A Study on Awareness and Perception of College Students towards Investments and Financial Markets

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Abstract
The significance of awareness related to financial investments and financial markets was felt by the regulators like Reserve Bank of India and Securities and Exchange Board of India, which prompted them to organise training programmes across the country. They are also insisting on involvement of various institutions in creating awareness. These measures seem to have made some impact in big cities, but there is lot more to be done in smaller cities. The regulators
believe that knowledge related to investments must be imparted at school/college level itself. In this context, the current study aims at examining the awareness level and understanding of basic concepts related to investments and financial markets among the college students of Tumakuru. The study was conducted by surveying a sample of 201 college students belonging to engineering, arts, science, commerce, management and medicine streams. The data was collected by administering a structure questionnaire. The major finds of the study are that the students are aware about traditional avenues like insurance, bank deposits etc., whereas the awareness related to modern instruments like ETF, derivatives etc. is low. There is significant difference between the awareness levels of students from different streams of study. The perception of students related to rate of returns is found to be weak, whereas their perception related to risk is correct. The overall understanding of basic concepts related to investments and financial markets is poor. It is felt that there is scope for conducting awareness programmes among the college students in Tumakuru.

**Key words:** investments, investment avenues, financial markets, rate of return, risks.

**Introduction**

Financial investments and financial markets play a major role in contributing towards the development of an economy, as they provide efficient means of capital formation. While various financial investments provide avenues to retail and wholesale investors to park their savings, the financial markets play the crucial role of efficient pricing and providing liquidity to these investment avenues. Regulators like Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI) have taken many initiatives to create awareness among people about financial investments and markets. When more people are aware about these investments and markets and start participating in the savings process, it has two significant implications. At the macro level the investment ratio of the nation improves, which results in better capital formation. On the other hand, at the micro level, it helps in instilling the savings behaviour among the people. By attracting more people towards investments and markets that are regulated, the possibility of investors getting cheated by unregulated markets and ponzi schemes is also reduced. Even though agencies like RBI and SEBI have taken many initiatives, it is felt that the awareness and perception of people towards investments and markets is low, especially in Tier-II, Tier-III cities and rural areas.

In the above context, this study aims to understand the level of awareness related to financial investments and markets among the college students of Tumakuru. This study assumes significance due to the fact that Tumakuru city is undergoing a transformation. Tumakuru was selected as Smart City in Round-2 of Smart City Mission announced by the Government in 2016. Though a Tier-II city, Tumakuru is expected to attract lot of investments in the near future. The reason for selecting the target audience as college students lies in the fact that RBI has been emphasising the need for investor education right from school days. Most of the financial literacy initiatives taken by RBI are aimed at school and college students. Hence, the current study focuses on the awareness of college students of Tumakuru city related to investments and financial markets.

**Review of Literature**

The awareness of investors towards various investment alternatives has been researched in Indian market as well as foreign markets. Some research studies reviewed are summarised here. Volpe,
Ronald P et al. (1992) surveyed the personal investment literacy among college students in the United States. The study examined the knowledge of personal investments between students belonging to both genders and from various academic disciplines. The study found that female students were less knowledgeable about investments than male students. It also founds that students belonging to non-business disciplines had less knowledge than the students belonging to business discipline. They concluded that the level of knowledge among college students was grossly inadequate and needed attention.

Arora, Sangeeta and Marwaha, Kanika (2013) studied the financial literacy level and awareness regarding stock market among the individual stock investors of Punjab. They found that the investors were very much aware about investments in equity shares, while mutual fund investments had moderate level of awareness. The awareness related to bonds, derivatives and commodities was very low. While the investors were aware of the procedures of stock market investments, their level of awareness related to some of the concepts like settlement period, stock splits etc. was poor.

Vasagadekar, Priya (2014) studied investment awareness among India working women in Pune. The study found that 85% of working women were aware of investment alternatives. Most of them preferred long term alternatives and they were not willing to invest in high risk avenues. The respondents were dependent on their husbands for taking investment decisions. Though they were aware about most of the alternatives, they did not possess deep knowledge about various alternatives. The study highlighted the need for creating better awareness among women investors.

Akhter, Aabida and Sangmi, Mohi-ud-Din (2015) examined stock market awareness among educated youth in Srinagar. The study considered undergraduate students from medicine, engineering, commerce, science and arts. They found that the average level of awareness related to basic concepts of stock market among the students was between low and moderate. But the awareness about stock market process was found to be very low. They also found that the students from commerce college had relatively better awareness compared to the students from medical college. They suggested that institutions related with banking, insurance and stock market should take active interest in promoting awareness among the educated youth.

Goel, Ankit and Khatik, Rajendra (2017) examined the investors’ awareness about mutual fund investments in India. They reported that majority of the respondents were aware about mutual funds, but had not invested in mutual funds due to lack of full knowledge about mutual funds. They also reported that investment in bank deposits and life insurance are given preference over mutual funds. The study recommends that mutual fund companies and other institutions should organise training programmes to improve the awareness among the investors.

The available literature on investment awareness is mostly related to investors or salaried class people. Very few studies have been done on college students. From the above literature, it can be concluded that the overall level of awareness related to various investment alternatives and markets is low. In this context, the current study is aimed at understanding the level of awareness and knowledge about investments among the college students of Tumakuru.

Research Design

Objectives of the study
The following objectives are framed for the current study:
1. To measure the level of awareness of the college students towards various financial investment avenues.
2. To understand the perception of college students towards the rates of returns offered and risks associated with various financial investments.
3. To study the understanding of college students related to various basic concepts related to financial investments and financial markets.

Data, Sampling and Plan of Analysis

The study is based exclusively on primary data, which was collected from the respondents by administering a structured questionnaire. The questionnaire was designed to measure the level of awareness, perception regarding risks and returns and overall understanding of concepts related to investments and financial markets. Except gender and course of study, no other questions were related to the personal details of the respondents. This was done to protect the identity of respondents and make them feel comfortable in answering the questions freely.

The target audience for the study was college students studying undergraduate college in six different streams, namely, Engineering, Science, Arts, Commerce, Management and Medicine. Non-probability convenience sampling method was adopted for the study. The data collection was done from four leading colleges in Tumakuru city. A total of 213 respondents participated in the survey. However, responses of 12 participants were rejected due to incomplete and inconsistent answers. Thus, the final sample for the study was 201, which included 108 male students and 93 female students. The details of the sample are given in Table 1.

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>BE</td>
<td>17</td>
<td>8</td>
<td>25</td>
</tr>
<tr>
<td>B.Sc.</td>
<td>11</td>
<td>8</td>
<td>19</td>
</tr>
<tr>
<td>B.A</td>
<td>22</td>
<td>7</td>
<td>29</td>
</tr>
<tr>
<td>B.Com</td>
<td>30</td>
<td>38</td>
<td>68</td>
</tr>
<tr>
<td>BBA/BBM</td>
<td>14</td>
<td>7</td>
<td>21</td>
</tr>
<tr>
<td>MBBS</td>
<td>14</td>
<td>25</td>
<td>39</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>108</strong></td>
<td><strong>93</strong></td>
<td><strong>201</strong></td>
</tr>
</tbody>
</table>

Awareness regarding financial investments was measured by considering 14 financial investment avenues available in India. The same was measured with a five point scale, namely, very high, high, moderate, low and very low. Similar scales were used for measuring the perceptions related to rates of returns offered and risks associated with investments. But, the perception related to returns and risks was measured only for five investment avenues, namely, equity shares, mutual funds, corporate bonds, bank deposits and post office deposits. Scores from 5 to 1 were assigned to the five point scale, with ‘very high’ getting 5 points and ‘very low’ getting 1 point. Understanding of basic concepts related to investments and financial markets was measured by level of agreement to 25 statements given in the questionnaire. Here too, a five point scale was applied, namely, strongly agree, agree, no opinion, disagree and strongly disagree. Scores from 5 to 1 were assigned based on the nature of the statements.

Data Analysis – Awareness about Investments

Level of awareness was measured for fourteen different types of investment avenues available to investors in India. The results of level of awareness are given in Table 2. The frequency of responses, percentage against each response, mean score and ranks are given in Table 2.

<table>
<thead>
<tr>
<th>Investment Avenues</th>
<th>Very High</th>
<th>High</th>
<th>Moderate</th>
<th>Low</th>
<th>Very Low</th>
<th>Mean</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Fixed Deposit</td>
<td>22 (10.90)</td>
<td>60 (29.90)</td>
<td>72 (35.80)</td>
<td>36 (17.90)</td>
<td>11 (5.50)</td>
<td>3.32</td>
<td>2</td>
</tr>
<tr>
<td>Bank Recurring Deposit</td>
<td>5 (2.60)</td>
<td>47 (24.10)</td>
<td>74 (37.90)</td>
<td>49 (25.10)</td>
<td>20 (10.30)</td>
<td>2.84</td>
<td>5</td>
</tr>
<tr>
<td>Government Bonds</td>
<td>13 (6.60)</td>
<td>31 (15.80)</td>
<td>64 (32.70)</td>
<td>62 (31.60)</td>
<td>26 (13.30)</td>
<td>2.71</td>
<td>9</td>
</tr>
<tr>
<td>Corporate Bonds/ Debentures</td>
<td>20 (10.30)</td>
<td>30 (15.40)</td>
<td>52 (26.70)</td>
<td>54 (27.70)</td>
<td>39 (20.00)</td>
<td>2.68</td>
<td>10</td>
</tr>
<tr>
<td>Equity Shares</td>
<td>22 (11.20)</td>
<td>37 (18.80)</td>
<td>53 (26.90)</td>
<td>48 (24.40)</td>
<td>37 (18.80)</td>
<td>2.79</td>
<td>6</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>19 (9.80)</td>
<td>45 (23.20)</td>
<td>68 (35.10)</td>
<td>39 (20.10)</td>
<td>23 (11.90)</td>
<td>2.99</td>
<td>4</td>
</tr>
<tr>
<td>Public Provident Fund</td>
<td>11 (5.60)</td>
<td>24 (12.30)</td>
<td>76 (39.00)</td>
<td>59 (30.30)</td>
<td>25 (12.80)</td>
<td>2.68</td>
<td>11</td>
</tr>
<tr>
<td>Post Office Schemes</td>
<td>17 (8.70)</td>
<td>33 (16.80)</td>
<td>63 (32.10)</td>
<td>56 (28.60)</td>
<td>27 (13.80)</td>
<td>2.78</td>
<td>7</td>
</tr>
<tr>
<td>Equity Linked Savings Schemes</td>
<td>12 (6.50)</td>
<td>23 (12.40)</td>
<td>57 (30.80)</td>
<td>63 (34.10)</td>
<td>30 (16.20)</td>
<td>2.59</td>
<td>12</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>45 (23.30)</td>
<td>66 (34.20)</td>
<td>49 (25.40)</td>
<td>18 (9.30)</td>
<td>15 (7.80)</td>
<td>3.56</td>
<td>1</td>
</tr>
<tr>
<td>Derivatives</td>
<td>7 (3.80)</td>
<td>20 (10.90)</td>
<td>55 (29.90)</td>
<td>64 (34.80)</td>
<td>38 (20.70)</td>
<td>2.42</td>
<td>14</td>
</tr>
<tr>
<td>Exchange Traded Funds</td>
<td>8 (4.20)</td>
<td>38 (20.00)</td>
<td>52 (27.40)</td>
<td>53 (27.90)</td>
<td>39 (20.50)</td>
<td>2.59</td>
<td>13</td>
</tr>
<tr>
<td>Sovereign Gold Bonds</td>
<td>17 (8.90)</td>
<td>37 (19.50)</td>
<td>50 (26.30)</td>
<td>45 (23.70)</td>
<td>41 (21.60)</td>
<td>2.71</td>
<td>8</td>
</tr>
<tr>
<td>Pension Funds</td>
<td>24 (12.10)</td>
<td>55 (27.60)</td>
<td>56 (28.10)</td>
<td>37 (18.60)</td>
<td>27 (13.60)</td>
<td>3.06</td>
<td>3</td>
</tr>
</tbody>
</table>

