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Sl.No	Contents	Page No

INFLUENCE OF INVESTORS PERSONALITY ON RISK TOLERANCE

Dr CHITRA SIVA SUBRAMANIAN* & A.PANKAJAM**

Introduction

The science of funds management is said to be Finance. Normally, the term finance is used for both saving money and lending money among the individuals and corporates. The general area of finance is normally classified as business finance, personal finance and corporate finance. But in today's economic situation, the researchers have started to use other discipline such as mathematics, statistics, etc for taking optimal financial decision. The study of how psychology affects financial decision making and financial markets is defined as behavioral finance.

Behavioral finance is the sub discipline of behavioral economics which incorporates the findings from psychology and sociology into its theories. Behavioral finance models are usually developed to explain investor behavior or market anomalies when rational models do not provide sufficient explanation. Within behavioral finance, it is assumed that the information structure and the characteristics of market participants systematically influence individual's investment decisions as well as market outcomes. Behavioral finance was promoted by 2002 Nobel Prize winning psychologist Daniel Kahneman, according to him it focus on non-rational investment behavior and how this affects investment decisions as well as appetite for risk. Behavioral analyses are mostly concerned with the effects of market decisions, but also those of public choice another source of economic decisions with some similar biases. Most of the financial institutions esp. banks which deals with wealth management services and brokerage firms started to use behavioral finance models to understand the client's needs and render proper services as required by them.

Personality

In the field of behavioral finance most of the study related to personality have considered 'Big five' model of personality trait developed by Costa and McCrea.

Extraversion: It captures one's comport level with relationship. The person is gregarious, assertive & sociable (as opposed to reserved, timid & quiet)

Agreeableness: It refers to an individual's propensity to defer to others. The person is cooperative, warm & agreeable (rather than cold, disagreeable & antagonistic)

Conscientiousness: It is a measure of reliability. The person is hardworking, organized & dependable(as opposed to lazy, disorganized & unreliable)

Emotional Stability: It taps a person's ability to withstand stress. The person is calm, self-confident & cool(as opposed to insecure, anxious & depressed)

Openness to experience: It addresses an individual's range of interests and fascination with novelty. The person is creative, curious & cultured (rather than practical with narrow interests)

Personality is defined as independent variables as it is a known or unknown behavior, expressed by the individual and risk tolerance is termed as dependent variable as one's capacity of risk and bearing risk tolerance is influenced by personal character like personality and attitude. In order to test the specific contribution personality variables in relation to antecedents and consequences of financial risk tolerance, Multiple Regression analysis is performed. The following table comprehends the results of regression analysis to identify how personality has influenced financial risk tolerance:

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	Risk comfort & experience		Speculative Risk		Investment Risk		Overall Risk Tolerance	
	β	Sig	β	Sig	B	Sig	β	Sig
Constant	0.126		5.264		1.809		7.199	
Neuroticism	-.0.465	0.059	-0.919*	0.000	-0.824*	0.000	-.2.204*	0.000
Extraversion	-0.022	0.905	-0.169	0.229	-0.437**	0.013	-0.628	0.083
Openness to Experience	2.937*	0.000	-0.032	0.905	0.716**	0.026	3.622*	0.000
Agreeable-ness	0.082	0.754	0.029	0.892	0.987*	0.000	1.096**	0.033
Conscien-tiousness	0.582	0.054	1.164*	0.000	2.340*	0.000	4.086*	0.000
R^2	0.445		0.254		0.418		0.509	
Adj R^2	0.435		0.240		0.407		0.501	
F value	44.524		18.917		39.868		57.752	
Significance	0.000		0.000		0.000		0.000	

R squared is the proportion of variation in the dependent variable explained by the regression model. The values of R squared range from 0 to 1. Adjusted R squared attempts to correct R squared to more closely reflect the goodness of fit of the model in the population. The F statistic is the regression mean square (MSR) divided by the residual mean square (MSE). If the significance value of the F statistic is small (smaller than say 0.05) then the independent variables do a good job explaining the variation in the dependent variable. If the significance value of F is larger than say 0.05 then the independent variables do not explain the variation in the dependent variable. In the current study, all the values of adjusted r2 are significant as indicated by the F- values

All the five dimensions of personality have an effect on risk comfort and experience as it has an effect on overall risk tolerance. The results revealed that personality account for nearly 44.5% of the total variance in risk tolerance as far as risk comfort & experience are concerned($R2 = 0.445, p<0.000$).Openness to experience seems to influence risk comfort and experience more. Risk knowledge & comfort is a complex combination of meaning being given to a fact or experience a set of structured element that is information and it is action oriented. The regression equation of the risk comfort & experience dimension is presented as follows- Risk Comfort & Experience = 0.126 -0.461(Neuroticism) -0.022(Extraversion) +2.937(Openness to Experience) +0.083(Agreeableness) +0.582(Conscientiousness)

Openness to experience performs a most influencing role in risk comfort & experience as its significant level is p=0.000. Whereas other variables such as conscientiousness, neuroticism, extraversion and agreeableness do not influence this dimension which is evident from the greater significant coefficient scores.

Speculative risk

Every person reacts differently in different situation. Speculative risk is the examination of individuals risk tolerance level at imaginary situation. It is marked by questioning curiosity of individual. investors. Unlike risk comfort & experience, personality dimensions also have influenced the speculative risk by 25.4%. Conscientiousness seems to have highest influence in speculative risk followed by neuroticism which has the negative influence in speculative risk. Neuroticism is tendency to experience negative emotions, such as anger, anxiety, or depression, so the person even in speculative risk doesn't need it to be positively impacted. The regression equation of the speculative risk dimension is presented as follows-

Speculative risk = 5.264 -0.919(Neuroticism) -0.169(Extraversion) -0.031(Openness to Experience) +0.027(Agreeableness) +1.164(Conscientiousness)

Only two personality variables have significant effects on speculative risk: neuroticism (□=-0.919, p=0.000) and conscientiousness (□=1.164, p=0.000) and other three variables extraversion, openness to experience and agreeableness found to be not significant.

Investment risk

The main motto of everyone to run behind money is to enjoy the life now and in future. To let a happy life in future it comes necessary for everyone to invest their money in any of the investment avenues. In simple, investment means current outlay of money for future income. Investment risk deals with the risk taken by investors in investing in different investment avenues such as shares, bonds, mutual funds and other form of asset class. An individual's personality plays a vital role in investment risk than other factor of risk because the influence of personality factors in financial decision is high than in other decision making process (Wong & Carducci (1991) Pompian & Longo (2004), Grable, Joo and Adityavarman (2003) Filbeck, Hatfield, and Horvath (2005), Lo et al (2005)). The regression equation of the investment risk dimension is presented as follows-

Investment risk = 1.809 - 0.824(Neuroticism) -0.437(Extraversion) +0.716(Openness to Experience) +0.987(Agreeableness) +2.340(Conscientiousness)

It is observed that the personality variables account for about 41.8% of the total variance in investment risk (r2 =0.418, p=0.000). All the five personality factors are significant: Neuroticism (□=-0.0824, p=0.000) and extraversion (□=-0.437, p=0.013) have negative influential coefficient whereas Openness to experience (□=0.716, p<0.026), Agreeableness ((□=0.987, p=0.000) and conscientiousness (□= 2.340, p=0.000). It is clearly depicted that conscientiousness impact most high in investment risk.

Overall Financial Risk Tolerance

For every individual given financial loss has a greater impact than the corresponding amount of gain (Kahneman & Tversky, 1979). It has also been proposed that the trait of risk seeking in the investment domain may be related to a general personality trait, specifically a generalized disposition to tolerate anxiety or seek excitement (Zuckerman, 1994). Alternatively, people may vary in their tendency to focus on potential losses rather than gains, a tendency that Higgins (1997; 2002) has labeled a "prevention focus" as opposed to a "promotion focus". This focus may vary across individuals (i.e., be a trait), but may also vary for an individual across time or situations (i.e., be a dispositional state). So it is clear that personality is the influential factor of risk tolerance level of every individual. The regression equation also accepts the above said assumptions that there is a 50.9% influence of personality factor on risk tolerance level of individual investors. The regression equation of overall financial risk tolerance is presented below:

Overall financial risk tolerance = 7.299 - 2.204(Neuroticism) -0.638(Extraversion) +3.622(Openness to Experience) +1.096(Agreeableness) +4.086(Conscientiousness)

The results indicate that conscientiousness (□=4.086, p<0.000) is the most influential factor of personality in overall risk tolerance of individuals. As conscientiousness deals with the self-discipline, act dutifully, and aim for achievement, it has the highest influence in determining one's financial risk tolerance level. Openness to experience (□=3.622, p<0.000) follows the conscientiousness where the individuals are ready to experience financial risk in order to get high return and agreeableness (□=1.096, p<0.000) also has a positive influence in financial risk tolerance as it portraits the optimistic view of human nature. Both the neuroticism (□=-2.204, $p<0.000$) and extraversion (□=-0.628, $p<0.000$) has shown a negative coefficient which means both the personality traits has the negative influence on overall financial risk tolerance. It is also seems that all the personality traits are significant to the overall financial risk tolerance.

