1	Residual	14.812	4	3.703		
	Total	14.833	5			

a. Dependent Variable: Fund Return
b. Predictors: (Constant), Market Return

Table 8

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.301[a]	.090	-.137	1.83653

a. Predictors: (Constant), Portfolio Risk

Table 9

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	1.342	1	1.342	.398	.562[b]
1	Residual	13.491	4	3.373		
	Total	14.833	5			

a. Dependent Variable: Fund Return
b. Predictors: (Constant), Portfolio Risk

Table 10

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std.Error	Beta		
	(Constant)	29.577	27.003		1.095	.471
	Portfolio Risk	-.340	.322	-1.229	-1.055	.483
1	Fund Risk	-.336	.916	-.446	-.366	.777
	Market Risk	6.579	7.903	.698	.833	.558
	Market Return	-.442	.911	-.598	-.485	.713

a. Dependent Variable: Fund Return

SHOPPER MARKETING INSIGHTS AT A RETAIL STORE – A CONSUMER PERSPECTIVE

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ABSTRACT

Shopper marketing is an emerging integrated marketing strategy gaining importance today. This paper is an attempt to find out the effect of market drivers on shopping behaviour. While doing so also helps understand how shopping behaviour gets affected with various aspects like brand loyalty, family and household influences on brand, socio-cultural forces, individual need states and nature of product etc.

Key words : *Brand loyalty, Socio-cultural forces, Need states, Market drivers.*

Introduction

Over the past decade retailers are increasing their attention and resources towards the practice of shopper marketing. Shankar (2011) defines shopper marketing broadly as "the planning and execution of all marketing activities that influence a shopper along and beyond, the entire path-to-purchase, from the point at which the motivation to shop first emerges through to purchase, consumption, repurchase, and recommendation," while Deloitte Research (2007) defines it more narrowly as "the employment of any marketing stimuli, developed based on a deep understanding of shopper behaviour, designed to build brand equity, engage the shopper and lead him/her to make a purchase."Traditional marketing and Shopper marketing differ in form and approach.

The Key attributes synonymous to shopper marketing are:

- Shopper marketing "targets" consumers when they are in shopping mode.
- The shopper may not be the consumer.
- The principle of shopper marketing is to use pull and push strategies to create and influence triggers in the shopping cycle.
- The dominance of shopper marketing is a complete "360degree" view of the shopper, whatever the product categories marketed by the Retailer.
- The domain of individual action of interest to shopper marketing includes all shopper actions across different channels, media, and facilitating technologies.
- Shopper marketing promotional programs are addressed to shoppers when they are in shopping mode.

The key objective of shopper marketing is efficient leverage of resources to increase sales and boost brand equity. Hence, shopper marketing is needed to understand, activate, and engage with customers when they take the role of a shopper.

Key questions that this research tends to ponder on:

- How do retailers help consumers to practice what they preach and how do they accomplish this?
- Are there certain cultural occasions for shopping in which the fit between practice and ideal is more likely to occur, regardless of the retail location chosen? If so, how do retailers align to these occasions?
- How can retailers align the in-store experience that drives shopping trips in order to attract customers and increase sales?

With a platform to understand Shopper Marketing, the following propositions are taken into consideration.

Proposition 1: Most consumers orient themselves to shopping based on "how do I get what I need?" and "where should I shop for it?" Brand loyalty falls to the wayside for the sake of "getting things done."

With consumers on targeted shopping trips seeking very specific products or ingredients most consumers orient themselves to the shopping experience by going through the following highly generalized decision alternatives:

- What tasks motivate me to go shopping?
- Where can I get the stuff to accomplish these tasks?
- When can I get to stores that will get me this stuff?

Proposition 2: Traditional Consumer Packaging Goods (CPG) brand orientations and loyalty are formed mainly in the household.

There is much to learn about consumer behaviour within retail environments that yield crucial insight into how to extend channel penetration or otherwise drive sales. The current cultural equity for historic brands did not arise in retail environments. The experience of buying ThumsUp,

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for example, is not sustaining the enormous symbolic power of the ThumsUp brand.

Proposition 3: Shopping behaviour is less about identity cues than response to a unique collection of cultural occasions.