Note: The cells contain frequency of responses. Figures in the parenthesis indicate percentage of the total sample.

It can be observed from Table 2 that life insurance, bank fixed deposits and pension funds have the highest scores, indicating that most of the college students are aware about these investments and their level of awareness is fairly high. Equity Linked Savings Schemes (ELSS), Exchange Traded Funds (ETF) and derivatives scored the lowest points, which indicates that the college students are not much aware about these avenues. Insurance and bank deposits have been traditionally known forms of investments and the students are aware about them. However, ELSS, ETF and derivatives are instruments of recent
origin and the students are not much aware about them. But, it is surprising that Public Provident Fund (PPF), a traditional investment avenue, scored poorly with the students. The mean scores of students belonging to different streams of study were computed, which is summarised in Table 3.

<table>
<thead>
<tr>
<th>Table 3: Awareness Scores of Different Streams of Study</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment Avenues</strong></td>
</tr>
<tr>
<td>------------------------</td>
</tr>
<tr>
<td>Bank Fixed Deposit</td>
</tr>
<tr>
<td>Bank Recurring Deposit</td>
</tr>
<tr>
<td>Government Bonds</td>
</tr>
<tr>
<td>Corporate Bonds/Debentures</td>
</tr>
<tr>
<td>Equity Shares</td>
</tr>
<tr>
<td>Mutual Funds</td>
</tr>
<tr>
<td>Public Provident Fund</td>
</tr>
<tr>
<td>Post Office Schemes</td>
</tr>
<tr>
<td>Equity Linked Savings Schemes</td>
</tr>
<tr>
<td>Life Insurance</td>
</tr>
<tr>
<td>Derivatives</td>
</tr>
<tr>
<td>Exchange Traded Funds</td>
</tr>
<tr>
<td>Sovereign Gold Bonds</td>
</tr>
<tr>
<td>Pension Funds</td>
</tr>
<tr>
<td>Average Score</td>
</tr>
</tbody>
</table>

It can be seen from Table 3 that the highest average score across all investment avenues relates to the B.Com students, followed by B.Sc., BA and BBA. The engineering and medical students get the lowest scores. Since B.Com students are more exposed to the world of investments in their curriculum, it is quite natural for them to score high. But, the fact that BBA students came in fourth position is surprising, because, they too have subjects related to investments in their curriculum. Another interesting observation is that life insurance gets a score of 3 and above across all streams of study. This shows that the students are well aware of life insurance. Bank fixed deposit is the next avenue where a score of 3 is reported by all streams, except, engineering and medicine.

**Data Analysis – Rate of Return and Risk**
The participants were asked to rate the perceived rate of returns and risk related to five various investment avenues on a scale of 5, starting from very high to very low. The results are summarised in Table 4. It can be observed that the first rank has gone to bank deposits, followed by equity shares, mutual funds, post office deposits and corporate bonds/debentures. There seems to a misconception among the college students about the rate of return offered by bank deposits. In fact, the equity shares offer relatively higher rates of returns in the long run, followed by mutual funds and bonds. Post office and bank deposits generally offer lower rates of returns. This shows that the college students have not really understood the magnitude of rates of returns offered by various investment avenues.
Table 4: 
Rating of Rate of Returns

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Very High</th>
<th>High</th>
<th>Moderate</th>
<th>Low</th>
<th>Very Low</th>
<th>Mean</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Shares</td>
<td>21 (10.40)</td>
<td>69 (34.30)</td>
<td>56 (27.90)</td>
<td>40 (19.90)</td>
<td>15 (7.50)</td>
<td>3.20</td>
<td>2</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>12 (6.00)</td>
<td>61 (30.50)</td>
<td>71 (35.50)</td>
<td>37 (18.50)</td>
<td>19 (9.50)</td>
<td>3.05</td>
<td>3</td>
</tr>
<tr>
<td>Corporate Bonds/Debentures</td>
<td>15 (7.60)</td>
<td>40 (20.30)</td>
<td>66 (35.50)</td>
<td>56 (28.40)</td>
<td>20 (10.20)</td>
<td>2.87</td>
<td>5</td>
</tr>
<tr>
<td>Bank Deposits</td>
<td>34 (17.00)</td>
<td>60 (30.00)</td>
<td>57 (28.50)</td>
<td>38 (19.00)</td>
<td>11 (5.50)</td>
<td>3.34</td>
<td>1</td>
</tr>
<tr>
<td>Post Office Deposits</td>
<td>23 (11.60)</td>
<td>43 (21.60)</td>
<td>55 (27.60)</td>
<td>55 (27.60)</td>
<td>23 (11.60)</td>
<td>2.94</td>
<td>4</td>
</tr>
</tbody>
</table>

Note: The cells contain frequency of responses. Figures in the parenthesis indicate percentage of the total sample.

The perception related to risks involved in investments is summarised in Table 5. The college students perceive equity shares to have the highest risk followed by mutual funds, corporate bond/debentures, bank deposits and post office schemes. This rating is in accordance with the reality that equity shares are the riskiest among the five and post office schemes carry the lowest risk. So, even though the perception about the rates of returns seems to be not correct, it can be seen that the college students have understood fairly well the risks involved in various investment avenues.

Table 5: 
Rating of Perceived Risk

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Very High</th>
<th>High</th>
<th>Moderate</th>
<th>Low</th>
<th>Very Low</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Shares</td>
<td>29 (14.50)</td>
<td>57 (28.50)</td>
<td>60 (30.00)</td>
<td>43 (21.50)</td>
<td>11 (5.50)</td>
<td>3.25</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>19 (9.50)</td>
<td>47 (23.60)</td>
<td>77 (38.70)</td>
<td>40 (20.10)</td>
<td>16 (8.00)</td>
<td>3.07</td>
</tr>
<tr>
<td>Corporate Bonds/Debentures</td>
<td>13 (6.60)</td>
<td>43 (21.90)</td>
<td>80 (40.80)</td>
<td>43 (21.90)</td>
<td>17 (8.70)</td>
<td>2.96</td>
</tr>
<tr>
<td>Bank Deposits</td>
<td>18 (9.10)</td>
<td>42 (21.30)</td>
<td>46 (23.40)</td>
<td>53 (26.90)</td>
<td>38 (19.30)</td>
<td>2.74</td>
</tr>
<tr>
<td>Post Office Deposits</td>
<td>8 (4.00)</td>
<td>29 (14.40)</td>
<td>59 (29.40)</td>
<td>59 (29.40)</td>
<td>46 (22.90)</td>
<td>2.47</td>
</tr>
</tbody>
</table>

Note: The cells contain frequency of responses. Figures in the parenthesis indicate percentage of the total sample.

Data Analysis – Understanding of Basic Concepts
The respondents were asked about their level of agreement to various basic concepts related to investments and financial markets. The responses are summarised in Table 6. Two basic questions related to significance of investments, namely the role of investments in economic development of a country and the relevance of investments in securing the future got the highest average scores, which indicates that the college students are aware of the overall significance of investments. While most of

the other concepts received average scores of around 3, some important observations relate to misconceptions about investments and financial markets, which are listed below.
## Table 6: Perception related to Basic Concepts of Investments and Markets