The current study endure with Zuckerman (1994), who proposed that the trait of risk seeking in the investment domain may be related to a general personality trait, specifically a generalized disposition to tolerate anxiety or seek excitement. Most of the researchers found that personality plays a vital role in influencing the individual's risk tolerance irrespective of the capacity of bearing risk and risk experience and knowledge.

To conclude overall influential factor of personality on risk tolerance it is found that neuroticism which deals with the tenseness, moodiness, anxiety and insecurity is negatively related to risk tolerance. Whereas in case of extraversion most of the p-value is higher than significant value 0.05 which means independent variable (extraversion) is not a significant predictor of the dependent variable (risk tolerance) except in investment risk where it has a negative relationship. All the other three personality factors have the positive relationship with risk tolerance factors.

Conclusion

An investor's personality type and willingness to take risk can be used in conjunction with information regarding their ability to take risk to better judge their total risk tolerance. Occasionally, an investor's willingness will vary greatly from their ability to take risk. When this occurs, further education about capital markets and investment risk may be required to resolve the issue. The major outcome is the ability to provide better advice to clients by knowing more about the psychology of each individual investor, and the risks that they are willing to take. For advisers, the use of a well-developed risk tolerance test enables them to better target the most appropriate financial investment services for their clients, and to provide clients with the highest levels of financial advice, planning and education.

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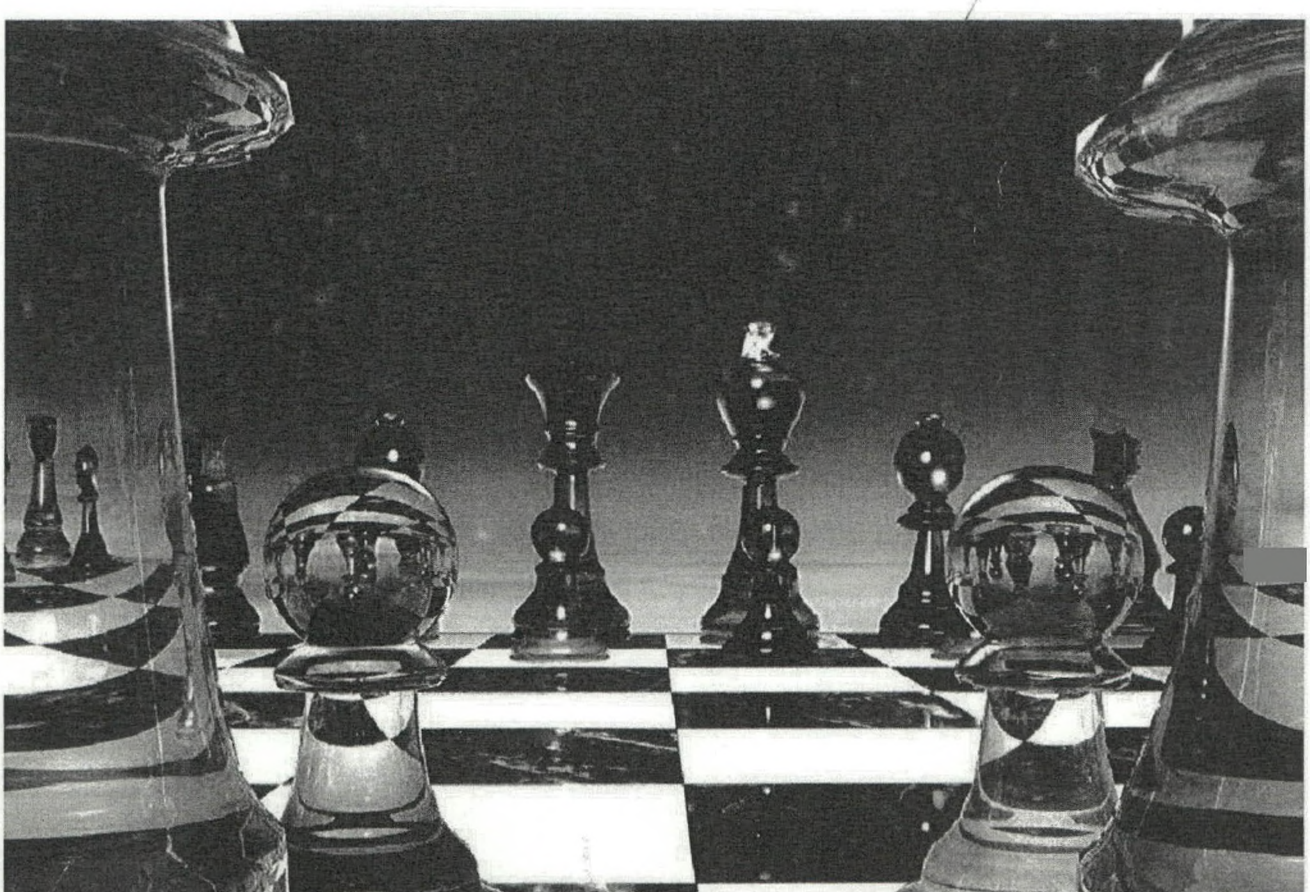

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NEHRU JOURNAL OF MANAGEMENT AND RESEARCH

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RISK MANAGEMENT IN GARMENT EXPORT

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ABSTRACT:
The term risk management is applied in a number of diverse disciplines people in the field of statistics, economics, psychology, social, sciences, biology, engineering, toxicology, system analysis, operational research, decision theory to name few have been addressing the field of risk management. The Indian textile sector has its roots going back several thousand years. After the industrial revolution in Europe, this sector in India also saw growth of an industrial complex. However, over the last 50 years the textile industry in India has shown a chequered performance. The global clothing scenario, where the textile market stands today is worth more than $400 billion and it is still growing every year. As a result, the recent globalization of the textile trade has opened up highly demanding and evolving requirements for outsourcing in textiles. In this context this paper attempts to identify the risk involved in garments export and suggest measures to overcome the risks

Key Words: Risk, Risk management, Globalization, Mitigation, Tolerance,

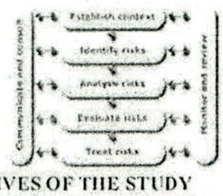
Introduction
The Indian textile sector has its roots going back several thousand years. After the industrial revolution in Europe, this sector in India also saw growth of an industrial complex. However, over the last 50 years the textile industry in India has shown a chequered performance. The global clothing scenario, where the textile market stands today is worth more than $400 billion and it is still growing every year. As a result, the recent globalization of the textile trade has opened up highly demanding and evolving requirements for outsourcing in textiles.
The term risk management is applied in a number of diverse disciplines people in the field of statistics, economics, psychology, social, sciences, biology, engineering, toxicology, system analysis, operational research, decision theory to name few have been addressing the field of risk management
"Risk has been defined as the combination of likelihood of a failure & consequences of the failure". "Risk is nothing more than the possibility of something unexpected happening". Risk = the possibility of something unexpected happening.

Reason for managing risks
Ignoring the risks which apply to business activities or the events planned could impact on the following:

- the health and safety of employees, customers, volunteers and participants
- your reputation, credibility and status
- public and customer confidence in your organisation
- your financial position
- plant, equipment and the environment

Risk management
"Risk management is the decision making process involving considerations of political, social, economics & engineering factors with relevant risk assessment relating to a potential hazard so as to develop analyze & compare regulatory options & to select the optimal regulatory response for safety from that hazard. Essentially risk management is the combination of 3 steps: risk evaluation, emission &exposure control; risk control".
"Risk management is the process of measuring or assessing risk & developing strategies to manage it. Strategies include transferring the risk to another party, avoiding risk, reducing the negative effect of the risk & accepting some or all the consequences of a particular risk"."Risk management is the total process of identifying, measuring & minimizing events affecting resources".

STEPS IN THE RISK MANAGEMENT PROCESS



OBJECTIVES OF THE STUDY

- To identify areas in which the risk are involved
- To analyze the impact of risk on the exporters.
- To analyze the basic drawbacks & constraints faced by the industry in exports.
- To give suggestions for avoiding risk.

LITERATURE REVIEW
A literature review is defined as the **"critical analysis of a segment of a published body of knowledge through summary, classification, and comparison of prior research studies, reviews of literature, and theoretical articles."**
Douglas C. Singer said, **"**Risk management is one of the specialties within the general field of management. It is the process of making and carrying out decisions that will minimize the adverse effects of accidental losses upon an organization. An organization has one or more of a variety of objectives: profit, growth, stable earnings, public service, or the performance of a governmental function, to name a few. To achieve these objectives, an organization must first reach a more fundamental goal: survival in the face of potentially crippling accidental losses. Beyond survival, the top management of an organization also may wish to prevent any accidental losses from interrupting the organization's operations, slowing its growth, or reducing its profits or cash flows by more than a specified amount".
As per **Dorfman 1997,** once risks have been identified and assessed, all techniques to manage the risk fall into one or more of these four major categories (remember as 4 T's)

- Tolerate (aka Retention)'
- Treat (aka Mitigation)
- Terminate (aka Elimination)
- Transfer (aka Buying Insurance)

According to Freeman Wood, Ford's Chief Risk Officer,'My long-term vision involves a continual progression for the risk management function, starting with key financial and hazard risks and broadening it out to encompass operational and business risks - from business interruption and supply interruption, to competitive risk, brand risk, and execution risk".
Adrian D'Silva of the Federal Reserve Bank of Chicago made a presentation on managing risk in the capital markets. He says that the need to understand the makeup or framework of a comprehensive risk management and measurement process. The risk management process should be built into financial reporting, operations and compliances and should cover the activities of the board of directors and senior management.

