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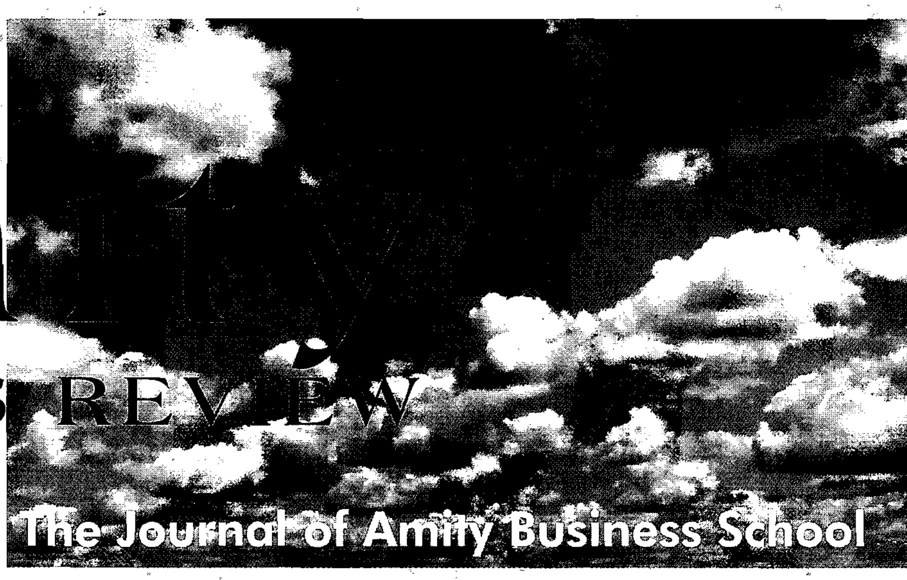

Investment Preferences of Household Sector in India: A Review of Existing Studies

B. S. Bodla* & Sushant Nagpal**

Indian capital market has now been grossly researched. The main emphasis of these research studies has been to comment on the Efficiency of Indian Capital Market, testing Capital Asset Pricing Model (CAPM) and studying the impact of corporate fundamentals and macroeconomic factors on the stock prices. However, the topic- Investment preferences of household investors has attracted very less attention of researchers in our country. This paper presents a review of research works pertaining to the field of Household Investors' investment preferences and the impact of demographics and psychographics on the choice of investment alternatives. The aim of this paper is to identify future areas of research in the field of determinants of preference of retail/household investors. The review of existing studies brings out the need for conducting more fresh studies with the aim of determining the impact of psychographics on the investment behaviour.

Keywords: Investment preferences, Demographics, Household investors, Psychological aspect of investment.

INTRODUCTION

Numerous research works have been performed by the researchers, economists and financial analysts pertaining to Indian capital market. The prime objective of these studies have been either to test the efficient market hypothesis or to test the validity of capital asset pricing model (CAPM) or to bring out the impact of micro and macro-economic factors on stock prices. However, a scanty literature is available on some of the more important aspects of investment management. For instance, the research studies concerning impact of lifestyle on the investment behaviour of individual investors are conspicuous to their absence. Similarly, rarely any good research work exists concerning risk-return expectations and perceptions about various investment alternatives available to household investors.

Household investors occupy a prominent place in the economic development of a nation. Their savings and investment pattern needs considerable attention. Their role in serving a major source of risk capital can hardly be overemphasised. The study of retail/household investor, which is the only surplus sector of an economy, has implications for the financial development of the economy, fund managers, issuing companies, economic planners and the marketers of securities. Accordingly, this put the onus on the researchers to conduct the detailed survey of household investors. It is because of the above some studies pertaining to the household investment preference and the determinants thereof have been conducted.

The more important aspects of existing research studies include the following: (i) Savings and investment pattern of the household investors; (ii) The association between demographic characteristics of individual investors and their investment preferences; (iii) The Role of 'Lifestyle' and other 'Psychographics' in the investment decisions; and (iv) Risk-return perceptions regarding various investment vehicles. The existing studies pertaining to the above mentioned areas are reviewed in the following three sections of this article:

1. Studies on Investment Pattern and Preferences.
2. Demographics and Investment Pattern.
3. Psychographics and Investment Pattern.

The present paper is an endeavour to briefly describe the existing studies on investment pattern and

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Third, range of investment alternatives considered to bring out preferences about them is limited. Last, negligible research work is available pertaining to the study of risk-return expectations and perceptions concerning various investment avenues. This void makes it imperative to conduct fresh studies on investment preferences across age, income, marital status, occupation, life-style and risk-return dimensions so as to help the marketers to develop appropriate mix of financial products, prices, distribution channels and promotional activities.

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CONSUMER MOVEMENT IN INDIA: RECENT DEVELOPMENTS AND TASKS AHEAD

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Consumerism is a social movement of citizens and the government agencies to improve buyers' rights and powers in relation to sellers. The consumer movement has become very strong in several countries, including the UK, USA, France, Germany, the Nitherland, Swedan and Hungry. Although more than a dozen laws existed on the statute book, there was no effective set of statutory measures for consumer protection before 1986. Many amendments were made in CPA during reviews. Besides new laws for consumers in various areas many others developments were also made. Despite comprehensive statutory measures, and a network of consumer protection councils, fully effective consumer protection is still a distant goal. Lagislation and government agencies alone will not be enough to take the consumer movement to its maturity. Stepts like creating awareness among rural masses, who are mostly illiterate, ignorant, and unorgnised is the need at present.