Many analysts of retail behaviour frequently refer to “need states” and “drivers” in their analyses of shopping behaviour. Typically, these “needs” are framed as objective, rational means-to-an-end forces that drive or initiate shopping behaviour in a straightforward fashion, regardless of the shopping occasion. Not coincidentally, consumers themselves often suggest that their shopping experiences begin with some variant of the question: “What do I need to get right now?” And talk of retailers “fulfilling needs” by connecting consumers with products is surely seductive to clients. Who among us, doesn’t prefer to relish in the comfort of an orderly worldview that explains human behaviour with an only slightly more elaborate version of “I scratched my arm because it itched.” Unfortunately, as our data indicate, the story is just not that simple.

While social and cultural forces aren’t necessarily rational at all, they do generate context-specific tasks that require completion. And it is these resulting tasks that are often confused as rational needs. In addition, specific shopping occasions trigger different social and emotional orientations that affect shoppers’ tendency why is it so?

Proposition 4: Cultural occasions drive shopping behaviour.

Many analysts of retail behaviour frequently refer to “need states” and “drivers” in their analyses of shopping behaviour. Typically, these “needs” are framed as objective rational means-to-an-end forces that drive or initiate shopping behaviour in a straightforward fashion, regardless of the shopping occasion.

Proposition 5: Consumers shop differently depending upon distinctions of packaged and fresh.

One of the long-standing, implicit assumptions among analysts in retail, drug and grocery is that consumer shopping behaviour varies in meaningful ways across grocery categories such as ‘frozen’, ‘snacks’, ’canned goods’, ‘dairy’, ‘OTC drugs’, ‘cereals’ or ‘beverages’. Common wisdom holds that consumers shop differently in the nutritional supplement category than they do a category such as beverages. There are certain features of category X, that cause consumers to orient themselves differently to the shopping experience, thus affecting behaviour in significant and predictable ways.

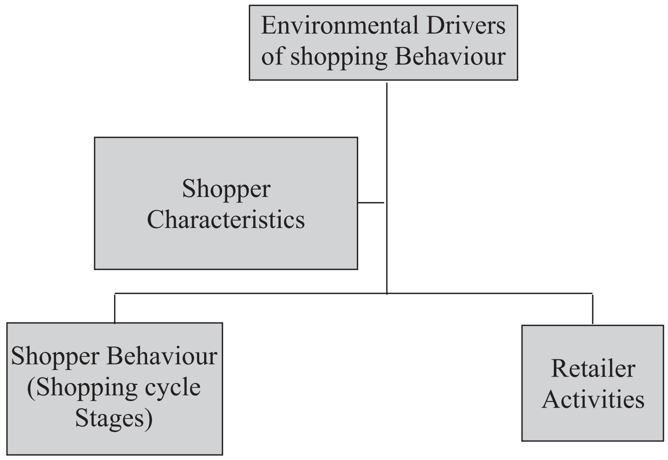

Figure 1 : Shopper Marketing Framework

Shopper Marketing Framework

Today all the Modern retail marketing activities are tilted towards shopper marketing approach. Shopper marketing is a relatively young area in consumer marketing space and continuing innovations are demanded by significant changes in shopper behaviour in recent years. The major drivers for shopper behaviour are trends in five environmental factors –

1. Technology
2. Economy
3. Regulation
4. Globalization
5. Interactions among Technology, Economy, Regulation and Globalization.

These factors are broadly classified as environmental forces that shape shopper marketing practices of retailers.

The focus of shopper marketing is to influence shoppers throughout the shopping cycle that comprises different stages as:

1. Motivation to shop
2. Search
3. Evaluation
4. Category/Brand/Item
5. Selection
6. Store choice
7. Store navigation
8. Purchase
9. Repurchase and
10. Recommendation considerations.

A critical element of a successful shopper marketing program for a retailer is the recognition of the key trigger points in the shopping cycle which occur both outside and inside the store. The trigger points create a change in the attitudes and behaviours of shoppers significantly.

Different studies provide different estimates of the relative influence of in-store and out-of-store shopper marketing activities on purchase. According to the study, over half of shoppers' decisions are made in store.