<table>
<thead>
<tr>
<th>#</th>
<th>Concepts</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>No opinion</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Investments are important for economic development of a country</td>
<td>85 (42.70)</td>
<td>93</td>
<td>19 (9.50)</td>
<td>1 (0.50)</td>
<td>1 (0.50)</td>
<td>4.31</td>
</tr>
<tr>
<td>2</td>
<td>Spending time on investments is a waste of time</td>
<td>6 (3.00)</td>
<td>37</td>
<td>48 (24.40)</td>
<td>86 (43.70)</td>
<td>20 (10.20)</td>
<td>3.39</td>
</tr>
<tr>
<td>3</td>
<td>Investment helps in securing the future</td>
<td>55 (27.60)</td>
<td>117</td>
<td>19 (9.50)</td>
<td>7 (3.50)</td>
<td>1 (0.50)</td>
<td>4.10</td>
</tr>
<tr>
<td>4</td>
<td>Investments do not provide any tax benefits</td>
<td>12 (6.30)</td>
<td>56</td>
<td>68 (35.80)</td>
<td>48 (25.30)</td>
<td>6 (3.20)</td>
<td>2.89</td>
</tr>
<tr>
<td>5</td>
<td>Investments provide additional income</td>
<td>29 (14.90)</td>
<td>104</td>
<td>35 (18.00)</td>
<td>18 (9.30)</td>
<td>8 (4.10)</td>
<td>3.66</td>
</tr>
<tr>
<td>6</td>
<td>I am aware of various sources of investment information</td>
<td>23 (11.6)</td>
<td>78</td>
<td>59 (29.80)</td>
<td>30 (15.20)</td>
<td>8 (4.00)</td>
<td>3.39</td>
</tr>
<tr>
<td>7</td>
<td>Parents involve me in financial decision making</td>
<td>32 (16.2)</td>
<td>76</td>
<td>37 (18.80)</td>
<td>41 (20.8)</td>
<td>11 (5.6)</td>
<td>3.39</td>
</tr>
<tr>
<td>8</td>
<td>I fairly understand various concepts related to investments</td>
<td>16 (8.30)</td>
<td>78</td>
<td>64 (33.30)</td>
<td>25 (13.00)</td>
<td>9 (4.70)</td>
<td>3.35</td>
</tr>
<tr>
<td>9</td>
<td>I read news items related to investments</td>
<td>32 (16.30)</td>
<td>73</td>
<td>39 (19.90)</td>
<td>44 (22.40)</td>
<td>8 (4.10)</td>
<td>3.39</td>
</tr>
<tr>
<td>10</td>
<td>I discuss investment related aspects with my friends/relatives</td>
<td>16 (8.30)</td>
<td>68</td>
<td>50 (26.00)</td>
<td>49 (25.50)</td>
<td>9 (4.70)</td>
<td>3.17</td>
</tr>
<tr>
<td>11</td>
<td>I received some inputs on basics of investments in my school/college</td>
<td>23 (11.80)</td>
<td>71</td>
<td>45 (23.10)</td>
<td>45 (23.10)</td>
<td>11 (5.6)</td>
<td>3.26</td>
</tr>
<tr>
<td>12</td>
<td>In investments, the risks and returns are not related to each other</td>
<td>15 (7.80)</td>
<td>59</td>
<td>57 (29.50)</td>
<td>49 (25.4)</td>
<td>13 (6.70)</td>
<td>2.93</td>
</tr>
<tr>
<td>13</td>
<td>Post office schemes are attractive for those who want very high returns</td>
<td>17 (8.60)</td>
<td>61</td>
<td>79 (39.90)</td>
<td>33 (16.70)</td>
<td>8 (4.00)</td>
<td>2.77</td>
</tr>
<tr>
<td>14</td>
<td>Equity Shares don’t offer Fixed returns annually</td>
<td>17 (8.80)</td>
<td>53</td>
<td>78 (40.20)</td>
<td>41 (21.10)</td>
<td>5 (2.60)</td>
<td>3.19</td>
</tr>
<tr>
<td>15</td>
<td>I understand the meaning of NAV</td>
<td>19 (9.8)</td>
<td>45</td>
<td>86 (44.3)</td>
<td>25 (12.90)</td>
<td>19 (9.80)</td>
<td>3.10</td>
</tr>
<tr>
<td>16</td>
<td>Public Provident Fund is a long term investment option</td>
<td>20 (10.30)</td>
<td>82</td>
<td>56 (28.90)</td>
<td>30 (15.50)</td>
<td>6 (3.10)</td>
<td>3.41</td>
</tr>
<tr>
<td>17</td>
<td>Bank Fixed Deposits and Recurring Deposits offer same rate of interest</td>
<td>22 (11.20)</td>
<td>67</td>
<td>65 (33.00)</td>
<td>37 (18.80)</td>
<td>6 (3.00)</td>
<td>3.31</td>
</tr>
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<tr>
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<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Systematic Investment Plan is a way of investment in Mutual Funds</td>
<td>21 (11.10)</td>
<td>63 (33.20)</td>
<td>83 (43.70)</td>
<td>18 (9.50)</td>
<td>5 (2.60)</td>
<td>3.41</td>
</tr>
<tr>
<td>19</td>
<td>Life Insurance policies do not provide any tax benefits</td>
<td>18 (9.30)</td>
<td>58 (30.10)</td>
<td>67 (34.70)</td>
<td>44 (22.80)</td>
<td>6 (3.10)</td>
<td>2.80</td>
</tr>
<tr>
<td>20</td>
<td>I monitor Sensex &amp; Nifty at regular intervals</td>
<td>13 (6.80)</td>
<td>43 (22.40)</td>
<td>88 (45.80)</td>
<td>27 (14.10)</td>
<td>21 (10.90)</td>
<td>3.00</td>
</tr>
<tr>
<td>21</td>
<td>Only big companies can trade in equity share in India</td>
<td>22 (11.30)</td>
<td>51 (26.30)</td>
<td>53 (27.30)</td>
<td>57 (29.40)</td>
<td>11 (5.70)</td>
<td>2.92</td>
</tr>
<tr>
<td>22</td>
<td>MCX is the largest exchange for trading in financial derivatives in India</td>
<td>17 (8.90)</td>
<td>51 (26.70)</td>
<td>101 (52.90)</td>
<td>19 (9.90)</td>
<td>3 (1.60)</td>
<td>2.69</td>
</tr>
<tr>
<td>23</td>
<td>It is possible to trade in shares held in physical form in the stock market</td>
<td>14 (7.30)</td>
<td>69 (35.90)</td>
<td>73 (38.00)</td>
<td>24 (12.50)</td>
<td>12 (6.30)</td>
<td>2.74</td>
</tr>
<tr>
<td>24</td>
<td>Sensex indicates the movements of share prices in National Stock Exchange</td>
<td>20 (10.2)</td>
<td>66 (33.50)</td>
<td>82 (41.60)</td>
<td>21 (10.70)</td>
<td>8 (4.10)</td>
<td>2.65</td>
</tr>
<tr>
<td>25</td>
<td>Equity shares can be bought or sold only through a broker</td>
<td>25 (12.60)</td>
<td>44 (22.10)</td>
<td>77 (38.70)</td>
<td>42 (21.10)</td>
<td>11 (5.50)</td>
<td>3.15</td>
</tr>
</tbody>
</table>

*Note: The cells contain frequency of responses. Figures in the parenthesis indicate percentage of the total sample.*
It can be seen from Table 6 that most of the participants either agreed or did not have any opinion related to the following statements:

a. Investments do not provide any tax benefits
b. In investments, risk and return are not related to each other
c. Post office schemes are attractive to those who want very high returns
d. Life insurance policies do not provide any tax benefits
e. Only big companies can trade in equity share in India
f. MCX is the largest exchange for trading in financial derivatives in India
g. It is possible to trade in shares held in physical form in the stock market
h. Sensex indicates the movements of share prices in National Stock Exchange

It can be seen that all the above statements are false and ideally people with knowledge of investments and financial markets should have disagreed with them. Instead, most of the college students either agreed to the statements or said that they do not have any opinion about the same. This indicates that the understanding of basic concepts of investments and financial markets is relatively poor among the college students. Last four statements in the above list relate to financial markets. Looking at the scores for these statements, it can also be concluded that the understanding of concepts related to financial markets is poorer than understanding of concepts related to investment avenues and general knowledge about investments.

The participants in the survey were also asked about some basic details related to their investments. The results are summarised in Table 7. It can be seen that majority of the college students do not have DEMAT account and trading account and they have never traded in the stock market. However, 57% of the students have PAN. The lack of understanding of some of the concepts, especially those related to financial markets, can be attributed to the inexperience of the students in the market.

<table>
<thead>
<tr>
<th>Table 7: Basic Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yes</strong></td>
</tr>
<tr>
<td>Do you have a DEMAT account?</td>
</tr>
<tr>
<td>Do you have a trading account with any broker?</td>
</tr>
<tr>
<td>Do you have PAN?</td>
</tr>
<tr>
<td>Do you invest in stock market?</td>
</tr>
</tbody>
</table>

*Note: The cells contain frequency of responses. Figures in the parenthesis indicate percentage of the total sample.*

**Major Findings**

The major findings of the study can be summarised as:

a. The college students in Tumakuru are aware about the traditional investment avenues like life insurance, bank deposits and pension schemes. But their level of awareness related to newer avenues like ELSS, ET and derivatives is very low.

b. There is significant difference between the levels of awareness of students belonging to different streams of study. While students of commerce seem to have better awareness,
students of engineering and medicine are found to be poor in their knowledge about investments.

c. The perception related to the rates of returns offered by different avenues is not correct as most of the students felt that bank deposits offer highest rate of return. But the perception related to the risk involved in investments is correct as most of the respondents rated equity shares as the avenue with highest risk.

d. While the basic understanding of concepts related to significance and various investments alternatives is fairly good, the understanding of functioning of financial markets is found to be poor among the students.

e. While most of the students have PAN, they do not have DEMAT account, trading account or any previous experience of trading in the stock market. This inexperience is the reason for lack of understanding of some of the basic concepts.

**Conclusion**

The current study was aimed at examining the level of awareness and basic understanding of concepts related to investments and financial markets among the college students of Tumakuru. It is found that the level of awareness is not very high among the students and they do not understand basic functioning of financial markets. The efforts made by regulators like RBI and SEBI might have yielded some results in Tier I and metro cities. But the level of awareness, especially among the college students, in smaller cities is found to be poor. Hence, not only the regulators, but financial markets like Bombay Stock Exchange, National Stock Exchange, Multi Commodity Exchange etc. should come forward and arrange training programmes to update the knowledge of all investors including students in Tier II and Tier III cities. Awareness and right perception is the first step towards better participation by people in investment activities.

**Reference**


Evaluation of Impact of Demonetisation on Banking stocks

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Tumkur
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Introduction:

Demonetisation is a condition where the Reserve Bank or central bank of that particular country holds the transaction of old currency notes officially. In other words, demonetisation refers to the banning of notes due to illegal transactions of money. This situation had happened twice in Indian government once in year 1978 and in the year 1946 during this time the main motto of Indian government is to recover black money from corrupted people of India.