Results and Discussion
India has a complete supply chain from fibers to finished products. At the start of the supply chain, India is one of the world's biggest suppliers of raw cotton. At the end of the chain, India is capable of supplying large volumes of apparel and home textiles and the quality of its product is improving all the time. The industry in India is vertically integrated and new technology is being installed at an ever expanding rate. Added to that are India's low labour costs, its experience, entrepreneurship and strong design skills and its large domestic market which cushions export risks. A government has helped exports, which is highly supportive of

Indian exporters. The industry in India is also highly flexible large firms are able to export basic products which require large-scale production, while small and medium size firms can offer high fashion garments which need too be manufactured in small quantities and delivered quickly.

Risks prevailing in garment industry

Global risk, Political risk, operational risk, Employee risk, purchasing power risk, Technology risk, counter party risk, company risk, hazard risk, currency risk, price risk and financial risk.

The Indian textile industry through the Porter's five-factor model

Findings

- The people who are working in garment exports are not permanent workers. They work under contract basis so they are switching from one company to another. At time of peek period (December-march) the companies found it difficult to find out labors for their work.
- Road transport is not proper to reach various parts & because of that most of the buyers are not coming there to place the order in various firms.
- Due to the poor infrastructure facilities, production & transactions costs remain high in India which will decline the export of garment from India.
- The cash transactions are directly feed in the system in the company so there may be chance of third party theft of cash dealings.
- The social welfare of the workers is being looked after by the companies if there is any default during the audit by the buyer company, they cancel their order.
- Now the labor problems have increased, due to the scarcity of the labor. And because of this the delivery time of goods gets delayed and the company is in a position to bear an extra freight expenses.
- Any buyer's government action may block or delay the payment of money to the exporters.
- The government support for the exporters in India is very less.
- Both the land & port infrastructure are not yet developed to cater huge export.
- India is totally inadequate in infrastructure for textiles.
- Small players who cannot venture into the global markets are flooding the domestic market with excess supply, thus it weakening the price scenario
- The labor laws are need not strict and no worker is abided in one company, due to which management and co-workers do not work closely and there is a communication gap between all people in a company.
- Technology up gradation is high in all factories in terms of infrastructure and machines. The exporters are getting ready for the global competition.
- The credit limit for the buyer company is 100 days so the payment get delayed and because of that the Indian companies are suffering a lot in settlement of payment with the workers and with the dyeing unit and other unit which help then in making the designing the garment.

Suggestion

- The supply chain in Indian textile industry is highly fragmented due to government policies so the government should make alteration in their policy to improve the country's export.
- The companies should expand the industrial infrastructure so that the workers can work comfortably.
- In order to avoid in shipment delay of exports the companies should plan correctly from starting of getting the order till the shipment .they should fix milestones for each work so that they can avoid the extra freight charges
- The insurance policy does not cover the war risk so the government should take necessary steps to introduce the new insurance policy which will cover the war risk.
- The apparel shipments should be considered as the status of perishable items so that it can be custom cleared on top priority.
- Government should still come forward more to help garment while people in India are grand up for upcoming global competitions with china, Bangladesh.
- Even though exporters do their best for expanding export but government of India should take care of improving infrastructure facilities like big roads, industrial estates, clean infrastructure and pollution free environment.
- The exporters are insisting for production based labor rates. They want labour rates should be related with production so the government should take necessary steps to make that into use.
- The Indian garment exporters have to improve their technologies which help to finish their work soon.

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ROLE OF WOMEN IN HUMAN RESOURCE MANAGEMENT

............FROM HOMES TO CORPORATE OFFICES............

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Sri Sarada College for Women,

My employees are my most important assets. When they go home in the evening, my net worth drops to zero.

INTRODUCTION

Before independence, women were satisfied just with three K's--- Kitchen, Kids and Knitting. Apart from the household activities, they were engaged mostly in agriculture or at most in the family trade activities. Women constitute half the human resource potential available in India for economic activities in all the sectors of economy. Women have taken prestigious places in agriculture, industry, and trade, etc. They have created positions in the sectors of self-employment, entrepreneurship, small and large business groups as a means of employment, economic independence, and social status and make their standard of living better off.

Women now make almost half of the Indian workforce. In India by 2010 women accounted for 52 percent of all employed people. Despite the expansion in women's labour force participation, however, horizontal and vertical segregation of the labour market on a gender basis remains a fact of economic life. Women continue to be under represented in some sectors of the economy and over represented in others and women are consistently under represented at senior levels, even in those occupational groupings where they are in the majority. Figures of Indian managerial industry shows that women form around 70 percent or more of administrative and secretarial, personal service, sales and customer service occupations while men make up 70 percent or or more of managers and senior officials, skilled trades and plant and machine operatives.

The study also suggest that women managers continue to be more likely to be found in traditionally "female" service sectors of the economy such as education, health, retailing, hotels and catering, and in selected managerial functions such as office management, personnel and training. The number of women studying for postgraduate level and professional qualifications in HRM also provides evidence of aspirations by women for a career in that management specialism. Of those classed as "Studying Affiliates" on the CIPD Professional Qualification scheme, 80 percent are female.

DEVELOPMENT OF HRM IN INDIA:

Development of HRM in INDIA, both at practice and academic levels, has followed the international pattern though with a time lag. At the practice level, over the period of time, HRM functions have developed from pure legal and mandatory requirements to meeting the requirements of facing competition successfully. During this period, nomenclatures of HR heads and their organizational status have also changed. The following table summarizes development of HRM in India.

Period	Development Stage	Outlook	Focus	Status
1920-40	Beginning	Legalistic	Statutory welfare	Clerical
1940-70	Struggling for recognition	Legalistic and technical	Paternalism	Administrative
1970-90	Introduction of sophisticated techniques	Professionalism	Regulatory conformation	Management
1990-2000	Promising	Philosophical	Human values, productivity through people	Executive
2000 onwards	Bright	Psychological	Development of potential	Top level

CAREER PROGRESSION OF THE HRM GRADUATES:

While the location of respondents, in terms of management function, had not changes substantially, with generalist Hr management being the most often cited, the numbers involved in the low paid area of administration declined dramatically and those in organization development /strategy had gone from nothing to over 13 percent of the sample. A small number of men and women had been employed outside the HR functions before their studies and all had now moved in to the management positions within Hr. There were some differences between the male and female graduates in terms of the aspect of the Hr function in which they were employed after their studies. For example, more men (19 percent) than women (9 percent) now worked in organization development and strategy. On the other hand women were more likely to be employed in the training function than were men, at 16 percent compared to 10 percent. The disparity is perhaps not quite so striking, when it is borne in mind that these were Human Resource directorship. Human Resource Management is traditionally regarded as a female profession and a significant proportion of women in management who do succeed in obtaining top management posts do tend to be in aspects of management such as HRM or training and development.

CHALLENGES FACED BY WOMEN HR MANAGERS:-

- Despite the modernization, increase in educational level, enhancement in work participation rate, women have to play dual role as a housewife and also as income earner. They have to discharge responsibilities to their children as mother. On account of this women get less time as compared to male HRs which prevents them from taking bold decisions related to establishment/running a big unit.

- A psychological problem is associated with women HRs is just that of her being a woman. She is considered subordinate in all walks of life. This feeling is also prevalent in the family. The gender syndrome has acted as a strong impediment to women's development. It has inhibited their participation in many important activities. It also restricts their capacities in controlling resources and preventing them from makers.

- It is also noticed, that, women tend to underestimate the importance of networking and do not receive the social acceptance or recognition they deserve. Female HRs still do not consider networking activities as an essential part of their tasks as HRs mainly due to certain social stigmas or social norms against them.

- In many parts of India, women belonging to certain communities are found to be very conservative due to their upbringing in orthodox families. It is harder for women to take "calculated risks" that are essential to Human Resource Management as they are the custodians of the society in the maintenance of cherished values, habits, and accepted norms of conduct.

- Besides insecurity for women is a common phenomenon in many areas of the country and there is a requirement to educate the community about the need for transformation and to increase women's mobility beyond the home through long-term strategies.

- As women are accepting a subordinate status, as a result they lack confidence of their own capabilities. Even at home, family members do not have much faith in women possessing the abilities of decision-making.

- Innovations play an important role in modern business. Women managers may take the form of the introduction of new methods in the process of everything in the concern.