Another study of grocery shoppers by GMA, Booz & Company report that 81 percent of shoppers do shopping research before purchasing, 77 percent do not carry a detailed shopping list and 59 percent of the decisions are made in the store (GMA 2010). An earlier study puts the proportion of decisions made at the store higher at 70 percent (Deloitte Research 2007). Given the high degree of decision-making in the store, there is considerable upside in doing a better job of marketing at the point of purchase (the "first moment of truth," Löfgren2005). Regardless of the relative percentages of decisions made in and out of store, marketers are constantly looking for creative opportunities to influence shopper decision-making along the entire shopping cycle.

Shopper marketing also serves to enhance brand equity of the retailers in the long run. A firm's shopper marketing programs aim to create favourable shopper perceptions for its brands throughout the shopping cycle.

Even though some shopper marketing activities of a brand may not result in the choice of that brand by a shopper, they may be considered effective if they enhance the image of the brand in the minds of the shopper at different points in the shopping cycle.

The direct effects of the four factors on changes in shopper marketing practices, changes the shopper behaviour also lead to shopper marketing activities done by retailers. Shopper characteristics such as:

- Demographics of shopper
- Psychographics of the shopper and
- Behavioural history of the shopper moderates the effects of the drivers on shopper behaviour
- Shopper behaviour influences activities performed in shopper marketing.

Key activities used by retailers for the purpose of shopper marketing in store are:

- Digital activities performed by retailer
- Usage of multi channel marketing
- Helping a customer look at a 360 degree view of products
- Provide a seamless experience to shoppers
- Promoting all across the channels
- Through Store atmospherics and design value of the store
- Shopper centric store layout and design
- Online navigation path and design
- Customized sensory experiences
- Virtual shop testing
- In store merchandising
- Technology utilization
- Rationalization of In store vehicles
- Aisle placements and shelf positions
- Pay for performance displays
- Shopper marketing metrics
- Shopper marketing organisation
- Retailer collaboration with the manufacturers

Some of the above ideas can be empirically tested as there are tremendous opportunities to increase performance of a retailer by answering the following questions:

1. How can new insights be generated through the shopping cycle?
2. How do rational information, emotional drivers, life circumstances, financial factors and environment intersect to explain shopper behaviour across the shopping cycle?
3. How can we collect the right data and link them to deep insights and shopper marketing actions?
4. How can shopper segmentation be improved and results interpreted and utilized?
5. How should retailers allocate their shopper marketing funds for different out-of-store and in-store marketing activities?
6. In what ways can the incentives of the shoppers, retailers, and manufacturers be aligned to create a win–win situation?
7. In what new ways can retailers use multiple channels and touch points to influence shopper decisions throughout the shopping cycle?

Conclusion:

Shopper marketing involves both organizations and the shopper; there is little clarity on how to measure the effectiveness of in-store marketing programs. An industry wide initiative toward establishing common metrics to measure impressions – the P.R.I.S.M (Pioneering research for In Store Metrics) a predictive modelling approach to measure In-store activities such as end cap displays, In store radio, Floor graphics, Sampling programs, Shelf talkers, Case stacker displays, In Store TV, Pallet Displays and check- outs with the Return on Investment parameters (Trade pricing, Consumer Promotion, Advertising and In store activities) could lead to understanding the effectiveness of the shopper marketing activities in terms of the incremental benefit versus costs at retail store.

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This 24-Year-Old Woman Taught A Bangalore New Year's Eve Molester The Lesson Of A Lifetime

He didn't quite expect this.

03/01/2017

Adrija Bose Social Media Editor, HuffPost India

NEW! HIGHLIGHT AND SHARE

Highlight text to share via Facebook and Twitter

Chaitali Wasnik/HuffPost India

On New Year's Eve, Bengaluru proved it is no better than Delhi, or any other city when it comes to safety of women.

Several women alleged that they were molested as thousands of revellers poured out on to Bengaluru's famous MG Road, close to midnight. Meanwhile, Home Minister G Parameshwara, instead of addressing the problem, blamed young people for trying to "copy" western mindsets and clothing.

Several women have come forward to narrate their experiences. One was photographer Chaitali Wasnick.

At 2:44 am, Wasnick took to Facebook to write about the ordeal she faced.

The 24-year-old, who works as a photographer at Vapour Pub and Brewery, was trying to find a cab to get back home to Old Madras Road from Indiranagar. "It was 1:30 am, but there were cops around, so I didn't feel unsafe," she told HuffPost India.

On Saturday night, the same night when a 'mass molestation' took place just 20 minutes away from where she worked, a man had tried to grope her. "With so much ease he did [it], as if he thought I'll not utter a word," she said. However, the attacker clearly didn't see what was coming.