Recently Indian government that is our prime minister of India Narendra Modi again announced the demonetisation on November 8th 2016. But this time there were no any announcements before demonetising the bank notes of rupees 500’s and 1000’s rupee notes. What has happened on November 8th 2016 is all of a sudden announcement. At this time the main motto of demonetisation is also to cease the black money and reduce the corrupt activities.

Demonetisation had created a huge impact on stock market. There was major change in the prices of shares of different sectors. The fluctuations of share prices after announcement of demonetisation were more when compared to the share prices before announcement of demonetisation.

In this background, the current study focuses on measuring the reaction of the stock market on the announcement of demonetisation by selected Public sector and private sector banks. Event study methodology is used to evaluate the reaction of share prices of banking sector on announcement of the demonetisation.

Literature review:

They utilised the GARCH and Dickey-Fuller Test to examine the impact of demonetisation on Nifty 50 index and across sectoral indices in India considering a period of 200 days Pre and post event date by framing necessary dummy variables. They found that the Nifty reality index had affected most due to demonetisation. The results of the study are that it is very helpful for the investors and other market participants for investing in various securities.
2. Bhardwaj et. Al (2017):
There’s study was found that the study states about demonetisation impacts on stock market by using efficient market hypothesis. They have taken 16 companies which are listed in the national stock exchange for a period of 2012-2016. And they’ve confirmed that the impact of demonetisation on stock market was quite significant.

3. Dr Arun Lawrence, Ms Merlin Ann George (2018):
There’s study was found that the unexpected announcement of demonetisation by the prime minister of India affects many sectors mostly depending on day to day transactions. The study had tried to analyse the problems faced by retailers on the anticipated benefits of demonetisation. They’ve found that the demonetisation creates welfare losses to retail sectors of the society who gets income based on their daily sales and those who don’t have the digital transaction culture.

4. Vikramadithya Khanna and Dhammika Dharampala (06/29/2017):
They’ve found that the Govt of India has made a dramatic announcement of demonetisation without informing the people of India. They’ve computed abnormal returns for firms on Indian stock market around this event, and compared patterns of abnormal returns for different subsamples of firms defined by Industry, ownership structure, and other characteristics. They’ve have found that the little evidence that different sectors thought to be associated with greater tax evasion or corruption experienced significantly different returns.

Research Design:
The study which I had taken is to examine the reaction of stock prices of banking sector after the announcement of demonetisation on November 8th 2016. And to know what was the market before announcement of demonetisation and what has happened after announcement of demonetisation.

Objectives of the Study:
1. To examine the impact of demonetisation on Indian stock market 2. To know the reaction of share prices after announcement of demonetisation 3. To know what were the share prices of banking sector in the stock market before the announcement and after the announcement of demonetisation.

Statement of the problem:
The statement of the problem is to study on impact of demonetisation on evaluation banking shares. And to know about the price movement in stock market if such announcements like demonetisation happens

Data and sample size:
The data which I had collected is secondary data from Bombay Stock Exchange (BSE) website www.bseindia.com And I have collected closing prices and closing SENSEX of 10 private sector banks and 10 public sector banks.

Period of the study:
The study has been conducted using the data of period of 131 days from 30th May 2016 – 07th December 2016. That is 90 days as estimation window and 41 days as event window.

Scheme of Analysis: The procedure of event study method applied in the study is explained below:

1. Daily rates of return for the share as well as the market index (Sensex) are computed using the formula: Returns for nth day = [Price n – Price (n-1)]/Price (n-1)
2. The entire data period is divided into two parts, the estimation window and the event window. A period of 41 days was defined as the event window, comprising of 20 days prior to the date of announcement of stock split, the day of announcement and 20 days after the announcement. A 90-day period preceding the beginning of event window was defined as the estimation window.

3. Capital Assets Pricing Model (CAPM) is applied to the data pertaining to the estimation window to compute the values of $\beta$ and $\alpha$ for the share. Using the estimates of $\beta$ and $\alpha$, the daily expected rates of returns are computed for the event window period using the following formula, where $r_m$ is the market return and $r_j$, the stock return.

$$E\left(\bar{r}_j\right) = \alpha + \beta (r_m)$$

4. Daily Abnormal Returns (AR) is computed as the difference between the actual returns and the expected returns for all the 26 shares in the sample. Average Abnormal Returns (AAR) is computed by taking cross sectional average of ARs. The cross-sectional averaging helps in reducing the scope of bias due to extreme movements, if any, exhibited by one or two shares in the sample. The 41 day movement of ARs is captured graphically.

5. Cumulative Abnormal Returns (CARs) for each share is computed by cumulating the ARs over the event window of 41 days. CAR for day $t$ is defined as:

$$CAR_t = AR_t + CAR_{t-1}$$

6. Cumulative Average Abnormal Returns (CAAR) for each day is estimated by computing the cross sectional averages the CARs. The same can also be computed by cumulating the AARs over the event window of 41 days.

7. The statistical significance of CAARs is tested using t-test at 5% level of significance.

### Data analysis and Interpretation:

**Average Abnormal Returns:**

Abnormal return is a basic term which is used to describe the returns which is actually come out by a given financial instrument like shares etc., over a period of time and the abnormal returns are different from the expected returns.

<table>
<thead>
<tr>
<th>Day</th>
<th>AAR</th>
<th>Day</th>
<th>AAR</th>
<th>Day</th>
<th>AAR</th>
<th>Day</th>
<th>AAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>-20</td>
<td>0.002618</td>
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<td>-0.0012</td>
<td>+2</td>
<td>0.04978*</td>
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<td>0.008132</td>
<td>+14</td>
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</tr>
<tr>
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<td>0.001456</td>
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<td>-5</td>
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<td>0.012659</td>
<td>+12</td>
<td>-0.01196</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Average Abnormal Returns (AAR) are computed by averaging the abnormal returns of 10 private and 10 public sector banks during the 41 days event window has been stated in the following table – 1. It can be seen that the highest AAR was 0.04978 which is occurred 2nd day (day +2) after the announcement of the demonetisation. On the announcement day, the AAR was (-0.00437) which turned positive the very next day that is 0.012659. And the same positive reaction of the prices till 4th day after the announcement of demonetisation. Then the prices remain as it was before the demonetisation with slight variations.

Table – 2
Cumulative Average Abnormal Returns

Cumulative Average Abnormal Returns: It is a useful statistical analysis that helps to get average result of effect that Affected to Abnormal returns.

<table>
<thead>
<tr>
<th>Day</th>
<th>CAAR</th>
<th>Day</th>
<th>CAAR</th>
<th>Day</th>
<th>CAAR</th>
<th>Day</th>
<th>CAAR</th>
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</thead>
<tbody>
<tr>
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<td>0.008159</td>
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</tr>
<tr>
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<td>0.021113</td>
<td>+15</td>
<td>-0.13004</td>
</tr>
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</tr>
<tr>
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<td>-5</td>
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<td>+6</td>
<td>-0.07035</td>
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<td>-0.05845</td>
<td>+18</td>
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<td>-0.11577</td>
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<td></td>
</tr>
</tbody>
</table>

Cumulative Average Abnormal Returns (CAAR) are returns which are generated by Cumulating the Average Abnormal Returns over the event window of 41 days is present in the table 2. It can be seen that the CAAR is falling on event day as well as the next day after Demonetisation event there after it was positive till the 5th day after demonetisation, then it was continuously falling down as it was before the demonetisation. There is a slight raise in the CAAR but that is after 1day of demonetisation that it shows the prices are reacting due to the demonetisation. But can’t say that the fluctuations are more in CAAR due to demonetisation.
AAR and CAAR are graphically shown in the figure-1. It can be seen that the AAR is oscillating around zero. Many times, it is raised above zero. But after the event day (day 0) it has been sudden raise after the 1\textsuperscript{st} day (day +1) then it falls sudden, again after it remained mostly below zero. The response on event day (day 0) was negative. The cumulative effect of demonetisation has shown by CAAR. There is a steep fall in the initial days of event window from 16 days before the event till the event day on November 8\textsuperscript{th} 2016 (day 0). CAAR has been raised after two to three days of demonetisation again further it remained falling as it was before.

### Table 3 – t-test for Cumulative Average Abnormal Returns (CAAR)

<table>
<thead>
<tr>
<th>Day</th>
<th>CAAR</th>
<th>StDev</th>
<th>T-statistic</th>
<th>Day</th>
<th>CAAR</th>
<th>StDev</th>
<th>T-statistic</th>
</tr>
</thead>
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<td>0.008159</td>
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The statistical significance of CAAR was tested using t-test at 5% level of significance. The null hypothesis was that the CAAR is significant and it varies from zero. There is a significant on event day that is on November 8\textsuperscript{th} 2016 (day 0) and the very next day (day +1) after the announcement there is a significant. The abnormal returns from a security should remain close to zero as the markets are quick in absorbing all information into the prices. The standard deviation and t-statistic for CAAR for each day in the event window are present in the table 3. It can be seen that the CAAR is statistically significant for some days during the 41 day event window. Hence, we can say that the share prices of the banking sector have been affected due to demonetisation as there is a statistical evidence on November 8\textsuperscript{th} 2016 (day 0) that is event day and next day that is (day +1) after the announcement of demonetisation.

Conclusion:

The sensitivity of stock market against demonetisation has been analysed by taking a sample of 10 private and 10 public sector banks. Event study methodology has applied in the study. It was observed that the AAR is remains close to zero during the event window period of 41 days with a positive movement after the day of announcement. The CAAR has shown a negative trend starting from the beginning of the event period which are also continued after 2-3 days of the announcement. We can say that there is not much impact of demonetisation on evaluation of shares of banking sector. The study only found that the small amount of statistical significance on event day (day 0) and next day (day +1) after that stock market remained same as it was before or as usual as per the regular days.
This is to certify that

Dr. GIREESH Y.M.

has made a poster presentation titled

"MANAGING CHANGE - A SPOT ON LEADERSHIP: A CASE STUDY"

in the

7th PAN IIM WORLD MANAGEMENT CONFERENCE

held during 12-14 December, 2019.