CONCLUSION:

Today there is a greater awakening among women. Given an opportunity, whey will deliver the results. In education they have not only excelled but also become top makers. Likewise, in office and industry, many have shown brilliant results. Even in rural India with education, women have shown better performance. Educating women is absolutely essential in straightening her responsibility. The need of the hour is to provide an opportunity in conducive atmosphere free from gender differences. The needs for awareness motivation to be an active member of the society and courage to correct the fault of male counterparts are great challenges today. It is therefore, encouragement of the growing intensity of motivation amongst educated young women for coming in the Human Resource Process and extends support with scientifically designed package of the technical and financial assistance. Women have achieved recognition and are making valuable contribution to the national economy. The trend is now set and thus the need of the hour is to set roll this trend through concrete and programmatic plans, policies and schemes for women Human resource managers development in all spheres of industrial units.

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INNOVATIONS IN BANK MARKETING – AN OVER VIEW

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The Indian banking scenario has undergone a sea change in the last few decades. The banks have designed several new strategies and programmes to help the hitherto neglected sectors of the society. In the present paper it is proposed to examine the extent of application of marketing concept in banking industry. Competition became fierce day by day. As a result, the banks' approach towards customers and market underwent a change and focus started shifting to marketing their products. The banks were product-oriented organization, placing before the prospective customer, their range of services, expecting him to choose, presuming that the customer had the knowledge, time, interest and skills to pick up the service that would suit him.

The first major step in the direction of marketing was initiated by State Bank of India when in 1972 it reorganized itself on the basis of major market segments. Around 1973, banks picked up the world marketing using it as synonyms with selling. The new organizational frame work embodied the principle that the existence of an organization is primarily dependent upon the satisfaction of customer needs. It aimed at

- Having a total view of customer's needs,
- Meeting the identified needs in the best possible manner by developing appropriate and suitable services,
- Identifying potential customers and
- Conducting the activities at the branches on the basis of carved out market segments instead of job-wise activities.

INNOVATIONS --- SOME EVIDENCES ABROAD:-

The financial markets of developed countries have witnessed far reaching changes during the 1980's characterized by deregulation, inter-nationalisation and innovations in instruments. Rapid development in communications, informatic and computation technology has greatly helped to accelerate these changes. Electronic banking is fast replacing the traditional paper based banking.

- National Bank of Detroit offers **Guaranteed Performance Checking,** which pays $10 for mistakes made on account statements. With accuracy exceeding 99 percent, the bank has made few awards – but it has attracted over 15,000 new checking accounts. Maryland National Bank, Baltimore initiated its **Absolute Accuracy – All the Time** programme. In addition to crediting customer accounts $10 for bank errors, the bank refunds service fees and sends written apologies to any one inconvenienced by the mistake.
- The National Westminster Bank, New York, USA wanted to demonstrate that services performed and delivered by human beings can be predictable and reliable. They launched a series of innovative T.V. Commercials called **Raising the Standard of Living.** One promised that if a customer was not pleased by the way he or she was greeted; the bank would pay the former US $5 on the spot. The Lloyds Bank in U.K. sends questionnaires every month to about 550 customers, at each of the 60 branches. This enables the bank to measure the quantum of customer satifaction
- A manager must use the cash that will increase its value to the firm. An added means of increasing cash flow efficiency is electronic funds transfer (Automated Clearing House) transactions.
- Electronic Data Interchange (EDI) services are the newest expression of the efficiencies that can be realized through electronics. EDI, the electronic delivery of invoice and payment billing information between trading partners, enables participants to automatically integrate accounting and payments. It may be pointed out here that electronic transmission of data and payment information greatly enhances efficiency by eliminating repetitive hand keying of billing and payment information, issuance and review of multiply paper documents and issuance of cheque and subsequent reconciliations.

INNOVATIONS --- INDIAN EVIDENCES:-

The post nationalization period witnessed a rapid development in the operations of commercial banks particularly those of public sector banks. As a first step, it was thought necessary to take banking facilities to the door steps of the rural folk. Consequently, large-scale branch expansion was resorted to in the rural areas. Commercial banks have not only been playing an increasing role in meeting the diverse credit needs, but they have also been innovative in evolving organizational framework and techniques of lending such as credit planning techniques to tailor credit schemes to the all-round development needs of rural areas, area-specific projects, and suitable organizational structures to meet the credit needs in the most effective manner.

- **Lead Bank Scheme**: The launching of lead bank scheme in 1970 is an innovative measure introduced by the Indian banking system. Under the scheme major commercial banks designated as lead banks, have been allotted specific districts where they are expected to act as pacesetters for providing integrated banking facilities. By formulating credit plans and allocating them among the participating banks, the lead bank scheme has build pressures on the bank branches and activated them to participate in credit extension.

- **Regional Rural Banks:** The establishment of regional rural banks (RRB) in 1975 was yet another innovative measure taken to have specialized agencies focusing its attention exclusively towards the weaker sections of the community. There are at present 196 such banks established all over the country having a network of about 14,000 branches. In order to support the massive role played by these institutional agencies in rural lending, the Agricultural Refinance Corporation was set up which was later converted as the National Bank for Agriculture and Rural Development (NABARD) in July 1982.

- **Specialized Branches:** Commercial banks have been devising various organizational innovations to discharge their responsibilities in marketing rural credit. Creation of specialized agricultural branches is one such major innovation. The State Bank of India came out with two innovations: Agricultural Development Branches (ADB) and branches with Agricultural Banking Divisions. Other banks such as Bank of Baroda and Dena Bank have also evolved suitable organizational innovations. Gram Vikas Kendra's (GVK) of Bank of Baroda re on par with ADB of SBI in their activities. **Village Adoption Scheme** is also and innovation under which a group of contiguous villages was adopted by the bank branches for intensive marketing of credit in compact areas.

- **Service Area Approach :** The Service Area Approach (SAA) scheme is based on the OJHA Committee Report during 1988. It was aimed at providing all villages in the country with required dose of bank credit. Under this scheme, a cluster of 20-25 villages is allocated one rural and semi-urban branch of a commercial bank including RRBs. The principal object was to avoid multiple financing and scattered lending and at the same time to infuse an element of greater credit discipline.

The service area approach is aimed at bringing about an improvement in the quality of rural lending, optimizing the use of credit and establishing better linkages of credit with production and productivity. This is a highly innovative approach. The Governor of Reserve Bank of India, in his inaugural address at the Bank Economists' Conference,1990 held at Calcutta, pointed out that a total of about 6,18,000 villages have been allocated amongst 42,100 branches under this approach.

Mutual Funds :- Another noteworthy innovation in bank marketing which has come into existence in the recent years is the floating of mutual funds by the commercial banks. Mutual funds of UTI and commercial banks have an important role to play in canalizing savings in the capital market. The State Bank of India and a few other banks have been allowed to set up mutual funds. In a capital-starved country like India there is considerable wisdom in encouraging the banks to float mutual funds. These funds are a real innovative tool to attract depositors who seek either high yield or capital gains but at the same time, want to play safe because of the low margin of their savings.

Offshore Country Funds: Offshore funds are mutual funds with investments sources abroad. These are cross-border investments facilitating capital movement of investible surpluses from cash-rich growth economies of the world (Goyal,1990) The major Indian Offshore funds existing during the last four years are the Indian Growth Fund including Magnum Fund NV.

Factoring: It is the latest innovation in the field of bank marketing in India. Factoring is a collection and credit service designed to improve the clients' cash flow by the timely realization of book-debts and receivables. Factoring is expected to help in systematizing trade credit in India. Systematic development of Bill Market will be facilitated and the reluctance of the trade and industry to accept the rigorous discipline of the bill culture will be overcome.

- **Merchant Banking:** A beginning has been made in providing merchant banking facilities. All Bank Finance Ltd., --For undertaking equipment leasing, merchant banking and incidental activities as part of its corporate goal to scaling new heights in productivity and profitability in the year 1991-1992.

- **Commercial Paper:** This new instrument is expected to provide investors with a wider choice for the investment of their short-term surplus funds. Individuals, banks and corporate bodies can invest in Commercial papers(CP).The existing cash credit system make an exit for the customers of commercial banks and CPs and factoring will take its place, for meeting the working capital needs of the corporate clients of banks.

- **City Bank – The Leading Innovator:** City bank is the leading innovator in Indian banking. And as happens with all innovators, its ideas are being followed by others – like the State Bank of India's **BIG BUY** scheme. City bank is the world's largest bank company with over 30 million card holders. It is logical for any customer to deal with a bank near his residence or place of work. City bank faces difficult to increase clients beyond a point because of the fewer number of branches. The answer lies in **telebanking** which is another City bank brainwave to goad depositors situated far away from the bank's branches.

CONCLUSION:-

The survey of innovations outlined here presents only a broad spectrum of growth and diversification of commercial banking in India. To cope with the new situation they require a new orientation in their thinking and new skills, new methods and attitude, and above all, new strategies. All these call for innovative marketing, aggressive promotion and effective communication programmes. The emergence of non-banking institutions and growth of competitive financial instruments, we have to go miles ahead in innovative banking to cope with the new world banking. However, it should not be forgotten, "The customer is the most important person in the business." And without customers, the marketing efforts don't count for much. A firm conviction of this will lead out banks towards more effective banking based on newer and newer innovations.