Wasnick said that she "punched and kicked" him "till he couldn't take the pain."

"There were 10 to 15 people watching this. They didn't tell the guy anything. But they kept trying to stop me from beating him up," she said. The cops, who were present at the scene, did not intervene at all. Eventually, the man ran away. "It was because of those people that he managed to escape. No one came forward to help me," she recalled.

Wasnick said that she has often felt unsafe in Bengaluru in the last two years that she has lived there. I usually work late hours, and when I leave from work, I rarely find cops on the road," she said.

Wasnick also said that the Bengaluru police often 'misbehave' with women, and are not very 'efficient'. "They are rude and they misbehave. They don't pay attention when an outsider (who's not from Bangalore) go and complain," she alleged.

A woman who was present on MG road that night told NDTV that the situation was "almost a stampede" and said she saw "girls crying and shouting for help." The witnesses told told the TV channel that some women took off their shoes to fend off the attackers.

The Bangalore Mirror published pictures of a woman pressed in by a crowd of men and said its photojournalists were "first-hand witnesses to the brazen, mass molestation of women" on the city's streets.

"I saw women being molested in the crowd and people trying to find places where they could hide themselves and not be attacked," a witness told The Guardian.

FACTORS INFLUENCING EMPLOYEE RETENTION-A STUDY IN SELECT SERVICE SECTOR ORGANIZATIONS

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ABSTRACT

Employee retention and commitment apparently has become an important strategic aspect for any organization. While it is not only important to employ the best and the most talented employees, it is equally necessary to be able to retain them for long term mutual benefits. This study explores to identify the factors impacting employee retention in organizations. The organizations taken into consideration are select service sector companies based in Hyderabad. The study empirically examines the influence of organizational climate and job satisfaction on employee retention. The data collected from 95 employees was analyzed for reliability (Cronbach, 1950) and found to be quite consistent. The data was then subjected to bivariate analysis to measure the statistical association and statistical significance between these variables. The results establish that the organizational climate is associated with job satisfaction and employee retention.

Key words: *Organizational climate, employee retention, job satisfaction*

Introduction

Studies pertaining to HR management in India reveal a variety of factors that affect employees' attitude towards their job, including their perception of job environment or the psychological climate. In today's highly competitive and global environment, retention of good employees is considered to be one of the most important aspects. From a managerial perspective, retention of employees is more important today than ever before. Employee retention issues are emerging as the most critical workforce management challenges of the immediate future. Researchers have shown that, in future, successful organizations would be those which adapt their organizational behavior to the realities of the current work environment, where longevity and success depend upon innovation, creativity and flexibility. Critical analysis of workforce trends points to an impending shortage of highly-skilled employees who possess the requisite knowledge and ability to perform at high levels, meaning that organizations failing to retain high performers will be left with an understaffed, less qualified workforce that ultimately hinders their ability to remain competitive. In such a context it becomes necessary to investigate the variables that are related to an individual's perception of his/her immediate work atmosphere based on his/her every day experiences. Hence, it is worth examining factors like organizational climate and job satisfaction as primary antecedents of employee retention. This research seeks to empirically examine the same.

Literature Review

1.1 Organizational climate

Forehand and Gilmer (1964) define organizational climate as a set of characteristics that describes an organization, distinguishes it from other organizations, is relatively enduring over time and can influence the behavior of people in it.

According to **Litwin and Stringer (1968)**, the concept of organizational climate developed through the application of motivation theories to behavior in organizations. The purpose was to describe the effects of organizations and organizational life on motivation of individuals in organizations in order to ultimately describe and explain behavior. What is significant in the motivation of individuals is the perceptions of the individual's expectancy to achieve the goal and the incentive attached to the achievement of the goal.

Schneider and Hall (1972) state that organizational climate exists in individuals' perceptions of their organizational environment. These perceptions are formed by the individual using inputs of objective events and characteristics of the organization, as well as characteristics of the individual.

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According to **Baysinger and Mobley (1983)** the intention to quit an organization may be a significant response to stress factors arising out of incongruence between an individual's psychological perception about his/her job environment on the one hand and his/her needs and aspirations on the other, mediated by an individual's attitudinal facets such as level of involvement and satisfaction with his/her job responsibilities.