Prof. Dheeraj Sharma
Convener

Prof. Koustab Ghosh
Co-convener

Prof. Shivendra Kumar Pandey
Co-convener
Proceedings of the 7th PAN IIM World Management Conference 2019 on PUBLIC POLICY & MANAGEMENT EMERGING ISSUES

Organized by Indian Institute of Management Rohtak

Co-edited by Prof. Dheeraj Sharma Dr. Koustab Ghosh Dr. S. K. Pandey
Managing Change ...A spot-on Leadership (A case Study).

*Dr. Gireesh. Y.M and ** Dr. Nagaraj B. V

Abstract

Keywords: Leadership, Turnaround, Team building, Attitude, Motivation

A new Unit Head was appointed to resuscitate the plant-fiber production unit of ABL India Ltd. at Harihar when it was swamped in severe crisis of 2012 on both workforce and profit fronts. Practically the complete top management was restructured, with the entire organization being cynical and defenseless about future. The reparations were severe and nothing could be revolutionized meteoric. The few old department heads left in the plant did not welcome the new Unit Head and they tainted their buff and clout through their deleterious attitude. The case highpoints how the Unit Head began accepting the crescendos with an effort on accomplishing professional goals by not shelving bottom-line strictures, but by modifying the employees part. It mandated watchful supervision of skirmishes and politics through premeditated change implementation process. With clarity in his thoughts and bold decisions, he evidenced that Attitude is the key ingredient which can make a huge difference. Convincingly brought about organizational turnaround besides creating congenial work space with instilled positivity within a span of five years. The case emphasizes a fusion of leadership styles applied by the Unit Head to knob team building and team dynamics to build upon thrilled, encouraging and constructive organization culture.

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Arrival of as Plant New Unit Head Praveen Nadulmane - ABLIndia Ltd.

It was a very scorching afternoon of April 2012, when Praveen Nadulmane, Business Director of Shein Shu India was in the anticipation of for his annual performance appraisal with his immediate boss Raghu Banakar, who was the CEO of ABC Cellulose, which was more than a $2 bn cellulose group in India with 12 Organizations, 42 plants and six Joint Ventures. Shein Shu India was a JV between Komatsu of Korea and ABC Group of India.

Mr. Banakar had been an experienced person in the splinter group for almost 35 years and had contributed his augment in almost all most important Joint Venture Organizations before ascending the throne as the Group CEO.

Praveen Nadulmane had been serving with the company since 1998. At the age of 22, Praveen connected himself to a Swedish Joint Venture of the company as Production
Engineer for 11 years in a choice of well-designed areas including manufacturing, lean management, customer care, business development and supply chain management.

Owing to his first-rate performance throughout the term, he was assigned with a responsibility to lead a standing apart business unit of the group, Shein Shu India Ltd. Over period of five years of his debut, Shein Shu was positioned with a set of new-fangled accomplishments on financial gain and was constantly rated as The favourite company by its prevalent consumers. The year 2011-12 was exceptional for Shein Shu in terms of pecuniary performance and Praveen was unreservedly all set for his yearly performance review with the Group CEO.

Raghu Banakar was an admirable raconteur and had a bolt from the blue for Praveen during his rating. He speedily ended the review of Key Result Areas (KRAs) and started confab about another group company, ABL India Ltd.

ABL India. has been the flagship company of ABC Viscose Fibres Ltd., which had recently celebrated 60 years of its survival. ABL India Ltd. is the manufacturer of viscose staple fibres and Sodium Sulphate in India. It has four plants in India, with one of its plants located in Kottayam (Kerala).

Raghu Banakar momentarily informed about this plant, and hastily recommended Praveen to bond as the chief of ABL India Limited. But there were an Assortment of confrontations that the new engagement of Mr. Praveen would press-stud viz., challenge of welcoming Praveen as new unit head, as he was not part of organization structure of the Kottayam stand; the prime challenge was to synchronize with dissimilar functional department's viz., Maintenance, Safety, Production, Material Quality,. HR, Finance, etc. to attain organizational efficacy and efficiency and to already overwrought liaison of new plant head with one of their most promising customers NHN India Ltd.

The ABL plant was set up in 2008 with a goal of manufacturing and supplying pulp and fibres and sodium sulphate to many spinning and apparel industries. The plant had a total sale of around Rs.1100mn, employing almost 600 people. The unit began manufacturing of pulp and artificial cotton which was very akin to natural cotton in 2007 and recorded high-quality growth within a very short period of time. But after some time, the assessors or auditors found some serious tumbles in the statutory compliances viz., Organization failed in
depositing of provident fund to EPFO led to weighty penalties; They also botched to deposit TDS of employees within the specific time with Income Tax department; utter noncompliance of labor welfare schemes under Workmen Compensation Act, 1923; blame worthy billing paved the way for sales tax penalties, etc. which unfavourably affected the profitability of the Unit.

ABL India, was a listed organization and the management team was considered very acutely above and beyond obligatory corrections in systems and compliances, most of the senior management was changed within a very short period of time. The Management was aspiring for a competent individual to lead this unit and re-establish the systems and secretarial solidity.

Praveen was Business Director in Shein Shu, with all the administrative authority, as it was a separate company, with just one Unit. Here, in ABL Kottayam plant, he was assigned with a greater face up to lead unit which was evidently full of confrontations and he had not much of know-how of handling with such concerns. He was instructed to report to the Managing Director of the organization, based in Mumbai, Maharashtra (India). The organization maintained matrix reporting structure, with almost every Head of Department (HOD) having a functional reporting to the fundamental Teams, stationed at Mumbai.

Raghu Banakar empathized the catch-22 Praveen had and guaranteed him prop up during this shift. Praveen was completely perplexed and after a stretched break, Praveen consented to take the task, but he was also surprised to take notice of that the change was expected from May 1, 2012, which was just a week away.

**Joining of Praveen as New Unit Head on May 1, 2012**

As Praveen made an entry into the plant on the very first day of his joining, he had to tolerate some surprises. First he was stopped at the security gate. The security guard asked him to sign on the visitor’s register. Praveen tried to converse with him, but agreed to sign as the guard had no official information about his joining as unit Head. He courteously entered the premises and accustomed himself on the couch in the reception area. Being a part of the same ABC Group, he had already known some people in the plant, who acknowledged him as they saw him at the reception and then marched towards their work station.
Praveen had to wait for him in reception for three hours and then he was accompanied by one of his colleagues, Gangadhar Gowda, from the ABC Group's corporate team, who was for the time being deputed at Kottayam to troubleshoot wobbly trimmings in operations, post-organizational change in leadership.

Afterwards, Praveen met Managing Director (MD) of ABL group and met some people who were in c-suite designations Kottayam Plant, as they had congregated for a monthly operations' review for the company. Nimit went through the entire two days' Monthly Review to have a feel of the company's way of working.

He was provided with a laptop, which was earlier used by the previous Plant Head. Nimit did a bit of scan to look for relevant data, but could not figure out much about the plant performance. He wanted to introduce himself to the team and also wanted to understand them. The team at the plant had a mixed bag of people, the ones who had joined recently and the others who had been there since its inception (Refer Exhibits 1 and 2).

Raghu Banakar briefly talked about this plant, and quickly recommended Nimit to join Ace India Ltd., as the head of Ace's Chennai plant. But there were various challenges that the new appointment would involve viz., challenge of accepting Nimit Gupta as new plant head, as he was not part of organization structure of the Chennai plant; the biggest challenge was to coordinate with different functional department's viz., Maintenance, QC, HR, Finance, etc. to achieve organizational effectiveness and efficiency and to confront already strained relationship of new plant head with their only biggest customer MGM India Ltd.

The Ace-Chennai plant was set up in 2008 with an objective of manufacturing and supplying shock absorbers and struts to one of the biggest car manufacturers in India. The plant had a total sale of around Rs.1,000mn, employing almost 450 people. The plant started manufacturing of struts and shock absorbers in 2008 and registered good progress within the next couple of years. Very soon, the auditors observed some lapses in the statutory compliances viz., non-deposit of provident fund to EPFO leading to heavy penalties; TDS of employees not deposited within stipulated time with Income Tax department; noncompliance of labor welfare schemes under Workmen Compensation Act, 1923; improper billing leading to sales tax penalties, etc. which adversely affected the profitability of the plant.
Ace India Ltd. was a listed company and the group viewed it very seriously. Besides necessary corrections in systems and compliances, most of the senior management was replaced within no time the group was looking for a capable person to head this plant and restore the systems and organizational stability.

Praveen was Business Head in Shein Shu, with all the decision-making authority, as it was a stand-alone company, with just one plant. Here, in Ace-Chennai plant, he was given a challenge to head a plant which was clearly full of challenges and he had not much of experience of dealing with such issues. He was expected to report to the Managing Director of the company, stationed in Pune, Maharashtra (India). The organization had a matrix reporting structure, with almost every Head of Department (HOD) having a functional reporting to the Central Teams, based at Pune.

Mahajan understood the dilemma Nimit had and assured him support during this transition. After a long pause, Nimit agreed to take the assignment, but he was a bit surprised to hear that the change was expected from June 1, 2011, which was just a week away.

**Joining of Praveen as New Unit Head on May 1, 2012**

As Praveen entered the plant on the very first day of his joining, he was stopped at the security gate. The security guard asked him to sign on the visitor's register. Nimit had a small debate, but agreed to sign as the guard had no information about his joining as Plant Head. He politely entered the factory premises and adjusted himself on the sofa in the reception area. Being a part of the same ABC Group, he already knew a few people in the plant, who greeted him as they saw him at the reception and then proceeded towards their work station.

Praveen hanged around in the reception hall for more than three hours prior to he was accompanied by one of his employees, Sanjay Haveri, from the group’s corporate team, who was in for the time being posted at to trouble shoot the loose ends in operations, to manage the issues of post organizational change in leadership.

Subsequently, on the very first day of his fusion unit, Praveen had to meet Managing Director (MD) of ABL GROUP and other few Managers in a -suite positions in Mumbai
Unit, as they had congregated for MPR (Monthly Progressive Review) of the company. Praveen had gone through the complete two days’ Monthly Review to realize the organization’s way of working.