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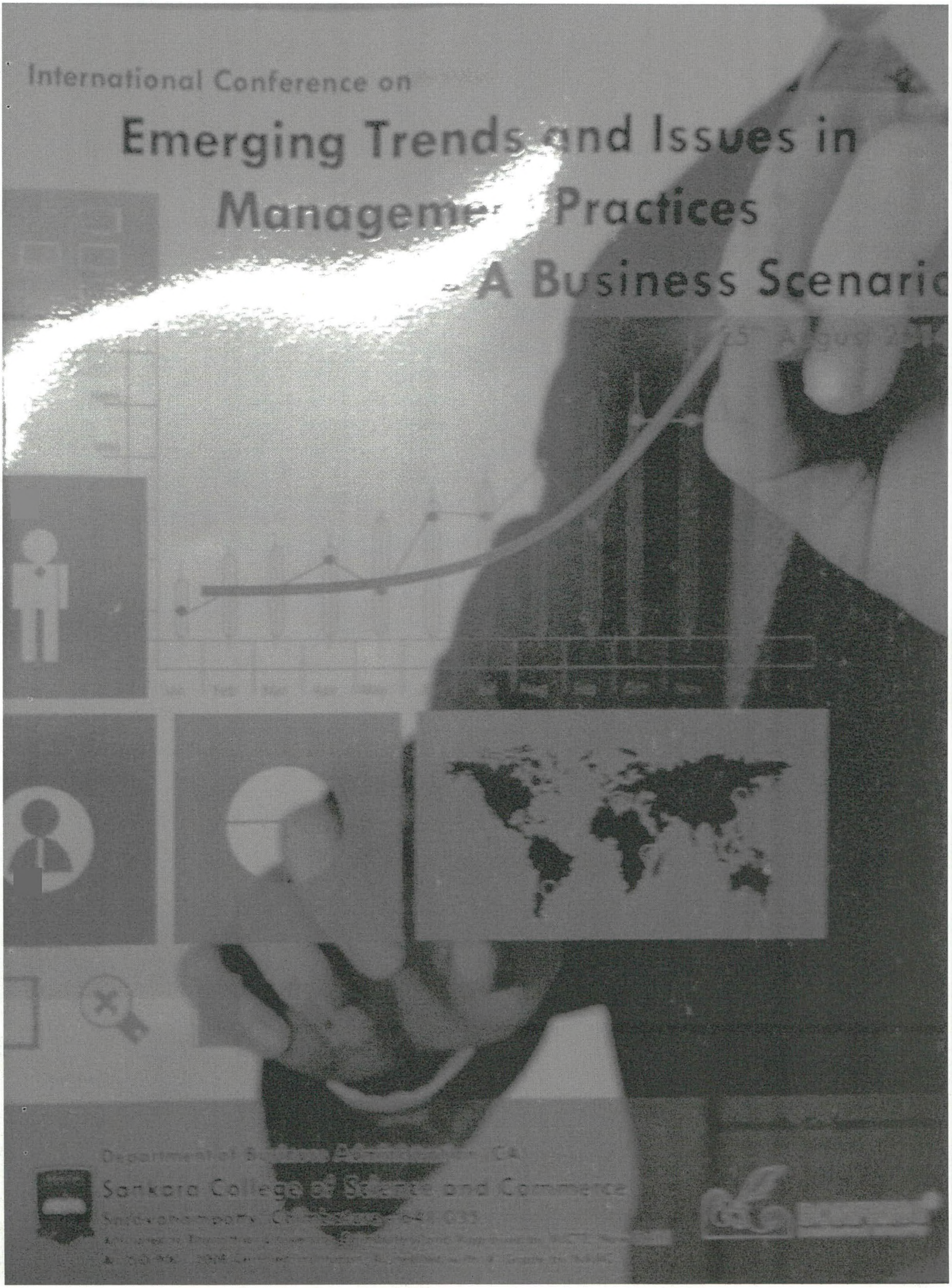
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Innovations and Challenges in Financial Services Industry

Dr.(Mrs) Chitra Siva Subramanian and A.Pankajam

Abstract— Innovation derives organization to grow, prosper & transform in sync with the changes in the environment, both internal & external. Financial services are no exception to this. In fact, financial services sector has witnessed radical transformation of late, based on many innovations in products, processes, services, systems, business models, technology, governance & regulation. A liberalized & globalized financial infrastructure had provided an additional impetus to this massive effort. Financial services are the economic services provided by the finance industry, which encompasses a broad range of organizations that manage money, including credit unions, banks, credit card companies, insurance companies, accountancy companies, consumer finance companies, stock brokerages, investment funds and some government sponsored enterprises. Innovation is about doing something different, but is also about the process by which you get that different result. Financial innovation is both complex in character and inherently relevant to economic growth, and full understanding of it requires the collaboration of experts and scholars in many fields of research, including economics, finance, marketing, law and technology. Nevertheless, innovation in financial services remains under investigated and it deserves careful attention, especially since the world is currently going through a period of economic slowdown. Innovation in financial services is very different from innovation in the physical product environment. Some of the challenges faced by the financial industry are higher regulatory and oversight standards, changes in customer and relationship patterns, understanding customers, technology and innovation, process adoption etc.

Keywords— *Financial Innovation, IT savvy, Process Innovation, Process Visibility*

I. Introduction

INNOVATION derives organization to grow, prosper & transform in sync with the changes in the environment, both internal & external. Banking is no exception to this. In fact, financial services sector has witnessed radical transformation of late, based on many innovations in products, processes, services, systems, business models, technology, governance & regulation. A liberalized & globalized financial infrastructure has provided an additional impetus to this massive effort.

Today the contribution of services to the economy is ever increasing. Services are characterized by their intangible nature as well as the joint involvement of the producer and the consumer for the service to be enacted. This further stresses the need for an in-depth understanding of the customer's preferences. These elements can clearly be illustrated by the various financial services that can be offered to consumers and professional investors. There are various ways to foster innovation in a company, it all requires the allocation of people and funds to collect or create new ideas for the company's service provision. This service provision is not limited to the external environment but also involves the company's internal environment.

Financial services are the economic services provided by the finance industry, which encompasses a broad range of organizations that manage money, including credit unions, banks, credit card companies, insurance companies, accountancy companies, consumer finance companies, stock brokerages, investment funds and some government sponsored enterprises. Innovation is about doing something different, but is also about the process by which you get that different result. Sometimes innovation happens even when experts do not expect it. Innovation and experimentation is constantly being pooh-poohed and one of the joys of humanity is we constantly prove this wrong. Innovation seems better in smaller organisations probably because people working at smaller companies don't follow the rules like those in big companies.

Financial innovation is both complex in character and inherently relevant to economic growth, and full understanding of it requires the collaboration of experts and scholars in many fields of research, including economics, finance, marketing, law and technology. Nevertheless, innovation in financial services remains under investigated and it deserves careful attention, especially since the world is currently going through a period of economic slowdown.

Interdisciplinary Approach: Innovation in financial services requires an interdisciplinary approach. Experts in innovation, management, marketing, economics, business, finance, technology and law need to share their insights to fully foster an open innovation approach in financial services. Bringing together external and internal actors is a key element in fostering an open innovation approach. This can also be applied in financial services innovation.

Social networks in innovation for financial services: The role of social networks in innovation for financial services is a particularly interesting evolution. Twitter, Myspace, Facebook and You Tube are all being used to offer new financial services, increase the interaction with the customer and collect new ideas from outside the financial institution. These media allow collecting, in real time, feedback and ideas that can be