According to **Brown & Leigh, (1996)** organizations that are able to create environments that employees perceive to be benign and in which they are able to achieve their full potential are regarded as a key source of competitive advantage Organizational climate can therefore be considered a key variable in successful organizations.

Garg and Rastogi (2006) define the concept as a "feeling" that is the result of the physical layout of the organization, the way in which participants interact with one another and how they conduct themselves with other organizational members or outsiders.

According to **Haakonsson, Burton, Obel and Lauridsen (2008)** organizational climate refers to affective events that influence employees' emotions and consequent information-processing behaviors.

1.2 Job satisfaction

Schneider and Snyder (1975) define job satisfaction as a personal evaluation of the current conditions of the job or the outcomes that arise as a result of having a job. According to them, the individual's perception is influenced by his/her unique circumstances such as needs, values and expectations. People therefore evaluate their jobs on the basis of the factors that are important to them.

Locke (1976) states that job satisfaction refers to the pleasurable or emotional state that results from the evaluation of one's job or experiences relating to one's job.

Locke and Henne (1986) define job satisfaction as the pleasurable emotional state an individual feels when achieving his/her job values at work.

According to Pettigrew (1986) one issue that still continues to cause dissatisfaction amongst employees is when employees believe that there is a discrepancy between the official Organizational rewards system and process and what actually happens at work. In addition, organizations communicate the real worth of an employee via the reward system in use, irrespective of the written policies about promotions

A research by **West, Patterson and Dawson (1999)** on the contribution of people management to Organizational performance outcomes such as productivity and profitability has been related to a climate of satisfaction in the workplace

According to **Oshagbemi (2000),** length of service in a job may be an indication of employees' levels of job satisfaction The rationale is simply that those employees who are less satisfied with their jobs are likely to resign, whereas employees who are satisfied with their jobs will remain in these positions. This is consistent with studies indicating a negative relationship between job satisfaction and turnover and job satisfaction and absenteeism, thereby indicating a higher average level of satisfaction by employees with longer tenure in a particular organization

Weiss (2002) defines job satisfaction as a positive or negative evaluative judgment that one makes about one's job or the job situation. He postulates that job satisfaction is the attitude individuals have towards their jobs, which results from the perception of the job and the extent to which there is a good fit between the individual and the organization.

According to **Luthans (2005)**, high levels of job satisfaction do not mean that turnover will be low, but suggest that it will help. As with absenteeism, other variables such as an employee's age, labour market conditions, alternative job opportunities and tenure with the organisation play a role in his/her decision to leave his/her current job.

1.3 Employee retention

Employees who are satisfied have higher intentions to continue with their organization, which results in a decreased turnover rate **Mobley et al.,(1979).**

Retention rates generally fall as employees become distracted, confused and preoccupied with potential outcomes immediately following an organizational transition **Bridges (1991).**

According to **Arthur(1994),** increasing numbers of organization mergers and acquisitions have left employees feeling displeased from the companies that they work and haunted by concerns of overall job security. As a result, employees are making strategic career moves to guaranteed employment that satisfies their need for security. On the other hand, employers have a need to keep their staff from leaving or going to work for other companies. Abundant studies have hypothesized and empirically validated the link between satisfaction and behavioral intentions and behaviors such as employee's retention.

Retention is a complex concept and there is no single recipe for keeping employees with a company. In literature, retention has been viewed as "an obligation to continue to do business or exchange with a particular company on an ongoing basis" **Zineldin (2000).** A more detailed definition for the concept of retention is "customer liking, employee identification, commitment, trust, readiness to recommend- **Stauss et al., (2001).** Studies have also indicated that retention is driven by several key factors – organizational culture, communication, strategy, pay and benefits, flexible work schedule and career development systems **Logan (2000)** – which ought to be managed congruently.

Satisfied employees who are happy with their jobs are more devoted for doing a good job and look forward to improve their customers' satisfaction. Companies that offer employee development programs are finding success with retaining workers- **Logan (2000).**

Gopinath and Becker (2000) Communication and superior-subordinate relationship are also the factors known for prolonged stay of the employees in the organization. It states that employees rank employee recognition, flexibility and training as top priorities for prolonging individual employment.