INTRODUCTION

In their attempt to increase their profit and wealth, business people are often tempted to indulge in unfair and exploitative business practices. Such practices, which are rampant throughout the length and breadth of the country, take various forms: selling sub-standard and defective products, providing inadequate and deficient services, manipulation of prices and black marketing, making deceptive and exaggerated claims about their products and services, misleading advertisements, conducting of sales promotion contests, etc. Continued consumer exploitation and dissatisfaction have led to the emergence of consumer movement as a defensive force to safeguard the consumer interest. An organised movement of consumers, supported by government, is referred to as consumerism. According to Kotler and Armstrong (2004), consumerism is a social movement of citizens and the government agencies to improve the buyers' rights and powers in relation to sellers.

Consumerism owes its origin to the USA. In the 1960s, when the consumers had become better educated, products had become more complex and potentially hazardous, and people were unhappy with business firms, Ralph Nadar took up the cause of consumers against the manufacturers' and traders' unethical and unfair practices. President John F. Kennedy, in 1962, declared that consumers had the right to safety, to be informed, to choose, and to be heard. Since then, many consumer groups have been organised and several consumer laws have been passed an almost all the countries of the world. The consumer movement has spread internationally and has become very strong in several countries, including the UK, USA, France, Germany, the Netherlands, Sweden, and Hungary.

Consumerism has two dimensions: (1) legal protection to consumers against their exploitation by suppliers of goods and providers of services; and (2) voluntary self-help by consumers through individual and voluntary organisations. While the former comes in the form of legislative measures, initiated and implemented by the government, the latter is the action to be taken by consumers at the grass-roots level.

Statutory measures for consumer protection have existed in India for a long time. Some of the earlier enactments have since been repealed and replaced by the new ones. A list of the major pieces of legislation, containing provisions for the protection and promotion of consumer interest, and which are currently in force, is given in Table 1.

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In order to make a strong and healthy consumer movement in India, much remains to be done. Legislation and government agencies alone will not be enough to take the consumer movement to its maturity stage.

The major strategies required for effective protection of the consumer interest and for developing a healthy consumer movement are:

1. The increased and pro-active role of the media in consumer affairs.
2. Social action litigation, commonly referred to as public interest litigation, or 'class action' cases under the CPA.
3. Increased emphasis on consumer education about their rights and duties, by the government and consumer organisations.
4. Expeditious disposal of cases pending before the consumer courts – 'justice delayed is justice denied'.
5. Self-regulation of business practices by trade, industry, and service-providers, by way of effective enforcement of their respective codes of conduct.
6. Creating awareness among rural masses, who are mostly illiterate, ignorant, and un-organized.

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EXTENDING THE ACTIVITIES OF HR PROFESSIONALS IN KNOWLEDGE-INTENSIVE ORGANIZATIONS : A VIEW FROM CHINA

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This paper examines aspects of a revitalized human resource management (HRM) function in knowledge-intensive organisations in areas related to (i) the managerial roles of the human resource (HR) professional, (ii) the relationships of the HR professional to other organizational stakeholders, (iii) an organization's strategic focus, and (iv) an organization's learning focus. The notion of context is proffered as a principal consideration in expanding or developing HRM functions. However, in Chinese knowledge-intensive organisations, understanding context is particularly important because the follies of the wholesale transfer of Western management theories and HRM practices to Chinese organisations have been exposed. Moreover, many Chinese HR professionals are yet to fully embrace conventional HRM functions let alone move to considering emerging areas such as knowledge management (KM) as being within their sphere of influence or level of competence. Because the 'one size fits all' approach is no longer a legitimate HRM strategy, a heuristic framework is proposed to guide the process. This framework links the contextual elements of an organisation to the HRM function, with due consideration of the influence of the cultural architecture of Chinese organizations. Chinese HR professionals today possess the potential to extend their influence by strategically directing, developing, and sustaining organisational capabilities by undertaking activities that overlap with business functions like finance, marketing, and strategy. A case of a prominent Sino-foreign joint venture is used to discuss the activities undertaken in HRM and in the potential of KM as an area in which the HR professionals can expand their influence and activities in the knowledge-intensive organization.

INTRODUCTION

When HR professionals who are accustomed to working in traditional organizational structures move to knowledge-intensive organizations, they find themselves in unfamiliar territory. In today's best-practice organizations, the activities of Western HR professionals have evolved to include non-traditional tasks concerned with creating competitive advantage, developing strategy, and managing knowledge. Although the HR professional has shed the image of a bureaucrat or a detached manager of personnel, experts in the field still caution that HR professionals who fail to respond positively and creatively to the challenges of knowledge-intensive organizations will quickly become obsolete. Answering the challenge requires HR professionals to identify and engage in a range of non-traditional value-adding activities (Gloet & Berrell, 2003; Lengnick-Hall & Lengnick-Hall, 2003; Stewart, 1997; Saint-Onge, 2001; Stone, 2005; Ulrich, 1997, 1999). While a new breed of HR professionals in the West have quickly realised the potential of engaging in new activities, their counterparts in Chinese organizations are yet to experience the full range of conventional human resource management (HRM) functions let alone move to considering new activities related to intellectual capital or knowledge management (KM) as being within their sphere of influence or competence. In this light, HRM functions in Chinese organizations deserve special consideration.