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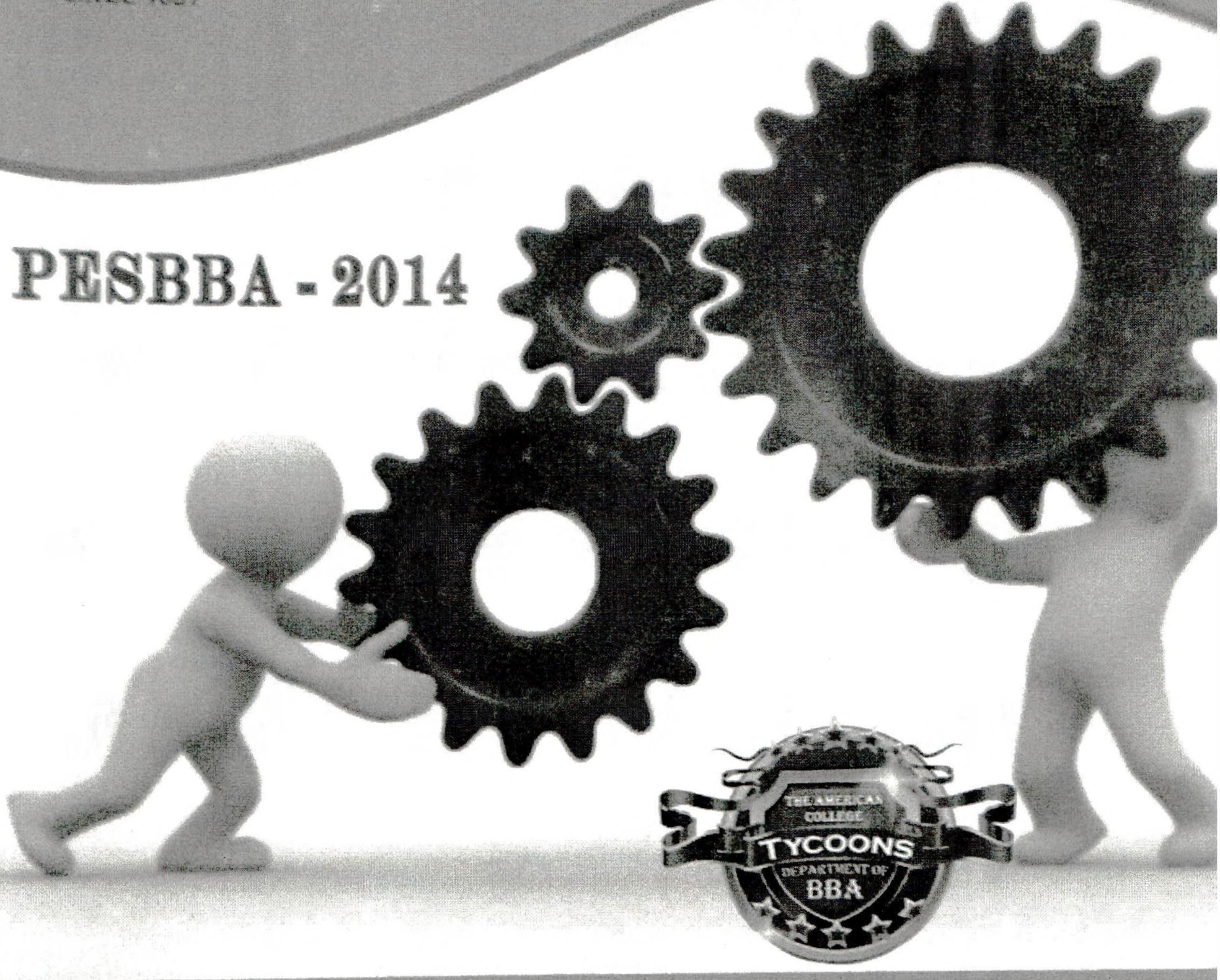

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MEASURES TO IMPROVE PRODUCTIVITY IN SERVICE SECTOR

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INTRODUCTION

Developing countries in their early stages of development depend largely on the agricultural sector for economic development and employment generation. As a country advances economically, the manufacturing and service sectors become the new growth areas. In developed countries, the service sector is the major (more than 60%) contributor to GDP. It also accounts for the major share of employment.

Productivity is the measure of an organization's ability to produce a good or a service. While organizations that produce goods can point to the total finished number of products as evidence, it's notoriously difficult to measure the service sector's productivity. As a result, when we're not sure where we're beginning, it's difficult to know where to end up. Nevertheless, there are key areas analysts should examine to determine a sector's productivity.

Productivity measures the efficiency and effectiveness with which resources are used in economic activity. Efficiency comprises two components: technical efficiency which reflects the ability of a firm to obtain maximal output from a given set of inputs, and allocate efficiency which is a reflection of how a firm uses the inputs in optimal proportion given their respective prices and the production technology. Some argue that productivity needs to address both efficiency and effectiveness because an economic activity will not be productive if it is only efficient but not effective, or vice versa. Some others, however, use productivity, efficiency and effectiveness interchangeably. Unclearly defined concept and definition of productivity give rise to the difficulties in productivity measurement and vice versa. Productivity is defined as the relation between output and input, in other words, a ratio of output to input. Inputs are the resources used in the production, such as labour, materials and energy. A given product, service or both are the output.

The service sector is essential to a nation's economic growth; it must continuously enhance its productivity and sustain its competitiveness, especially in view of the global challenges of a more open market. For this reason, productivity- and knowledge-driven strategies, a customer-focused management philosophy, and effective applications of information and communications technology (ICT) are critical to build a productive service sector.

India is among the fast growing economies in the world. According to the International Monetary Fund (IMF), in 2010, India's gross domestic product (GDP) grew at 10.6% compared to 10.4% for China, an average growth rate of 9.7% in developing countries within Asia and 7.5% average growth rate in emerging and developing economies. Services sector has been a major contributor to India's GDP and growth. It is the second largest employer after agriculture. India's trade in services have increased overtime and services accounts for the largest share in India's foreign direct investment (FDI) inflows and outflows.

The growth of India's services sector, its contribution to GDP, and its increasing share in trade and investment has drawn global attention. Unlike other countries, where economic growth has led to a shift from agriculture to industries, in India, there has been a shift from agriculture to the services sector. In India, growth in services sector has been linked to the liberalisation and reforms of the 1990s. In the first three decades (1950s to 1970s) after India's independence in 1947, GDP grew at an average decadal growth rate of less than four per cent. India was largely an agrarian economy.

The share of services sector was small and a large number of services were government monopolies. Services sector started to grow in the mid-1980s but growth accelerated in the 1990s when India initiated a series of economic reforms after the country faced a severe balance of payment crisis. Reforms in the services sector were a part of the overall reform process, which led to privatization, removal of FDI restrictions and streamlining of the approval procedures, among others.

Constraints in measuring productivity in service sector

- **Physical intangibility of services**: A product always represents a bundle of tangible and intangible elements and that especially the tangible elements of the service result are used in order to market services. The missing tangibility of the

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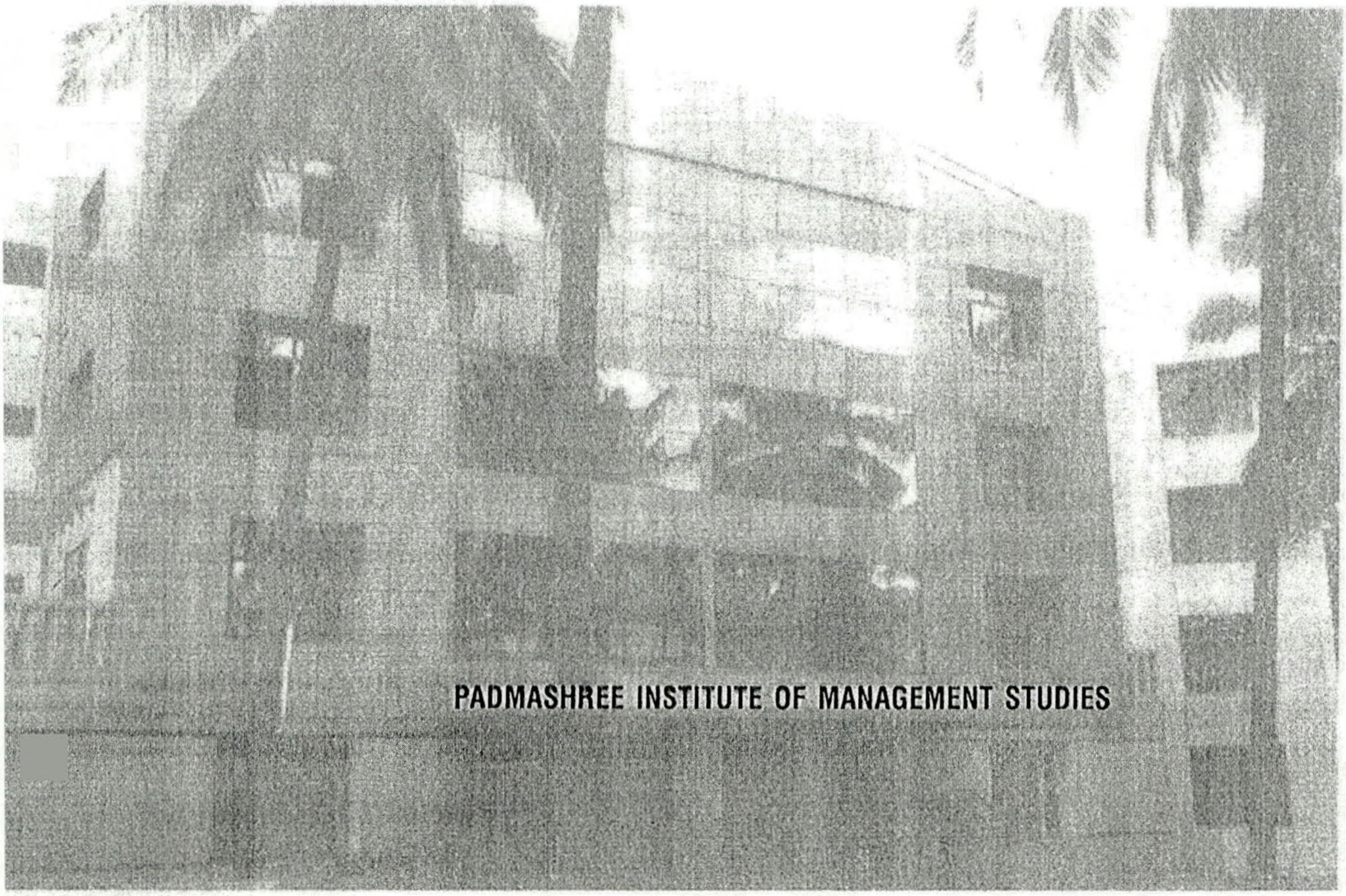

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Contents

GREEN ENTREPRENEURSHIP - A BOON FOR THE ENVIRONMENT

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Abstract

Natural environmental issues are increasingly becoming integral part of business in every passing day without being recognized as such. It has been argued by many scholars that holistic green business solutions that add value to organizations and their stakeholders should be made part of the basic system of business, so much so that addressing the natural environmental problems has become a matter of 'survival and prosperity' of every business. Awareness of environmental and societal concerns has grown so rapidly, that green businesses are becoming more and more mainstream. Consumer preferences are changing. They want products and services which they perceive as being eco-friendly. Venture capitalists are looking to fund ideas which look at solutions to make the planet a better place. Some years ago one might have said that these opportunities exist only in developed countries, but today, the developing countries have leapfrogged into a time when green businesses are growing rapidly in scope. This paper attempts to analyse the scope benefits and areas available for green entrepreneurship.