A study by **Macintosh and Doherty (2010)** showed that job satisfaction strongly and inversely influenced intention to leave the organization for employees in the fitness industry; furthermore, the authors found that, that of the dimensions shown to impact job satisfaction, atmosphere appeared to be most meaningful.

Need for the study.

From the above section it is evident that there is huge amount of literature on the area under discussion and a number of factors do influence employee retention. However, there seems to be less work done on the degree influence of these factors on employee retention. Hence, present study is specifically designed to bridge this gap. This reduces to certain set of questions like…

- What is the most important factor which impacts employee retention?
- If so, what is the level of evidence? Is it possible to find it empirically?

To answer these questions and to ascertain certain evidence to these doubts, this study is devised with the following objectives.

Objectives:

- ✓ To study the influence of organizational climate on job satisfaction.
- ✓ To study the impact of organizational climate on retention of employees.

Research Methodology

Hypotheses

This paper attempts to bring out the kind of relationships between different variables and highlight specific factors responsible for variations in these variables.

- ✓ H01 – Organizational climate has no influence on job satisfaction of the employees.
- ✓ H02 – Organizational climate has no impact on employee retention.

Variables under study

1. Organizational climate.
2. Job Satisfaction.
3. Employee longevity.

Participants:

Sample composed of 95 employees of service sector organizations based in Hyderabad. This sample was chosen purely on the basis of convenience and availability of employees.

Data collection Tools and Scales:

- ✓ Organizational climate was measured using a 40 item Litwin and Stringer climate questionnaire **(Litwin and Stringer, 1967)** on a five point Likert scale with point anchors ranging from 1. Strongly disagree to 5. Strongly agree. The validity of this scale stands tested
- ✓ Job satisfaction was measured with a 10 item Minnesota satisfaction questionnaire **(Weiss et. al., 1968)** on a five point Likert scale with point anchors ranging from 1. strongly disagree to 5. Strongly agree. This scale is widely used in the literature and validity of this scale stands tested.
- ✓ Employee longevity (Intentions to stay in the organization) is considered to be a variable dependent on above variables. It was measured using a 20 item questionnaire **(Shore and Martin,**

1989) on a five point Likert scale with point anchors ranging from 1. Strongly disagree to 5. Strongly agree. This scale is widely used in the literature and validity of this scale stands tested.

Statistical tools:

The data collected from 95 employees was analyzed for reliability (Cronbach, 1950) and found to be quite consistent. The data was then subjected to bivariate data analysis to measure the statistical association via Pearson's correlation coefficient and statistical significance between these variables via Pearson's chi-square test through cross tabulation using statistical package SPSS version 20.

Summarized results:

1. Measures of reliability:

Table 1.0

S.No	Measure	No. of items	Cronbach's alpha
1	Organizational Climate	40	0.863
2	Job satisfaction	10	0.818

2. Measures of association (Correlation) :

Table 2.0

Correlation between dimensions of Organizational climate and Job satisfaction as well as Employee longevity		
Organisation climate Dimension	**Job Satisfaction**	**Employee longevity**
Trust	0.41	0.32
Employee Development	0.53	0.34
Transformation and Diversity	0.31	0.46
Leadership	0.56	0.64
Employee wellness	0.76	0.73
Communication	0.43	0.65
Performance management	0.57	0.45
Rewards and Recognition	0.76	0.73
Team work	0.54	0.56
Work environment	0.65	0.45

3. Measures of statistical significance (Pearson's chi-square analysis with cross tabulation):

Table 3.1

Organizational Climate Vs Job Satisfaction

S.No	Organizational climate Dimensions Vs Job Satisfaction	P-Value for Pearson Chi-square statistic
1	Trust	0.03
2	Employee Development	0.01
3	Transformation and Diversity	0.01
4	Leadership	0.04
5	Employee wellness	0.03
6	Communication	0.02
7	Performance management	0.01
8	Rewards and Recognition	0.01
9	Team work	0.04
10	Work environment	0.02

Table 3.2

Organizational Climate Vs Employee Longevity

S.No	Organizational climate Dimensions Vs Employee Longevity	P-Value for Pearson Chi-square statistic
1	Trust	0.02
2	Employee Development	0.01
3	Transformation and Diversity	0.01
4	Leadership	0.03
5	Employee wellness	0.03
6	Communication	0.04
7	Performance management	0.01
8	Rewards and Recognition	0.01
9	Team work	0.03
10	Work environment	0.02

Interpretations:

Measures of reliability: Table 1.0

The reliability of the both the scales used have been judged through Cronbach's alpha coefficient. The alpha coefficients of reliability show very high values signifying the reliability of the data collected.