In the years before WTO accession in 2001, Sino-foreign joint ventures (JVs) offered foreign players a cost-effective vehicle by which to enter the market. Many Chinese HR professionals learnt their trade in such international strategic alliances, many of which implicitly propagated traditional approaches to HRM functions (cf. Adler, 2002). By the late 1990s, the growing literature on international management had highlighted the contradictions inherent in the wholesale transfer of Western management theories and practices to Chinese organizations (cf. Alon, 2003; Berrell, Wrathall, & Wright, 2001; Hofstede, 1980, 1994; Trompenaars & Hampden-Turner, 2004). Today, by extending the activities of the HRM function,

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new HRM in Xian Janssen. Choosing a KM approach will have a direct impact on the HRM function as well as on several processes and strategies within an organization, including Total Quality Management. KM is a long-term strategy, so serious consideration should be given to choosing approaches that are compatible with the organization's goals, strategies, products, and services. If the approaches are well considered and aligned with organizational strategy, then KM can act as a strong enabling mechanism for quality HRM practices. On the other hand, a poorly aligned approach can affect quality HRM practices through the conflict that arises from fundamental differences in values and assumptions. It is also suggested that best practice indicators for HRM are a good springboard for developing a sound approach to KM (Gloet, Lovett, & Nunez, 2003; Martin, 2000).

CONCLUSION

Recent developments suggest that HRM can be reinvigorated through extending the traditional boundaries of the HR profession in the knowledge-intensive organization. KM is one area in particular where HR professionals can play a much more significant role, although an understanding of contextual factors is critical to the realization of such an agenda. At the same time, fundamental differences exist between various approaches to KM. The key to maximising the contribution of KM to an established management practice such as HRM is to promote awareness and understanding concerning the implications of these essential, deep-seated, and often obscure differences in approaches. This requires the HR professional to understand the deeper underlying values and assumptions, coupled with an appropriate alignment between overall business strategy, KM, and HRM. Understanding the framework articulated in this paper would assist HR professionals and senior managers to begin planning for the rejuvenation of the HR function in knowledge-intensive organizations.

The cursory review above of aspects of the HR function in Xian Janssen suggests that the 'one size fits all' approach to HRM is not helpful and that extending the activities of HR professionals with new culturally aligned practices will enrich HRM. Given that Western HRM practices are not easily transferred to the Chinese environment, even when a host organization is globally oriented, Xian Janssen and other organizations in China will need to adopt and adapt contextually specific practices. In this light, significant further research is required to determine the best way for HR professionals in China to respond to the challenges of the knowledge-intensive organization.

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CREATING BUSINESS VALUE THROUGH DATA MINING

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Data mining, an important part of business intelligence solutions, is a technology enabling the organizations to extract the hidden predictive information from the large databases for effective decision making. More and more organizations have been using the data mining techniques to leverage the data to create new opportunities or value for their organizations. This technology has been successfully applied in the areas of banking and finance, marketing, quality control, human resource management, telecommunications, medicine, insurance etc. In India, the organizations are still in the infancy stage, in the use of data mining techniques. Since the service sector in India is growing at a phenomenal rate, the more and more use of data mining techniques is inevitable in Indian organizations in coming days. This paper attempts to analyse the data mining techniques and its utility for business organizations.

INTRODUCTION

Data mining which is, the extraction of hidden predictive information from large databases, is a powerful new technology, with great potential to help companies, to focus on the most important information in their data warehouses. Data mining tools predict future trends and behaviors by allowing businesses to make proactive and knowledge-driven decisions. The automated and prospective analysis offered by data mining move beyond the analysis of past events provided by retrospective tools, typical of decision support systems. Data mining tools can answer business questions that traditionally are too time consuming to resolve. They scour databases for hidden patterns, finding predictive information that experts may miss because it lies outside their expectations.

The great interest that is being shown in the field of 'data mining' is understandable in light of the fact that most organizations have large databases that contain a wealth of potentially accessible information. However, it is usually very difficult to access this information. The unbridled growth of data will inevitably lead to a situation in which it is

Increasingly difficult to access the desired information, as it will always be like looking for a needle in a haystack, where only the amount of hay will be growing all the time.

Data mining techniques can be implemented rapidly on existing software and hardware platforms, to enhance the value of existing information resources and can be integrated with new products and systems as they are brought on-line. When implemented on high performance client/server or parallel processing computers, data mining tools can analyze massive databases to deliver answers to questions such as:

(i) Identification of individuals and organizations, most likely to respond to a direct mailing;

(ii) Determination of products and services, which are commonly purchased together, like bread and butter;

(iii) Prediction of customers, who are likely to switch to competitors;

(iv) Identification of transactions, which are likely to be fraudulent;

(v) Identification of common characteristics of customers, who will purchase the same product; and

(vi) Prediction of, what each visitor to a web site is most interested to watch.