He was endowed with a personal computer, which was previously used by the preceding unit Head. Praveen did both skimming and scanning while looking for more germane data, but was not able to make out much about the unit performance. He came forward and introduced himself to the squad and also wanted to understand tried to understand each and everyone. The entire team at the unit had a diverse pack of people, the ones who had joined in recent times and the others who had been there since its origin (Refer Exhibits 1 and 2).

Amongst the senior members in the team was Chetan G.K, Deputy General Manager (DGM) – Quality Assurance. He had been with ABL for eight years and was unmistakably considered as the most well-informed individual in the plant; to a certain extent, a successor to the Unit Head. Prashanth had been with the organization for more than a decade and was hopeful for the Manufacturing Head position, which had been vacated recently. Suresh Bhardwaj (Vijay Hiriyur), Maintenance Head, began his career with ABL Group India India Ltd., and had detail information about all the machines in the Unit. Aman Rajput (Sridhar), Head of tooling division had a good

<table>
<thead>
<tr>
<th>HOD Position</th>
<th>Name</th>
<th>Tenure with ABL Plant Mumbai Unit.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant-Head</td>
<td>Praveen Nadulmane</td>
<td>Odays</td>
</tr>
<tr>
<td>Finance-Head</td>
<td>Srinath</td>
<td>5 months</td>
</tr>
<tr>
<td>HR-Head</td>
<td>Komala Srikantaiah</td>
<td>8 months</td>
</tr>
<tr>
<td>SCM - Head</td>
<td>Paneer selvam</td>
<td>4 months</td>
</tr>
<tr>
<td>QA-Head</td>
<td>Chetak Gk</td>
<td>5 years</td>
</tr>
<tr>
<td>Manufacturing Head</td>
<td>Satheesh Hanugodimath</td>
<td>O days</td>
</tr>
<tr>
<td>Production Manager</td>
<td>Gangadhar Gowda</td>
<td>15 years</td>
</tr>
<tr>
<td>Maintenance Manager</td>
<td>Vijay</td>
<td>16 years</td>
</tr>
<tr>
<td>Process Engineering Head</td>
<td>Naveen</td>
<td>3 years</td>
</tr>
</tbody>
</table>
experience of over a decade and was observed as very well-organized and honest employee. Komala Srikantaiah, Head of HR Department in the plant, who had joined just Eight months back, was tiring in stodgy up the vacancies. Srinath, a youthful, 29 years old Chartered Accountant was deputed as Finance Head to bridge the financial gaps. Panneer Selvam, Head of Supply Chain Management and a weird temperament with an enormous sense of hilarity had joined four months back from a parallel industry.

Praveen introduced himself to the team and also clued-up about his approach of functioning. He informed it very clear that deceitful people with unconstructive attitude and lassitude cannot dwell on his boat for more time and may be asked to de-boarded. The communication was well-mannered, but obvious and left people presuming about his thoughts and ideas.

After a week, he determined to have a look the cock-crow meeting conducted Chetan G K for all HODs. Chetan was very antagonistic and most of the staff were steering clear of eye contact with him. He was re-examining each individual's day performance and stipulated justification from each Manager. Praveen observed that Raghavan missed the meeting, giving customer visit as the grounds. gradually, Gangadhar Gowda, also gave it a skip, referring some shipment urgencies. In a little while, only few managers were present in the meeting, who seemed to be dreadfully frightened throughout the meeting Chetan G K was very serious man on a particular assignment and wanted to say good bye to the whole disarray. All most all each and every employee in the unit would shun appearing in front of him.
Exhibit 2a: Mumbai Plant (till May 2011)

Praveen Nadulmane
Unit Head

Chetan G K
QA

Satheesh
Hanugodimath
Manufacturing

Manu UT
Process

Komala
Srikantalah

Panneer Selvam
Supply Chain

Srinath
Finance

Vivek
Ajay Burman
Maintenance

Vijay Hiriyur
Production

Raghavan

Mahesh.
Ravindra

Preeti Desai

Vijayalakshmi
Ramanan

Sri Ramu
Badiger

Team Members
Exhibit 2a: Mumbai Unit Organization Structure (till May 2011)

Praveen Nadulmane
Unit Head

Vivek QA
Satheesh Hanugodimath Manufacturing
Manu UT Process
Komala Srikantalah
Paneer Selvam Supply Chain
Srinath Finance

Chetan GK
Vijay Hiriyr Maintenance
Raghavan Production
Mahesh. Ravindra
Preeti Deasi
Vijayalakshmi Ramanan
Sri Ramu Badiger

Team Members
Praveen kept on watching the same for a few days and then politely requested Raghu Banakar to relieve Chetan from this unit and bring to an end to his out of the ordinary obligation with instantaneous effect. Raghu Banakar called Mr. Chetan from the unit without much discussion.

**Discussion with the most promising customer with TNM India Ltd.**

In the following month, Praveen got appointment with one of the customers of his, TNM India Limited, the biggest Cotton Manufacturers in India. As he had met the customer for the first time, they unwrapped to him a Mandora’s box pertaining to register of complaints related to delivery stoppages and exceedingly poor rejoinder from the plant (Refer Figures 1 and 2). ABL India Ltd compulsorily took away close to Rs.20 mn from the customer on account of price increase. The customers were feeling very infuriated with ABL pernickety approach towards the customers.

As Praveen stepped out of the Purchase Department and moved on foot towards Quality Department of TNM India Ltd, his mind was filled with fretfulness and catch-22. He introduced himself to the Quality Assurance (QA) Manager, Nagabhushan. Unexpectedly, the QA Manager turned belligerent and enlisted hefty number of objections pertaining to line...
imperfections, field faults, and inability of ABL team to analyze core basis for flaws, careless mind-set and numerous problems. Praveen never had experience of such an obnoxious greeting in last 14 years of his career.

Praveen felt that it was very unpleasant job in hand as zilch appeared to be spot on and in proper in the Company. Above all the Group CEO had lots of hopes from him.

Within three months of joining the plant, ABL Ltd. came up with another organizational change. ABL MD resigned the job, paving way to his young Joint-Sameera, of 41 years of age to obtain his position. As the new-fangled MD was also very fresh in the system, Praveen had still additional accountability to speedily take charge and to stamp out the mess. He was strong willed enough to scan the organization exhaustively before concluding any judgements.

Among all his customers The only promised customer, TNM, India Limited had exceptionally pessimistic outlooks towards ABL Ltd. Praveen was very keen that and decided to resolve the confront at customer-end. He began conducting face to face meeting the customers very regularly. He would come back from the very productive meetings and caused the basics of the problem. It was very obvious to him that came out with a conclusion that most of the customer frustration was due to the attitude of customer representatives of ABL limited. They were totally at fault in meeting the expectations of the customers. Reaching customer satisfaction and the superiority of work finalized by the representative of the team was not so encouraging.

Changes brought and Managed Carried in Different Functional Areas

Praveen considered it very seriously and spent time with his Quality Head of Quality Assurance (QA), Mr. Vivek Sate. He had undergone a certified Six Sigma-Black Belt Training and a well informed person about the QA. He was not ready to agree to any of the claims of TNM India. Rakesh became very hard-nosed in defending himself while responding to definite allegations from customers. Praveen started working very much with his team to have firsthand information the morale and challenges. He didn’t take much time to find out the truth that that Vivek was adamant, Headstrong and rude with his team and he used to involve his staff in his personal work.
Praveen clearly tried to convince Vivek that he must listen to customers since customers could decide company’s destiny. But Vivek customer started to mobilize his colleagues to take a stand against the new Unit Head, he also received Anonymous calls phone calls to treat Rakesh with more admiration.

One morning Praveen invited Rakesh to his office and asked him to take totally a new responsibility and he was asked to focus on New Product Development. In a major decision change he handed over the Quality Assurance responsibilities to a dynamic, young dynamic QA Manager, Basavalingaiah Hiremath. Vivek became intimidating and struggled very hard to use all his contacts to quash the choice but what all he did was a futile attempt. He appealed for a transfer to Pune plant where he could fire up his new tactics. This also did not become visible and he at last determined to quit.

Praveen had a greater interest in grooming Basavalingaiah Hiremath and provided him the objective to totally make over the customer’s perception. Basavalingaiah Hiremath was a young blood and had been gifted with dynamism and within a very short period of time, he was successful in changing the customers’ perception towards the product and service of the company.

Further, the one more challenge with the company was its lackluster culture. Employees were still not aware of the leadership/management style of Praveen. Most of them perceived him as an extremely sturdy character to deal with. Praveen began taking stock of the current state of the unit. He took intense efforts towards a daily re-examine of customer delivery, line rejection, plant uptime and breakdowns (Refer Exhibit 3). All operational pointers were extremely stumpy and customer deliveries were pitiable. The unit operators had to work extra overtime on Sundays to meet the customer demands.

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
<th>2013-14</th>
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<tr>
<td>Productivity (units/man day)</td>
<td>48</td>
<td>55</td>
<td>73</td>
<td>83</td>
</tr>
<tr>
<td>Line Efficiency (%)</td>
<td>55</td>
<td>58</td>
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<td>74.9</td>
</tr>
<tr>
<td>Internal Rejections (%)</td>
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<td>0.85</td>
<td>0.69</td>
</tr>
<tr>
<td>Accidents</td>
<td>24</td>
<td>21</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Cost of Poor Quality (%)</td>
<td>1.5</td>
<td>1.41</td>
<td>1.78</td>
<td>0.99</td>
</tr>
<tr>
<td>Plant Uptime (%)</td>
<td>80</td>
<td>88</td>
<td>96</td>
<td>97.3</td>
</tr>
</tbody>
</table>
The Production Manager Raghavan was assumed as an awfully insensitive and hard-line manager. He was barely well-mannered with any of his team members. He was labelled as an unfair and prejudiced manager, who had never provided equal opportunity to all. Raghavan was already approaching the age of 50 years and was evidently wannabe to become a Manufacturing Head.

Raghavan had begun his career as a Union Leader and had grown up to become a Production Manager owing to his utter assiduousness. However, he had stopped learning more skills many years back and was mainly using his experience and power to run the manufacturing Unit.