Key Words: Green business, eco friendly, go green, social responsibility

Introduction

Starting any new business is full of risk, whether opening a McDonald's franchise or taking a brand new idea through to an IPO. An "entrepreneur" is someone who thinks of a new idea or opportunity in business and who takes the risks necessary to convert his or her vision into a reality. Entrepreneurs are absolutely essential to the forwarding of human progress.

An ecological entrepreneur is someone who is driven not only by the possibility of making a profit, but is also driven by environmental and social concerns. They want to make the world a better place by improving the environment.

Natural environmental issues are increasingly becoming integral part of business in every passing day without being recognized as such. It has been argued by many scholars that holistic green business solutions that add value to organizations and their stakeholders should be made part of the basic system of business, so much so that addressing the natural environmental problems has become a matter of 'survival and prosperity' of every business. Many organizations view environmental activities as fragmented functions like waste minimization, pollution control, recycling, etc. However, in many instances green business practices do not exist in isolation; rather they thrive as a comprehensive business philosophy and culture leading to superior firm performance and value addition.

Many studies have established a strong relationship between environmental friendly business practices (e.g. environmental marketing) and firm performance. However, not many studies have developed a comprehensive environmental orientation that impacts the entire organizational system and adds value to the organisation and its stakeholders. Porter & van der Linde have suggested that managers should think 'environmental improvements' in terms of 'economic and competitive opportunity' that adds organizational and customer value. For achieving this end a comprehensive green value chain should be developed that effectively connects the organizations with its stakeholders in a sustainable fashion. Development of such a system calls for incremental and breakthrough innovations, risk-taking propensity, persistence and flexibility that racterize entrepreneurs. The entrepreneurs are capable of creating small and medium sized organizations that will have the necessary flexibility and endurance to embrace such innovative practices. Small firms have several advantages over big firm in adopting environmental practices. Consumers tend to see small firms more environment friendly than their bigger counterparts, and small firms are in a position to react actively to the increasing demands of green products and services in almost all segments of markets. Certain studies have also suggested that an entrepreneurial spirit is more important in making green business innovations than regulations. Hence, a green entrepreneurial orientation is vital for developing \. Thus green entrepreneurship is an essential element of a comprehensive green system.

Many people have high hopes that the green movement will create many new businesses and jobs. One very important aspect of any economy is small businesses, and the green economy is no different. There are two kinds of green entrepreneurs. The first is the individual who takes an existing industry and sees how that business can be made green. The second is the person who sees a green idea and creates a business from the idea. Both are important and create jobs, though the latter, in particular, is creating the jobs of the future. Anyone can become a green entrepreneur. The green field is expected to be a $1.5 trillion industry. Many fields have yet to be discovered.

Scope for Green entrepreneurship

In the last few years, awareness of environmental and societal concerns has grown so rapidly, that green businesses are becoming more and more mainstream. Consumer preferences are changing. They want products and services which they perceive as being eco-friendly. Venture capitalists are looking to fund ideas which look at solutions to make the planet a better place. Some years ago one might have said that these opportunities exist only in developed countries, but today, the developing countries have leapfrogged into a time when green businesses are growing rapidly in scope.

Contributions of green entrepreneurs towards the environment

Whether the entrepreneur consider solar energy technology ventures, wind turbine manufacturers, jatropha farms or eco-tourism ventures, the entrepreneurs who are investing their talent, expertise and effort, are all contributing towards the cause of the environment. They are entrepreneurs who are pursuing a business keeping in mind the fact that we cannot strip the planet of its natural resources without giving back to it. Each venture might contribute differently, but what is clear is that they are transforming the way we look at businesses and are bringing in all-important aspects of sustainability into profit-making.

Some Green Business Ideas for the Green Entrepreneur

If we wish to start a Green Business, we have a lot of shades of green to choose from. Alternative energy sources, earth friendly cleaning chemicals, eco car detailing, eco house cleaning, eco landscaping and personal products are only a few.

Green Entrepreneur and Urban setting

No urban community let alone nation will remain competitive if it fails to invest in new technologies for transportation and energy. This is a competition that has pit country against country, and city against city. A range of promising new technologies have emerged for both the private sector of businesses and governments to consider, from high-speed rail and electric cars to wind and solar power. But all will require investment in smarter power grids that can handle shifting patterns of power consumption.

Public-private partnerships as well as entrepreneurs are critical to investing and innovating new technology. Green entrepreneurship is here whether we like it or not. And while urban communites struggle to even find people to work in contemporary energy jobs by 2030, 2% of the future global workforce in Asia – or 100 million people – will be employed in green jobs, according to a recent study published by the Asia Business Council. This is a wake up call if we are going to be competitive.

The first thing we need to understand is how we develop an agenda for sustainability. Right now green entrepreneurs are focusing on new business models that would drive demand for environmentally-friendly products. But the cost of switching to more sustainable products remains prohibitive for many of our inner cities low-income consumers. Many are paying Rs. 600 on a LED light bulb, which is more energy-efficient and lasts 50 times longer, when the less energy-efficient alternative is only Rs. 50. Therefore, we need to develop new distribution channels, such as utility companies that will help reduce logistical costs and allow savings to be passed on to consumers.

The green imperative is also driving companies to review the way they and their employees go about their day-to-day activities. For example, one company has over 30,000 employees who work from home, and uses technology wherever possible to help reduce workers' carbon footprint as well as traffic and physical space.

New technologies need to be cost-effective, which requires economies of scale in manufacturing. There is an ongoing debate about the extent to which governments need to subsidize the adoption of new technologies to accelerate this process. Some argue that industry will never be able to justify investments whose returns accrue largely to society rather than to the company's bottom line.

Opportunities and Concerns for Green Entrepreneurs

Green business is undoubtedly one of the biggest topics in business, economics and politics right now. Understandably, it has brought along both a lot of hype and skepticism. There are plenty of reasons why both points need to be considered. Entrepreneurs considering starting a business related to green energy need to fully understand the opportunities and threats before making their decision

Reason for Green

One of the reasons green business is such a hot topic is that it may be necessary to sustain an economic recovery plan. Most analysts are tryi to forecast when the recovery will be possible. As natural resources become increasingly scarce, it becomes more difficult to refuel the industrial initiatives necessary for a real turnaround to be possible. Also, after the BP disaster it is possible (but not certain) that offshore drilling may lose favor in the near future. Even a temporary shift in social perception may have a profound long-term effect if it inspires immediate change.

Whether we favor change or not, we may need to accept that green business is going to be essential to rebuild the global economy. It might even be necessary for our society to function at all.

Consumers who choose to support the green movement are typically more concerned for the environment than the recovery plan. This has helped create a growing market for green products. Many consumers now insist on purchasing products that have a green label on them. Outrage at the disaster in the Gulf is likely to cause even more panic and consumer sensitivity (although this particular concern is likely to last only while it remains a major current event).

Green Bubble

There seems to be little doubt that green business is necessary to make the changes we need to be successful. However, the hype may have gone overboard and we may be headed for a "green bubble." At the end of the 20th Century, the dot-com bubble cost investors and entrepreneurs hundreds of millions of dollars. While the information revolution was a wonderful transformation for managing business and reaching consumers, too many businesspeople got carried away in hype which ended up ruining them later. Green business will arguably have an even more profound effect on our society, but we may be repeating history as we jump into it headfirst. Businesses are often ready to jump onto the green wagon without researching the market and the opportunities therein.

Fantasy vs. Reality

In a fictitious world, entrepreneurs can easily set up a wind farm on any vacant piece of land and begin making money. Unfortunately, there are very few sites in the United States that have wind speeds high enough to be feasible for harvesting wind energy for commercial applications. If wind energy is recognized as a huge opportunity, most of these sites will probably be bought out by larger companies trying to secure the market. If entrepreneurs are planning on getting in on this market, they should move fast before their opportunity is gone. Green business obviously provides a unique opportunity that smart entrepreneurs can take advantage of.