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terms of BI tools revenue with a combined market share of more than a quarter of the APEJ market since the year 2003. The data intensive mature combined with the increasingly competitive landscape the two industries have helped driven BI tools investments. Media and education industries have also experienced high growth in BI tools market in the past years.

CONCLUSION

Data mining is thus, a very useful tool, having large number of practical applications in business operations. In this article, we have discussed only few practical uses of data mining, a lot more would be possible with the advancements in information technology. More and more organizations are realizing the importance of data mining. The US firms are clearly ahead of their counterparts in the use of data mining. India's share in Asia –Pacific market (4 percent), is negligible and Greater China is much ahead of us(22 percent).This indicates that the Indian organizations are in the infancy stage in the use of these technologies. However, it is believed that with the growth in storage, data warehousing and CRM solutions as well as in internet, will fuel the market for business intelligence solutions and so is the application of data mining. Additionally, as the organizations in India will move from the initial stages of data warehousing utilization to full-scale deployment, spending priorities will shift from simply capturing and storing data to delivering intelligent information to a wider range of users throughout the organization.

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Employee Morale and Leadership Styles: A Study on the Most Attractive Leadership Style in the Sri Lankan Banking Sector

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Number of factors affect the employee morale, among them leadership style is important. There was a contradictory argument on the association between employee morale and the leadership styles. According to the views of some researchers morale of the workers under autocratic or task-oriented leaders is significantly less than other styles of leadership. Another group argued that higher level of employee morale could be expected through participative or people-concerned leadership style. This study is an endeavor to examine is there a association between leadership style and the employee morale, and then decide the suitable style of leadership to improve employee morale in an organization. An empirical study of a sample of the managers and employees of private sector banking organizations in Sri Lanka was conducted to examine the association between the employee morale and leadership styles. There was no any leader could be found who practice pure autocratic or participative style of leadership. The findings concluded that the leadership style of any manager cannot be identified as a separate independent behaviour within a continuum of autocratic and participative or people- concerned and task-concerned behaviour. Instead of concerning more on a single behaviour, a manager can give high concern simultaneously for the both styles and this behaviour seems to have recorded high employee morale. Most probably, a satisfactory level of employee morale can be achieved through balancing the necessity to get out work with giving a greater concern for achieving tasks while practicing a same level or little bit high concern on employees.

INTRODUCTION

Employee morale within an organization has a direct impact on the satisfaction level of its customers and the company's ultimate success. There is no argument that employee morale is one of the performance indicators of any organization. Among the factors affecting to employee morale, leadership style becomes prominent. Therefore leaders in each division of any organization have a major role in improving employee morale and ensuring success of the organization. Effective managers modify their behavior to meet both of these challenges. This study aims to examine the relationship between the leadership style and the employee morale and next decide the suitable style of leadership to improve employee morale in an organization. The hypothesized relationships are tested using data from a survey of the private sector banking organizations in Sri Lanka.

LITERATURE REVIEW

Various arguments are there in the light of empirical research on the relationship between leadership style, employee morale and organizational performance. Leadership style is often described as either authoritarian or autocratic, in which the appeal is to lower level needs and managements will is more or less imposed on subordinates or participative in which the appeal is to higher level needs and subordinates participate in decision making to some degree (Webber 1975). Other dimensions of leadership style are initiating structure or task oriented and concentration or people oriented style. The philosophical debate on leadership style, employee morale and performance is interesting but it elaborates contradictory arguments.

Webber (1975) argues that both styles are more effective but the participative style has greater influence on improving employee morale. Few Key studies have already proved that the participative leadership style leads to higher morale than authoritarian or autocratic style. Grow-wild (2000) argues that organizations with many autocratic leaders have higher turnover and absenteeism. Webber also concluded the argumentations made by katy Maccoby and Morse (1979) on the productivity and morale under the authoritarian and participative style. Productivity has increasing under the both styles but more under the authoritarian style. However

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employee morale of the organizations. Though the findings of this study are mostly positive with early evidence, these findings have to be guarded with more confirming evidence through further research giving special reference to the factors affecting employee morale other than leadership style and the degree of the influence of each of these factors including leadership style.

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Annex 1: Characteristics of Leaders

Characteristics	Scale								
1. Emphasis on work standards	1	2	3	4	5	6	7	8	9
2. Emphasis on technical aspects of job									
3. Structure the task ,strive to find out better methods, and keep the employees busy on task									
4. Centralized decision making and take quick decisions									
5. Tasks provide with a schedule									
6. Create structured set of rewards and punishments									
7. Encourage employees to be a part of the decision making									
8. Concern for employees well being									
9. Encourage employees to grow on the job and be promoted									
10. Delegate task it self with the required resources, responsibility, and autonomy									
11. Recognize and encourage achievement									
12. Employees are informed about matters that affect them.									