Praveen appointed a new Manufacturing Head, Sudesh, with over 20 years of experience in manufacturing. Raghavan was informed to report to Sudesh, which was manifestly not tolerable to him. Praveen tried to bring into line Raghavan with Sudesh, but all in vain. There were many examples of law-breaking by Ragavan, where his inattention had even caused an inconsequential accident. Praveen issued him a show-cause letter, demanding him to explicate the grounds for conduct. Raghavan was upset and stunned and he without more ado offered to resign.

Raghavan used to come to office from a distance of 50 km and was always the first employee to reach the office. He was very hard working, but his self-importance, stringency and being inactive to expose himself to learn something new. This inertia had more or less bunged up his career growth. Praveen repudiate to accept his resignation and invited him for a personal discussion. He offered him an innovative small profile of implementing lean activities in a small area in the factory. This challenge demanded rigorous training for Raghavan and enormous hard-work and plan. Praveen also offered to take out the show-cause notice from his service register, if he could effectively drive this proposal.

Raghavan acknowledged the new responsibility and decided to attain the goals provided. He began to study the manufacturing principles through well thought-out programs and began to gradually put into practice them on shop floor. Because of his fascinating persona, within a very short period of time he was able to take everyone into this initiative and began a cooperative drive. The innovative direction of carrying out manufacturing was so hopeful that he implemented the same in the rest of the plant.
He was no longer more a Production Manager, but he had become more admired name than before, for all good quality reasons. The Mumbai plant had become extremely productive which was evident. As promised, Praveen personally invited Raghavan, took out his show-cause notice, and tore up from in his presence. Raghavan had found a novel direction in his career path.

Vijay Hiriyur, an internally groomed Maintenance Head of ABL-Mumbai plant was still struggling with machines. The uptime was less than 80%. Praveen had spent a noteworthy time with maintenance team to comprehend the base. It was dearth of ability to understand breakdowns. Most of the gear sticks were evaded to run the machines quickly and meeting customer demands.

A methodical modification was implemented throughout the unit to fetch the basics to place. special task forces were hired from outside to identify and put the systems back on the track. Machine bypass system was barred and any such activity required permission from Unit Head. Vijay was not able to understand the complicated machine controls and decided to move out of the company. The new motivated maintenance team quickly learnt from the earlier slip-ups and began working on new different ways to get better machines uptime.

Further, the specific performance improvements were achieved by taking following measures:

- Successfully modifying the design of Jigs and fixtures used for guiding and holding the tool and work piece in a machining operation.
- Replacing conventional material handling systems with more advanced automated material handling devices viz., replacing fork lift trucks with roller conveyer.
- With the reduction in scrap, the obstacles on the shop floor was decreased which subsequently helped in reducing the accident rate (Refer Exhibit 3) and increasing the cleanliness of the plant.
- By implementing basic QC principles, the efficiency and effectiveness of the employees were enhanced to a great extent. (Kindly use your Duggatti Factory Knowledge)

Manu T U was a senior employee, leading the process engineering function. He had a rich experience in tooling department with no exceptional capabilities in process technology.
He would usually be the last in his team to leave the office. One day, while Praveen stayed elongated in the office, he noticed Manu doing some work on his Laptop. Praveen was naturally surprised as his entire group had left for the day and Manu was all alone working in his office. He was busy making some drawings in his computer. When enquired, Manu told that making drawings was his major strength and he would not wish to delegate it. Praveen left for home with a lot of thoughts in his mind.

After a week, he called Manu for a cup of tea in his chamber and tried to convince the fact that the need to entrust and form a brawny bond with the team member. He also urged Mr. Manu to learn new skill sets and spotlight on the manufacturing processes which had become quintessential.

Manu listened to Praveen vigilantly but decided not make the first move towards any activity in line with the discussions. One day, he entered into Praveen’s office with resignation in his hand as he had some excellent opening elsewhere. Without any hesitation, Praveen accepted his resignation and consented to relieve him as per the organization norms. Manu’s choice to egress brought a lot of unfair criticism and many workers suggested Praveen to retain him but Praveen was influenced by his own whims and fancies.

Mumbai unit had been mainly dependent upon the ABL Head Office to make conveniences for the process, equipments and technology. There was a need for the development of in-house potential to comprehend and perk up the process. Also, after the exit of Manu, Praveen without much delay bridge the gap by building a new and self-motivated team under the leadership of Venkatesh, who was exceedingly erudite on machines and technology. The team speedily started to work on each and every process and started convalescing them steadily (Refer Tables 3 and 4).

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Poka-Yoke Implemented on Machines</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-2011</td>
<td>20</td>
</tr>
<tr>
<td>2011-2012</td>
<td>85</td>
</tr>
<tr>
<td>2012-2013</td>
<td>99</td>
</tr>
<tr>
<td>Line</td>
<td>No. of Major Process Improvements Identified</td>
</tr>
<tr>
<td>-----------------</td>
<td>--------------------------------------------</td>
</tr>
<tr>
<td>Rod Line</td>
<td>30</td>
</tr>
<tr>
<td>Strut Body Line</td>
<td>64</td>
</tr>
<tr>
<td>Strut Assembly</td>
<td>76</td>
</tr>
<tr>
<td>Rear Assembly</td>
<td>55</td>
</tr>
</tbody>
</table>

Panner Selvam was heading the of supply chain department and was a *bindaas* (happy go lucky) personality. Panner had joined only a few years back from a similar industry. He was quite gifted and clever in his job was, however, informal in his approach and would neither believe in stern systems and procedures, nor would he knob them well on computer.

Praveen knew this extremely well and gave Panneer some resources with a great analytical ability and system knowledge. The Mumbai team could effectively execute SAP-R1 in December 2012 where Panneer’s team did a marvellous job. Panneer influenced his team well and as per the overall direction of ABL’S MD and guidance of Srinath and Praveen, delivered amazing results. The internal auditors appreciated Mumbai plant for having achieved progress in Systems and Compliances.

**Human Resources Initiatives**

Komala Srikantaiah was heading the Human Resource Management. She had joined the unit just eight months back and was having some difficulties with the unenthusiastic working environment within the Unit. Praveen had indubitably witnessed a lack of a sense of belongingness among the workforce. He began ‘Couple Evenings’ every month. All General Managers with families could congregate once in a 2 months and they could have amusements and a sumptuous feast together. To manage work place stress he encouraged Komala Srikantaiah to conduct, aerobic classes, Yoga Programmes and regular health camps to manage both physical and mental health of the employees. The fear factor started diminishing. ABL-Mumbai was recognized as Top Place to Work (TPTW) rating in 2012.
The unit was considered better than all ABL UNITS and also improved than the best in the industry.

To achieve solidarity among the employees, Praveen came up with an inimitable Programme named as "WRYT (We Recognize Your Talent "). Under this programme, all the employees were asked to come to a big auditorium of the staff colony. They were asked to make a collage wherein they got the opportunity to describe any conduct of another employee which touched their fortitude. Employees were clearly asked to not to focus only on their immediate bosses. Employees were a bit hesitant in the beginning, but soon, they were observed managing so many later. This event had become a bi annual. All collage makings were unruffled, segregated and each employee was felicitated with a collage of accolades from different employees.

**Succession Planning**

Srinath, a talented Chartered Accountant (CA) was deputed to Mumbai to situate the financial records in proper position and implement policies and procedures for the successful governance. Srinath was very fervent and pro-active. He used to keep himself busy always in identifying the deviations from the records and troubleshooting. Praveen and Srinath worked together to put the previous issues on the right track. They also team up together to work on innovative policies and authority matrix to ensure no legal and statutory compliances could be compromised with. Srinath also contributed and took a lead in implementing the ERP systems and in record six months of hard work and dedication. ABL-MUMBAI had become absolutely ERP compliant. The special squad ever since is putting relentless efforts to incessantly advance the systems and procedures. In April 2015, ABL -Mumbai Unit . plant won the award of "Best Process Controls Plant" from world class Manufacturing department.

Praveen could identify Srinath an impending successor to him. He was only 30 years old, whereas any Unit Head in other group companies would be at least of 40 years and above. All the colleagues were elder to him and his acceptance as unit head among the peer group was not so easy due to his antagonistic approach. Praveen understood the fact that Srinath may fail as a Unit head if his colleagues do not prop up him well. He began spending extra time to Srinath.He started mentor, counsel Praveen on ways to overcome his cantankerous approach. Most of the times, Praveen and Srinath would discuss and converse positive issues and prevalence for hours together. Praveen found that Srinath was sharp and
nippy learner. All the efforts made by Praveen started yielding results. Srinath proved incredible perfection in his approach and managed to build a first-rate rapport with the whole team. In 2014, whenever, Praveen would set out different places on official duty, he would recommend Srinath to perform official duties in his absence. The communication was obvious to the Unit, but considering Srinath’s’ fine-tuned approach it was well accepted.

The Mumbai team, which was once downgraded as the most cynical and underperforming team, was now accepted as the most grandiose team, hence, altered the customer perception too.

Recently in 2017, Praveen got promoted to the position of Chief Executive Officer (of ABL, becoming responsible for ABL India Ltd Units in Pune (Maharashtra), Chennai (Tamil Nadu) in India. Thus, in the secretarial ladder, Srinath took charge as Unit Head for ABL-Group Unit, becoming a proficient in manufacturing and finance. Further, Raghavan's fantasy got realized and he had become the Manufacturing Head in the Mumbai plant. He became devoted learner, had a great desire to make the unit as excellent center in the country. Basavalingaiah Hiremath had made a revolutionary change in quality culture of the unit and initiated the Quality Circles.
This is a complete turnaround story of the unit and the organization is still awarded with many prominent accolades for the unit for successive four years.
Preparation Questions

1. List out the key challenges/issues for ABL -MUMBAI. Identify the organizational factors responsible for the challenges Praveen Nadulmane faced from the first day of his joining the Unit?

2. Are you under the impression that organizational structure change be a solution to the challenges at ABL India Ltd. - Mumbai Unit? If so, what parameters define the framework for transformation? If you were Praveen, how would you solve the problems faced by the Unit?