Measures of association (correlation) Table 2.0

- Pearson correlation coefficient (r) between Organizational climate and job satisfaction at 0.01 level of significance (two tailed) is positive. There is positive relationship between Organizational climate and job satisfaction rejecting the null hypothesis.
- Pearson correlation coefficient (r) between Organizational climate and employee longevity at 0.01 level of significance (two tailed) is positive. There is positive relationship between organizational climate and employee longevity rejecting the null hypothesis.

Measures of statistical significance (chi-square analysis with cross tabulation): Table 3.1&3.2

- Almost all the dimensions of organizational climate turned out to be strong predictors of Job satisfaction with Pearson's Chi-square coefficients (P) values are less than alpha value (0.05)
- Almost all the dimensions of organizational climate turned out to be strong predictors of Employee longevity with Pearson's Chi-square coefficients (P) values are less than alpha value (0.05)

Conclusion:

The results seem to reject the null hypotheses and establish that the organizational climate is associated with job satisfaction and employee retention. Organizational climate and job satisfaction are significant predictors of employee retention. Out of all the dimensions of organizational climate, rewards and recognition turned out to be the strong predictors of employee longevity.

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SAVITRIBAI'S LIFE IS AN INSPIRATION FOR ALL

How did a young girl with no formal education become one of India's most inspiring teachers and social reformers?

Google doodle on the search engine's homepage celebrates the birth anniversary of one of India's most inspiring women -- Savithribai Phule.

Savitribai was born on January 3, 1831, in Maharashtra's Naigaon district. All her life she and her husband, Jyotiba Phule, fought social evils and discrimination towards women and children, even as she battled abuse and isolation because she worked to educate girls and untouchables. In many ways, she inspired a generation of young women across India to never give up the fight for their rights.

On her birthday today, here are some important lessons we can learn from her. It's never too late to learn

The Google doodle celebrating Savitribai Phule's 186th birth anniversary.

Back in those days, women had zero rights and very little say in their life's decisions. It did not matter that Savitribai was born to a wealthy family. She too had to follow the customs of her village and was married off early. Savitribai was nine when she wed Jyotirao Phule. Her husband was 12. She was luckier than many girls of her time; her husband educated her at home. Once literate, she started educating the young girls in her area, which included 'untouchables' and people from the lower strata of society. In 1848, the couple started India's first school for girls at Bhide Wada, in Pune. She was the first headmistress of the school.

The keepers of the caste system in India notoriously kept the poor and underprivileged away from basic resources. One of them was drinking water. Savitribai questioned the discrimination and when the brahmins and upper caste society refused to budge, she declared that the well in her house could be accessed by all. She wasn't just preaching; she led by example.

Savitribai and Jyotirao did not have children so they were abused and humiliated by society. When she saw a pregnant Brahmin widow trying to commit suicide, she stopped her and promised to take care of her child when s/he was born. The couple later adopted the child and named him Yashwantrao; he went on to become a doctor. This gave hope to many young women and widows.

Hard work can move mountains

On March 10, 1998, the Government of India released a postage stamp in honour of Savitribai Phule.

There were several instances when Savitribai and her husband were targetted by the powerful. And Savitribai would have given up too, had it not been for the support and love of her husband. She continued her fight undeterred to the end and inspired many women and children to join and support her cause. Even when she couldn't step out of her home, she wrote poems that talked about importance of education and knowledge. **Always give more than what you get.** ***The iconic female figure has inspired several poets, authors and academicians in India.*** Most of Savitribai's work was in and around Pune. She started the Balhatya Pratibandhak Griha to fight against female infanticide. Along with Yashwantrao, she set up a health centre at the outskirts of Pune to treat those affected by plague. In March 1897, Savitribai died from an infection caused by treating one such patient at the centre. In recognition of her services to the city, in 2014, Pune University was renamed Savitribai Phule Pune University. The Google doodle is a perfect tribute to this quiet emancipator who was a symbol of compassion, humanity and perseverance.