Annex 2: Criteria for Evaluating Employee attitudes

Criteria	High	Moderate	Low
1. Quaality and Timeliness in achieving targets			
2. Commitments to the policies, procedures, guidelines, rules, standards, work norms and so forth.			
3. Adherance and loyalty to the organization			
4. Mutually support for others work and group tasks			
5. Higher consideration for career Development			
6. Come up with creative and innovative ideas			
7. Satisgaction on job security and upward mobility of the career			
9. Satisfaction with the job title			
10. Satisfaction with the working environments			

ELECTRONIC COMMERCE AND MOBILE COMMERCE REVOLUTION IN THE GLOBAL MARKET PLACE

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Leading countries across the global market place are in the midst of an electronic commerce and mobile commerce revolution. By utilizing the innovative Internet technologies, manufacturers, retailers, wholesalers and suppliers are able to communicate and transact their business better, faster and cheaper in a wide-range of markets. Moreover, e-commerce benefits consumers by giving anytime access, and increasing the choice of products and services than previously available. Undoubtedly, both e- and m-commerce are at a nascent stage in India, there is a huge prospect for growth in the country. The Information Technology Act, 2000 makes e-commerce, online transactions, and digital signatures legally binding in India. Let us hope that the new law will facilitate e-commerce and e-governance in the country.

E-commerce, combined with m-commerce, is likely to become one of the major players across the globe in the near future. M-commerce is an effective and convenient way to serve consumers from anywhere and at anytime; it is already more popular in Europe than in North America. M-commerce is developing at different rates and in different directions depending on the region. The European market, with its high mobile penetration, is currently developing along SMS lines, while in the Far East (in particular Japan and South Korea) they are moving towards wireless-enabled transactions. Realizing the advantages to be gained from both e- and m-commerce, many major companies have begun to offer m-commerce options for their customers, in addition to the e-commerce they already provide. As content delivery over wireless devices becomes faster, more secure and scalable, there is a wide speculation that m-commerce will surpass e-commerce. Currently, m-commerce does not seem to have 'single' "Killer Application" to spur its use. It is, therefore, expected that the current WEB will evolve to become MEB in the 21st century.

INTRODUCTION

Over the last few centuries, human beings have experienced two major revolutions—the industrial revolution and the electronic revolution. The former transformed our society from being agricultural based to industrial based, whereas the latter transformed our society from being mechanical based to electronic based. Turban (et al., 2000) observes: "As we enter the 21st century, we are seeing the beginning of a new revolution, namely the network revolution. It interconnects different parts of the world, enabling the seamless flow of information. The Internet is the engine of this revolution and electronic commerce (e-commerce) is its fuel." The idea of conducting business transactions via electronic media, rather than face-to-face, has been an integral part of many businesses for several decades. Only recently, however, has the term "electronic commerce" entered the public consciousness.

Commerce is broadly defined as "buying and selling of goods and/or rendering of services." Many leading organizations today are selling goods and/or providing services on the Internet, which has been referred to as 'electronic' commerce (or e-commerce). During the late 1990s, this alternative form of commerce took off like a wildfire. E-commerce today is a reality. It is also widely accepted that e-commerce has changed the way businesses transact with each other. "Companies are able to conduct their business better, faster and cheaper. By utilizing the Internet, through wired networked PCs and other electronic devices, such as point of sales (POS) terminals, buyers, manufacturers, retailers, wholesalers and suppliers are able to communicate and transact in a wide range of exchange markets," observes Turban (et al, 2002). Almost every other traditional organization has sought to e-enable its business processes in order to improve reliability and efficiency. Additionally, e-commerce benefits consumers by increasing the choice of products and services and most importantly the access to a wide variety of products and services than previously available. In just a few years, the distinction between e-commerce and commerce will disappear because almost all business-to-business (B2B) commerce will be online and a large proportion of business-to-consumers (B2C) commerce will be

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JOB SATISFACTION AMONG BANK EMPLOYEES IN PUBLIC AND PRIVATE SECTOR BANKS

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Relationship management is the buzzword in business especially after globalisation. Unfortunately equal concern has not been raised for the employees of the organization as has risen with the customers. The satisfaction of employees contributes significantly to the growth of the customer's satisfaction through better service quality and higher efficiency. Researches on job satisfaction are too many but the influencing factors of job satisfaction have been unexplored at least in India.

The present paper intends to study the influencing factors of job satisfaction and also identify the discriminatory factors among the public and private sector banks regarding job satisfaction. Samples of 120 bank employees are selected from two groups of banks, only from the middle level management to whom a questionnaire was administered. The response rate is 86.67 per cent. The result reveals that the important influencing factors of job satisfaction are working environment, recognition, income, leadership and achievement. The significantly influencing job factors on the overall job satisfaction among the employees are recognition and achievement. The significant differences among the employees in the two sector banks are identified in the level of job satisfaction especially in working environment, recognition and achievement. The discriminatory job factors among the two group employees are also the same. The private sector employees are more satisfied with the recognition and achievement as compared to their counterparts.