Ways to start Green Business

Many companies have already started adopted eco-friendly standards to help save the environment and save the consumers money in the process as well. Many consumers have taken things in their own hands by going solar or setting up their own windmills. There is no better time to be an ecopreneur. But you don't have to own a shop or have a physical product to make it in this industry. Thanks to the power of the Internet, you can continue being inetpreneur and make money in the green field as well.

The key to success as an eco-net entrepreneur is providing unique value to the prospects. As long as there is real demand for ones' service, there is no reason we can't earn money in this field. Here are 10 ways to make money online in this field:

1. **Blogging**: green blogging is one of those careers that can be rewarding and fun at the same time. As long as we can provide unique value, there is no reason we shouldn't go for it.
2. **Portal**: a green portal similar to what WebMD has done can be extremely useful for folks who are interested in going green soon.
3. **Vlogging**: creating a web show about green products and technologies can also make us a bit of money and help us expand our business.
4. **Guides**: showing people how to go green and save money in the process can earn money online as well. Many have successfully sold their green DIY guides and we can too. But make sure you provide real value.
5. **Tips**: creating a tips website or newsletter can also help us make money on the side.

6. **Affiliate Marketing**: we can always promote affiliate products and make money online without any risk at all.

7. **Book**: if we are an expert in this field, we can always try to write a book about it. We can use Lulu, Amazon Kindle platform, and other third party services to get the job done.

8. **Marketing**: helping green startups bring their products to the market is another way to get involved in the green tech industry.

9. **Membership sites**: we can offer people a chance to join membership site in return for the coverage of cutting edge green technologies and world class practices.

10. **Social Media**: creating a social media using Ning or other services out there is a good start. We can also invest in our own custom-designed social network or forum to help our users get the most out of our community.

Green Entrepreneurship in India

From up cycling the daily garbage in Delhi to making compost out of the daily organic household waste, the 'green economy' is not only making people environment-conscious but is also proving to be a beneficial business model for innovative businessmen.

Conserve India, a Delhi-based NGO uses up cycling technology to make fashion products made out of Delhi's garbage. The desire to reduce India's mountain of waste, improve energy efficiency, and help some of Delhi's poorest out of the city's slums to improve their lives was the driving force for birth of Conserve India.

"Attitudes are starting to change amongst masses in India. More and more, Indians understand the importance of preserving as much of the world's resources as possible, and want to make the statement that they care about the environment," says Anita Ahuja, who founded 'Conserve India' with her husband, Shalabh Ahuja in 1998. Recycling is downgrading as the virgin material is more costly than the recycled product but up cycling adds value to the end product which is more costly than the virgin material.

Green, most calming of colours, has many shades. It is the colour of money. It is also the colour of the environment. For too long, the twain has not met. However, with global warming and an energy crunch, sustainable environment friendly businesses have begun capturing the world's imagination.

Across India, entrepreneurs are investing talei technology and loads of cash to kick start green businesses. Wind turbines hum in mad whirls in Kanyakumari, Tamil Nadu. Jatropha farms have sprung up on barren land to provide raw organic matter for ethanol in Rajasthan. A business of Rs 1,000 crores in annual revenues has arisen from machinery that converts sugarcane to fuel in Pune, Maharashtra. Eco-tourism that recycles waste and measures your ecological impact is proving a big draw in Kerala. Indian-Chinese collaboration is betting big on solar power in Hyderabad, Andhra Pradesh. A firm is investing Rs 1,500 crores on the latest solar technologies in Noida, near Delhi in Uttar Pradesh. And you can plug your electric car as if it's a cell phone for a recharge just off bus Brigade Road in Bangalore, Karnataka.

And it's not only businessmen. Moneybags are pouring money into green businesses like there's no tomorrow. Worldwide, a record $160 billion of investment went into alternative energy resources in 2007. India too has seen interest from banks, venture capitalists and sundry investors. Legendary venture capitalist Vinod Khosla, who helped found Sun Microsystems and Google, is now looking at alternative energy. "India is naturally a huge market for alternative energy," he says, "Biofuels offer the potential to alleviate the high cost of oil." And when

Khosla makes a move, others follow.

The list of green investors is both long and impressive, from UTI Ventures in Bangalore to Aviva Insurance and Rabobank in Mumbai. Funding is not a constraint. Says Kwawu Mensan Gaba, an energy specialist at the World Bank, "There is definite interest in green ventures in India. The World Bank is working on a Low Carbon Growth Strategy Study, and closely following up key measures taken by the Indian government. We will adjust our Country Assistance Strategy accordingly." On that buoyant note, let's move on to the case files:

Five Reasons to Become a Green Entrepreneur

1. **Being a green entrepreneur means that you are helping to save the environment.** It's obvious that we are using too many natural resources for our own good and unless we take steps to do business by using less of these resources, we are going to destroy the planet. When we start a business using sustainable resources and reducing carbon footprints as much as possible, we are doing a great deal of good for the world.

2. **A green entrepreneur business is only going to rise in popularity.** The world is slowly coming to realize that we need to start encouraging green practices as much as we can. This is precisely why becoming a green entrepreneur is a good idea, for people will support businesses who are doing the right thing. If you invest in a green business, you will start to see your particular business rise in popularity.

3. **It can be cheaper to run a green business.** The idea behind running a green business is to reduce, reuse, and recycle as much as possible. You will want to look to alternative forms of power and you will want to find ways to sustain what you have for as long as possible. Doing this always helps you to save money, knowing that you will want to use the least amount of products possible.

4. **Tax credits are often given to green entrepreneurs.** The government is starting to get behind all of the individuals who realize how important it actually is to start running an eco-friendly business. The more steps you take to make your establishment eco-friendly, the more you can receive in tax credits. Therefore, going green can put more money in your pocket.

5. **The popularity and exposure of green entrepreneurs is high.** In a culture where going green is only just starting to gain in popularity, people find it fascinating when a green business is started. This can serve as free publicity, helping you to alert even more people to the existence of your business. That alone can help raise your profits even higher!

Benefits of Green Entrepreneurship

For the majority of small businesses, the business case for sustainable and energy efficiency just isn't strong enough to make any real investments. Most articles and analysis discuss how going green can help a business reduce its energy costs and improve its brand recognition and popularity. However, it can be difficult for small and medium enterprises (SMEs) to sign off on projects that have projected payback periods of three years when they are concerned about having cash on hand three months now.

If one focuses entirely on these more obvious benefits of sustainability, it can make it difficult to believe that we will reach a tipping point on small business sustainability anytime soon. However, there are a number of added benefits to sustainability and energy efficiency that are often overlooked but that can help SMEs reap tangible, short-term dividends on their investments. These include improved productivity, a decrease in lost time to sick days, and being better equipped to recruit talented employees.

Several studies have shown that energy efficient upgrades and sustainable building practices can improve employee productivity significantly. According to a 2003 study from the Center for Building Performance and Diagnostics at Carnegie Mellon, taking steps to improve indoor air quality and installing energy efficient lighting both have strong positive effects on productivity. Enabling workers to control air temperature at their workstations increased their productivity anywhere from 3.5-36.6%. By installing high-efficiency lighting fixtures, businesses can experience a 3-13.2% increase in worker productivity. Taking advantage of natural light also has its benefits. The report notes that utilizing day lighting can improve productivity 3-18% and even increase sales by as much as 40%. Taken together, these numbers can represent a considerable advantage for any small business, especially considering that the EPA estimates that even a 1% increase in the productivity of office workers is enough to offset the costs of such upgrades.

A second major benefit of sustainability and energy efficiency comes from the added value of countering what is commonly known as Sick Building Syndrome. As many businesses work in facilities that were not built in a sustainable manner. They have poor ventilation, lack access to natural light, and contain equipment and materials that release large amounts of volatile organic compound (VOCs). All of this can take a serious toll on the health and well being of employees, as indoor air quality leads to a number of health issues. Fortunately, green buildings go a long way towards mitigating these issues, providing businesses with considerable added value in the process. According to a 2009 article in the Journal of Sustainable Real Estate, green buildings produce an average financial benefit of $37-55 per square foot of facility space for businesses. This is due to the face that better indoor air quality improves productivity by 6-9% and reduces sick days by 2.88 days annually, per worker. The average value added to a business per worker is $6,432.

Third, sustainable businesses are better equipped to recruit the best employees. A recent study from Johnson Controls provides strong evidence that Generation Y is highly concerned about the environment and expects employers to become more sustainable. Ninety-six percent of Generation Y respondents said they want their employer to be environmentally friendly or at least environmen aware, and large percentages at"47.4% and 47%, respectively as " would like to see water saving features and solar panels on site. But it is not just Gen Y workers who are increasing their commitment to sustainability in the workplace. The study noted that 98% of 26-35 year old respondents want their employers to be environmentally friendly or aware. This suggests that SMEs ignore sustainability at their own risk, particularly in this time of economic uncertainty.

Conclusion

Driven by supportive government policies, maturing clean technologies and growing investor appetite. India is fast becoming a hub of eco-innovation all manner of people — small town residents, Indian expats returning home with Ivy League education to boot, and even a few enterprising foreigners. Interestingly, this eco-entrepreneurship trend cuts across business models —from profit-seeking to pure social evangelism—and domains ranging from irrigation and apparel design to waste management.

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