3. Critically evaluate the leadership style of Praveen, the new Unit Head.

4. Discuss the different ways of improving employee attitude, morale and motivation. Examine the role of authority, power and politics in conflict resolution.

5. Analyze the team building stages and elements of team dynamics in the context of the case.

References:


*Please note that the case is fictitious and we have referred the books mentioned above only for the conceptual clarity.*
CERTIFICATE OF PARTICIPATION

Dr. Gireesh.Y.M.

This is to certify that ..............................................................attended & presented the paper titled

Learning Cues To The Retailers From Modern Formats Of Retailing –
A Study In District Headquarters Of Karnataka, India


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Program Director
IBA, Bangalore

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Track: Learning queues to traditional retailers, Shift of consumers from traditional to modern retail and vice-versa
Abstract

According to IBEF 2017 report, retail industry in India is one of the most dynamic and fast paced industries which account for over 10% of GDP and around 8% of the employment and India is the fastest growing retail and world’s fifth-largest global destination in the retail space. Despite of the accolades, retailers in developing markets like India are vexing to address the shifting preferences of customers through the design of modern retail formats. Though many traditional retailers are disinclined to acclimatize to newer formats, there are evidences of constant learning and transformed visibility in the market place. The concern involves a bottomless thought of the factors prompting consumer behavior in the retail sector. The study has been carried out to cognize the store features that impact the preference and change of retail store by the consumer as per his/her choice. The study brings out the factors that influence the consumer to move towards / away from expecting shoppers (retailers) who may be organized, traditional or mix of both.

300 responses were collected from varied set of customers visiting organized and traditional and/or retail outlets (for food, grocery and cosmetics) in six district headquarters of Karnataka through a structured questionnaire. Data subjected to factor analysis using principal components revealed 73.5% customers and four factors (product range, discounts, variety, ambience and ease to select product) in traditional retail stores that make the customer to look for modern outlets; and 48% customers and three factors (emotional trapping, reach at convenience, time spent in shopping) modern retail malls that influence customer to resort to the traditional kirana shops. 100 responses collected from traditional retail owners to assess key learnings and changes that they have made in their after the entry of corporate retail chains since 15 years revealed that 68% of them have made their stores lean and product specific in line with the demand of next door customer.

Collectively the investigation results in a conclusion that retail industry in India is growing with highly innovative approaches initiated by modern retail formats that are providing huge opportunity to learn for traditional retailers in terms of knowing their customer preferences from time to time and change accordingly, which in turn make all retailers alert of changing times so that demand for their shops remain ever alive.
Introduction

As per the sources from India Brand Equity Foundation (IBEF), the Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. Total consumption expenditure is expected to reach nearly US$ 3,600 billion by 2020 from US$ 1,824 billion in 2017. Retail market in India is projected to grow from an estimated US$ 672 billion in 2017 to US$ 1,200 billion in 2021. Online retail sales are forecasted to grow at the rate of 31 per cent year-on-year to reach US$ 32.70 billion in 2018.

With Government’s decision to permit 100% FDI in retail sector, rating agency Crisil expects share of organized retail to grow from 7% in 2018 to 10% by 2020.

Euromonitor International’s report for the year 2019 remarks on traditional grocery retailers in India that, the consumer base for kirana stores is expected to remain stable; traditional grocery retailers remains highly fragmented; Kirana stores face challenges from modern grocery retailers in first-tier cities. This is the base to investigate in near to tier-2 cities in Karnataka (district head quarters), where the organized retail shopping is not appreciated much as in metropolitans.

Literature Review

Piyush Kumar Sinha and Sanjay Kumar Kar (2007) in their working paper discuss various challenges and opportunities for retailers of the country and go on about the governments initiative and the different scenarios and technological innovations adopted by corporate retail players that can make changes in the mindset of retailers in terms of quality of service, creation of conducive ambience etc.,
Euromonitor reports of 2019 tell about more challenges for traditional retailers in tier-1 cities. However the effect is not much in other cities, which are under learning and change process with very few organized stores operating in these cities.

OBJECTIVES OF THE STUDY

• To identify the factors that influence customers to shift from organized retail stores (Malls/Hypermarkets) to traditional retail stores (Kirana Shops)
• To identify the factors that influence customers to shift from traditional retail stores (Kirana Shops) to organized retail stores (Malls/Hypermarkets)
• To understand the learning / strategy adopted by traditional retailers in competing organized retail stores

METHODOLOGY

Data Collection: The study was descriptive in nature and data was collected through a structured questionnaire from consumers residing in 6 district headquarters of Karnataka.

Sample Size: 300 consumers and 100 traditional retailers

Sampling procedure: The data was collected using stratified random sampling method, where the strata was identified as the customers coming from mix of near, medium and far-off places (distant corners) of the city under study

Data Analysis: Factor and frequency analyses of collected data using SPSS 21.0.

FINDINGS & INTERPRETATIONS

Customers response on why they feel shifting from traditional to organized retail for certain reasons were identified as influencing factors as in table-1

Table-1: Factors influencing customer shift from traditional to organized retail shop

<table>
<thead>
<tr>
<th>Factors</th>
<th>Eigen</th>
</tr>
</thead>
</table>

...
<table>
<thead>
<tr>
<th>Factors</th>
<th>Eigen values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional Trapping</td>
<td>0.988</td>
</tr>
<tr>
<td>Reach at convenience</td>
<td>0.812</td>
</tr>
<tr>
<td>Time spent in shopping</td>
<td>0.886</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis with Varimix rotation.

Source: Primary data

Customers response on why they feel shifting from organized retail to traditional retail stores for certain reasons were identified as influencing factors as in table-2

**Table-2: Factors influencing customer shift from traditional to organized retail shop**

Customers response on why they feel shifting from organized retail to traditional retail stores for certain reasons were identified as influencing factors as in table-2

**Table-2: Factors influencing customer shift from traditional to organized retail shop**

<table>
<thead>
<tr>
<th>Factors</th>
<th>Eigen values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited product range</td>
<td>0.812</td>
</tr>
<tr>
<td>Absence of discounts</td>
<td>0.788</td>
</tr>
<tr>
<td>Limited variety (availability)</td>
<td>0.748</td>
</tr>
<tr>
<td>Ease to select product</td>
<td>0.668</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis with Varimix rotation.

Source: Primary data

**Recommendations**

- There are ample opportunities to learn for traditional retail players to learn from organized retailers.
- There is a huge scope for both organized and unorganized retail markets in India if the constantly go on learning and adopting to the changing scenario.

**Conclusion**

Infinite growth opportunities are present in Indian Retail industry, where organized retail apply innovation and technology to reach the customers and provide scope for traditional retailers to make gradual changes. Though the growth rate is surging for organized retail in tier-1 cities of the country, there is 90% of retail market experiment and do positive changes for traditional players, which can make a sea change in the attitudes of both retailers and consumers at large.
Reference


https://www.ibef.org/

file:///G:/SSRN-id1380428.pdf
Certificate of Presentation

Awarded to

DR. Gireesh Y. M

For the presentation of paper titled

A Study On Skilling And Reskillings Trends in the Era of HR 4.0

at the 8th International Conference on Contemporary Issues in Management
held on 27th & 28th February, 2020

Dr. Rony G Kurien
Dean

Dr. Shampa Nandi
HOD

Dr. Swarnalakshmi U
Conference Coordinator
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Abstract:

A STUDY ON SKILLING AND NEOSKILLING TRENDS IN THE ERA OF HR 4.0

The world of work faces an epochal transition. By 2030, according to a recent McKinsey Global Institute report, Jobs lost, jobs gained: Workforce transitions in a time of automation, as many as 375 million workers—or roughly 14 percent of the global workforce—may need to switch occupational categories as digitization, automation, and advances in artificial intelligence (AI) disrupt the world of work. The kinds of skills companies require will shift, with profound implications for the career paths individuals will need to pursue.

The Indian start-ups space is developing more rapidly and rapidly. The growth has been mostly contributed by recently invented technology sequence which has brought new necessities and henceforth swiftly changes the existing and current skills in the labor market. A specific or diverse skill set is quintessential among the new generation of employees to be apt in this quickly changing digital environment. The technological advancement and automation has brought us to the edge of a surprising upheaval when it comes to manpower employability. The fast-paced technological progress is giving way to new developments; however, re-skilling has become the need of the hour.

Re-skilling, by definition, means "teach" (a person, especially an unemployed person) new skills. In the current scenario, there is a strange skepticism on the ability to cater to the change in technology by the present skill sets of employees. It arises from the fact that the workforce is not equipped enough to adapt to the rapidly changing technological advances. The world has moved almost overnight to new forms of technologies involving blockchain, AI, Machine learning technology which is forecasted to make lot of workforce redundant. Banking has seen a dash of technological change through use of blockchain and automation of analytics by AI and Machine learning augmentation. Industrial automation has seen a surge on manufacturing sector organizations moving to low human resource intensive processes. Automobile companies save almost 90% cost of manual testing efforts by implementing industrial design, robust governance, and strong process flow through automation of processes.

In the light of almost a renaissance happening in the technology world, it has become vital to "re-skill" to stay on pace with the automation of processes. In the ever-changing landscape currently, by the time companies manage to set up a full-fledged team, the technology becomes obsolete. Therefore, it is very important to equip the native employees with resources and provide a congenial agile work framework for quick adoption.

The onus on individuals to keep themselves employable throughout their careers is paramount in the coming era of Digital Transformation and accompanying Artificial Intelligence (AI) commonly referred to as Industry 4.0.
Unless one is capable of being creative/ innovative, exercising judgment/ improvising while thinking on one’s feet and showing compassion/empathy, the individual could be replaced by bots or deep learning AI systems.

**Literature Review:** 1. Latest Nascom report, LinkedIn L& D Report, E&Y Education Trends, FICCI Reports, Recent Conference Papers of Indian Institute of Management, Bangalore

**Research Methodology:** 1. Using both Primary and Secondary data. 2. Exploratory research. 3. Respondents: 30 HR Managers through NHRD network, 4. Tier 2 school Professors, students. Through structured questionnaire and personal Interview.