INTRODUCTION

Indian banking industry is undergoing a sea change especially after globalization is felt in all aspects of the business. The banking industry is thrown open to competition. The private and foreign banks are proving their strength in customer service, delivery of services and service quality. Of late, the management and employees of the banks have started to realize the importance of customer satisfaction in banks' performance. The customer satisfaction rests heavily on the degree of job satisfaction among the bank employees. The job satisfaction of the employee not only gives the service by a value addition but also creates the brand equity, which is crucial for the long-term survival of the organization. In this context the research felt the need to study the attitudes of the private and public sector bank employees towards their job satisfaction.

JOB SATISFACTION

In 1976, Locke advocated, what came to be a highly influential definition of job satisfaction. "A pleasurable or positive emotional state resulting from the appraisal of one's job or job experience." Davis observes that job satisfaction is the favorableness or un-favorableness with which employees view their work. Job satisfaction is simply how people feel about their jobs and different aspects of their jobs. It is the extent to which people like or dislike their job. As it is generally assessed, job satisfaction is an attitudinal variable.

Several studies have explored numerous factors related to job satisfaction. But, very few studies have taken a wide and simultaneous survey of a large number of related variables. They have tried to focus on certain factors related to feelings of satisfaction in work. Hence, the present study focuses on the determinants of job satisfaction among the bank employees.

OBJECTIVES OF THE STUDY

The present study confines its objectives to:

1. To identify the factors influencing job satisfaction among the bank employees.
2. To make a comparative analysis of public and

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The important discriminatory factors among the public and private sector bank employees regarding their attitude on job satisfaction factors are recognition and achievement. The private banks' employees are more satisfied with the recognition and the achievement factors in job as compared to their counter parts.

Considering the findings of the study, the policy makers in the banking sector should emphasize more on recognition and achievement of the bank employees. The study also reveals that the important discriminators among the public and private sector bank employees are recognition and achievement. The major reasons for these differences are poor recognition of work and appreciation of achievement in the public sector banks. If these defects are properly rectified through proper Human Resource Policies, the productivity levels in these two groups can be increased.

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CHALLENGES FACING MALAYSIAN E-COMMERCE COMPANIES IN ESTABLISHING GLOBAL BRANDS : AN EXPLORATORY STUDY

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In increasingly turbulent markets, brands are key to customer loyalty, long term survival and growth. Successful global companies have long recognized that investment in plant, technology, research and development, as well as human resources is no longer sufficient to guarantee long term sustainable profits. Branding has thus become a vital issue for e-commerce companies to compete in the global market. Three Malaysian e-commerce companies were chosen for this study, DIGICERT SDN BHD, POS Malaysia BHD and MIMOS BHD. A descriptive analysis was conducted to understand how these companies operate and how their personnel perceive global branding strategies. The results report global branding perceptions and highlight pertinent issues necessary for global branding: 1) the level of acceptability in Malaysian e-commerce firms to institutionalize brand building. 2) the level of understanding in Malaysian e-commerce firms in regard to the economic value of brand building. 3) perceptions of the level of support from the highest levels of management in regard to brand building. 4) acceptability of adopting customer relationship management (CRM) in Malaysian e-commerce firms. This study is useful as a theory building exercise to inform further research and to offer conceptual suggestions for other Malaysian firms seeking to build strong brands. By extension, the same concepts can be applied to firms from other newly industrialized nations.

INTRODUCTION

Building a global brand is the dream of many companies. Successful global companies recognize that the source of their prowess in world markets is branding, and that investment in plant, technology, and people is no longer enough to guarantee long-term sustainable profits. Successful branding influences the way in which people perceive the company and its products. However, global branding does not happen overnight or by itself.

Most of the better-known Asian brands are Japanese. Japanese companies, such as Toyota and Sony, have spent an enormous amount of money, time, and effort to position their brand names in the minds of consumers. As a result, they have gained:

1. Insulation from competitors;
2. Increased customer loyalty;
3. Reduced price-sensitivity during the crucial purchase process; and
4. A valuable financial asset in the form of the brand itself.

Malaysian e-commerce firms cannot afford to ignore the importance of having a strong brand position in the market. For example, 40 percent of online buyers bought from at least the same offline retailer in 1999 indicating that online consumers buy brands they know and trust from the offline world (ActivMedia, 2000). Firms must realize the importance of customer loyalty to penetrate the e-commerce market with a known brand name rather than just getting to the virtual marketplace first.

Firms that are good at developing strong brands usually have a strong brand-building culture including clearly defined values, norms, and organizational symbols. The culture of an organization, more than procedures or structures, is ultimately what drives the attainment of sustainable advantage (Aaker, 1996).

The issue of branding does not come to the fore before a company actually has significant sales (Global Reach, 2000). For most companies, the real question is how to build sales up to the point where the issue of branding becomes important.

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usually delegated to the marketing, communication, advertising, and promotions functions. Thus, branding is seen as sales related rather than as a strategic business process.

As strategic contributors to brand-building, advertising, public relations, design, packaging, and event marketing are all important – so is product innovation, pricing, speed of service, customer relationship technologies and business partnerships. The challenge is to strategically integrate all forms of market signaling into the brand promise—the market result that will deliver on revenue expectations and business performance objectives.