Guidelines for Authors

Vidwat – The Indian Journal of Management is a peer-reviewed journal published biannually, in January and July by Dhruva College of Management- Hyderabad. Vidwat publishes empirical, theoretical, and review articles dealing with management from both scholars and practitioners; with a bias for Indian philosophy of management. Vidwat encompasses areas such as business strategy, entrepreneurship, human resource management, organizational behaviour, marketing, consumer behaviour, finance, production, and corporate social responsibility, governance, and research methods. It also provides exclusive space for bibliographies, book reviews, case studies, opinions, commentaries, and letters to the editor. Vidwat invites celebrities from industry and academia to contribute a "thought paper" on any topical subject as Op-Ed.

Manuscript submission checklist

- All manuscripts must adhere to the 6th Edition American Psychological Association | APA Style http://www.apastyle.org/
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- Manuscript should be submitted in Microsoft Word format to vidwat@dhruvacollege.net
- It is recommended that a colleague peer review the draft paper one submits to Vidwat.
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- Papers that don't adhere to American Psychological Association | APA Style guidelines will be returned without being reviewed.
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Authors' right to know

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"When everything is subject to money, then the scarcity of money makes everything scarce, including the basis of human life and happiness. Such is the life of the slave – one whose actions are compelled by threat to survival. Perhaps the deepest indication of our slavery is the monetization of time." - Charles Eisenstein, Sacred Economics

In this culture of 'more, more and more money', even the idea of happiness has turned into an endless quest for more of it. Neglecting Indian culture and tradition "happiness or bliss is internal to one self" lead to the present skewed material riches and degeneration. In the face of increasing trans-cultural interactions and relations, springing out of globalization, the indigenous identity and spirit are gradually becoming oblivious.

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మేడ్చల్‌లోని ధృవ మేనేజ్‌మెంట్ కళాశాల 20వ స్నాతకోత్సవ వేడుకలు శనివారం కాలేజీ క్యాంపస్‌లో ఘనంగా జరిగాయి. ఈ కార్యక్రమానికి పెన్నార్ గ్రూప్ చైర్మన్ నృపేంద్రరావు. శాంతా బయోటెక్నిక్స్ సీఈఓ. పద్మభూషణ్ అవార్డు గ్రహీత డాక్టర్ వరప్రసాద్‌రెడ్డి ముఖ్య అతిథులుగా హాజరయ్యారు. ఈ సందర్భంగా వరప్రసాద్‌రెడ్డి మాట్లాడుతూ విద్యార్థులు ఉన్నత విద్యనభ్యసించి దేశానికి సేవలందించాలన్నారు. టాపర్‌గా నిలిచిన శ్వేత. సాయికృష్ణ. భరత్‌కుమార్. వాసవి తదితరులకు గోల్డ్ మెడల్స్ ప్రదానం చేశారు. అనంతరం విద్యార్థులందరికీ పట్టాలు అందజేశారు. కార్యక్రమంలో కళాశాల చైర్మన్ డాక్టర్ ఎస్.ప్రతాప్‌రెడ్డి. పాలకమండలి సభ్యులు పాల్గొన్నారు.

– సాక్షి. సిటీబ్యూరో

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Dhruva College honours outgoing students

Graduating students of Dhruva College of Management at their convocation ceremony.

The 20th convocation of Dhruva College of Management saw the outgoing students honoured with gold medals and the current batch of students getting inspired by the toppers.

Varaprasad Reddy of Shantha Biotech, who delivered the convocation address, advised the graduating students to break free from perceptional chains and become the true citizens of the world. He urged them to stay away from material, behavioural, and ethical corruption which would keep tempting a person throughout his/ her career.

S. Pratap Reddy, chairman, Dhruva College, shared the long and fruitful journey of the institute that started in 1995 in a rented place and become a state-of-the art campus that has been consistently recognised as having the best infrastructure among B-schools.

Toppers

The gold medal for overall topper was awarded to Garrula Swetha, while the gold medal for HRM topper was awarded to Kodali Sai Krishna.

P. Bharat Kumar bagged the gold medal for topping business analytics, while Vasavi Lagishetti and B. Sai Krishna secured gold medals for topping marketing and finance, respectively.

Pratap Reddy, professor at the institute, said all the graduating students have been successfully placed with an average annual salary of Rs. 4 lakh. The convocation concluded with a beautiful rendition of Saraswati Vandana by current Dhruva students.