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Interaction between Exchange Rate and Stock Prices: The Long and Short-Run Dynamics

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This paper looks into the long-run and short-run causal relationship between stock prices and exchange rate using monthly as well as daily data. In the monthly dataset, stock prices are represented by monthly closing of S&P CNX Nifty Index and exchange rate by monthly closing of Dollar/Rs. exchange rate, 36-countries trade weighted NEER and REER. The sample period is from April, 1993 to March, 2004. Similarly in the daily dataset daily closing of Nifty and Dollar/Rs. Exchange Rate have been used to represent the stock prices and exchange rate, respectively. In this set of data, the sample period covers five years from April, 1999 to March; 2004.Augmented Dickey-Fuller (ADF) unit root test was used to examine the stationarity of data series at the level and the first difference. The Johansen's Cointegration Test failed to detect any long-run relationship between stock prices and the different measures of exchange rate in the monthly dataset. The vector autoregression (VAR) modeling shows that the change in Dollar/Rs. exchange rate Granger causes stock return, while the stock returns are leading to the changes in NEER and REER. A long-run relationship was found between Dollar/Rs. exchange rate and stock prices in the daily dataset. The vector error correction model (VECM) shows that there is a two-way long-run causality between these two variables. Short-term causality, however, runs from stock prices to exchange rate.

INTRODUCTION

It is a well accepted objective of the financial management of a company to maximize the value of shareholders wealth, which is reflected by market value of its shares. This value is exposed to risk from various sources including fluctuations in exchange rates. Whether, a company is involved in offshore operations or not, it may be exposed to exchange rate risk, as any change in exchange rate can affect the cost of inputs, demand for its products vis-à-vis its competitors and consequently its competitiveness, profitability and stock prices. Therefore, the understanding of a company's operational exposure and dynamic linkage of its share price with exchange rate fluctuations is essential for its effective management.

Globalization and financial sector reforms in India have brought sea changes in the financial architecture of the economy. A number of institutional and structural changes in different segments of financial market have dramatically changed the scenario, but two of these changes have revolutionary consequences- first, making Indian Rupee fully convertible in current account, and second, opening the capital market for foreign institutional investor (FIIs). These changes have inter alia, opened new channels for dynamic linkage between exchange rate and stock prices. The pay-off of foreign investors depends both on change in stock prices and change in exchange rate. Therefore expected change in either of stock market and foreign exchange (forex) market can induce the buying or selling of shares by the foreign investors, which may create excessive liquidity or illiquidity in the other market. Considering the short-term investment motives and herding behavior of FIIs, this association of capital and forex market has become a subject of concern in certain quarters of the economy, particularly after the experiences of Asian financial crisis of 1997-98. During the crisis the countries affected saw turmoil in both currency and stock markets. Therefore, the understanding of linkage is important from the macro-economic management point of view also. If stock prices and exchange rates are related and the causation runs from exchange rates to stock prices then crises in the stock markets can be prevented by controlling the exchange rates. Moreover, developing countries can exploit such a link to stimulate foreign portfolio investment in their own countries. Similarly, if the causation runs from stock prices to exchange rates then authorities can focus on domestic economic policies to stabilize the stock market (Muhammad and Rasheed, 2003).

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2003). However, Muhammad and Rasheed had not found any short-run relationship also.

FINDINGS WITH DAILY DATA

The Johansen's cointegration test (Table: 2) suggests the presence of long-run equilibrium relationship between daily stock prices and Dollar/Rs. exchange rate. Therefore, to examine the dynamics of interaction between these two variables the VECM was constructed. Panel: A of Table: 3 shows the response of exchange rate, while Panel: B shows the response of stock prices. In both the equations the error correction term was found significant, which suggests that there is a two-way long-run causality between the variables. In the first equation (Panel: A), expressing the response of exchange rate, coefficient of lagged value of stock return was found significant; but in the second equation (Panel: B), which shows the response of exchange rate, coefficient of lagged value of stock return is not significant. It shows that in addition to long-run equilibrium relationship, a short-run relationship between the variables also exists with causality running from stock prices to exchange rate. The findings of this study are consistent to the findings of an earlier study (Nath and Samata, 2003) which has also detected unidirectional causal influence from stock index return to return in forex market using daily data.

CONCLUSION

This paper has explored on the dynamics of interactions between exchange rate and stock prices. In the monthly dataset, no long-run equilibrium relationship could be detected. However, results suggest the shot-run unidirectional causal influence of change in US Dollar/Rs. exchange rate on stock index return. On the other hand, stock returns are leading the changes in NEER and REER. In the daily dataset, long- run bidirectional causality was detected between stock prices and dollar/Rs exchange rate. A short-run causality running from stock prices to Dollar/Rs exchange rate was also found.

These results seems to reflect the effects of portfolio balancing rather then effect of change in exchange rate on competitiveness and profitability of firms; as in latter case a long-run causal influence of exchange rate on stock prices is expected even in monthly data. Since, the fundamental influence of change in exchange rate on competitiveness, profitability and stock price of the company is firm specific, this may differ from company to company depending on whether the company is an export oriented or an important oriented. Therefore, the relationship between exchange rate and stock prices envisaged in 'good market approach' can better be investigated using micro (firm) level data.

The short-run relationship found in monthly data and even equilibrium relationship found in daily data seems to be the effect of foreign intuitional investors' (FIIs) activities. FIIs balance their portfolio in response to expected change in both the exchange rate and stock prices .If they form their extrapolative expectations taking clue from past behavior of the markets, say forex market, causality will be observed from forex market to foreign investment. The change in the level of foreign investment flow will affect the liquidity position and consequently the price level in the stock market. This sequence of the events can also move in inverse direction. Consequently an indirect causal relationship can be observed between stock prices and exchange rate. The dynamics of this relationship can be better understood using FII investment flow particularly with high frequency data. The future studies on this issue should be directed to these lines.

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WEAK FORM EFFICIENCY: A REVIEW OF MAJOR FINDINGS IN EMERGING MARKETS

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The efficiency of stock markets is closely related to the allocation of scarce capital resources. The allocation of capital resources to their most productive use can only be achieved in the presence of an efficient pricing mechanism. The efficient dissemination of information should ensure that capital is allocated to projects that yield the highest expected return with necessary adjustment for risk. Thus, pricing in an efficient market has the potential of affecting the allocation of an economy's savings and investment. As emerging markets move towards free economies where stock markets have major role to play, this has serious implication for resource allocation. The extent of information assimilation can be evaluated by examining the whether the security prices reflect all the information or not. The tests of weak form of efficient market hypothesis are applied to determine whether the prices are correlated or not and whether technical trading rules can be applied to earn super normal profits. The focus of research on weak form efficiency has shifted to emerging markets now and number of studies have been undertaken which indicate whether the markets are weak form efficient or not and the extent to which historical information is imbibed in the prices. This paper reviews some important findings of weak form efficiency in emerging markets especially India and China.

INTRODUCTION

The empirical research on weak form efficiency of the efficient market hypothesis can be divided into two broad categories, first is technical analysis, which is mainly concerned with testing for availability of exploitable information in past security prices and second is fundamental analysis, which rests on the assumption that factors other than past security prices are relevant in the determination of the future prices. There is a vast amount of literature available on the weak form efficiency of stock markets. However, the majority of the empirical work has been done using the data of the U. S. stock markets and the exchange rates against the U. S. dollar. The reason for this is that the U.S. stock markets are the deepest and the most competitive financial markets in the world, as such they provide a favourable testing ground. Later on, the focus shifted to the European markets. By 1990, it was well established that the markets of U. S. and other developed countries were weak form efficient and the returns were not predictable. The markets of developing countries have not been actively researched upon as many of them were regulated economies where stock markets had no major role to play in the resource mobilization and due to non-availability of data. It is only after 1990 the focus of worldwide investment community has shifted to emerging stock markets. According to the International Finance Corporation (IFC), a subsidiary of the World Bank, all markets in developing countries are treated as emerging. The World Bank defines developing countries to have per capita GNP below 7,620 U.S. dollars at 1990 prices. There has been an increase in empirical and policy-oriented studies concerning stock markets of developing markets due to the reliable and continuous data provided by the IFC. Unfortunately, the IFC's data set is, in general, aggregate in nature. This prevents researchers to focus on comparative studies using high frequency data from emerging markets. However, with increasing use of information technology the data for the emerging markets is now becoming accessible. This paper reviews the important findings on weak form efficiency in emerging markets after 1990.

REVIEW OF IMPORTANT STUDIES

Nassir (1991) studied Kula Lumpur stock market, which was a thinly traded stock market. In order to control for market thinness, ten portfolio deciles of Kula Lumpur stock exchange listed stocks, which

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the Indian market. Contrarian profits for one to four weeks holding period were not statistically significant and these profits declined for longer holding periods. The momentum strategy worked when the holding period was longer. The study concluded that markets did have trends and could be exploited by investors by devising appropriate momentum and contrarian strategies.

CONCLUSION

Thus, it can be seen that in case of emerging markets the results are generally not supporting the weak form efficient market hypothesis. The findings of Chinese markets are clearly indicating that the market is weak form efficient market. However, the results are to be interpreted keeping in view the peculiarities of these markets. One major limitation is that the many of the studies are on aggregate data using indexes and in many cases the sample size is quite small. Drawing conclusion about the market based on such small samples may be misleading. Secondly the types of tests used are also limited and most studies use serial correlation and run test which fail to capture the non-linear relationship existing in the data. One problem faced by the researchers is that of the availability of data. Therefore, before drawing any conclusion about the emerging markets, it is necessary to undertake studies in depth by using more refined tests. Merton (1987) states that researchers can always benefit from efficiency tests since any rejection of hypothesis may provide them with financial success thanks to investment professionals ready to pay for results whereas a financial failure in terms of inability to reject efficiency hypothesis leads to academic success through publication in academic journals. Therefore, it is understandable why academic literature generally provides empirical evidence in support of informational efficiency of stock markets (emphasis added). The review reveals that though the research in this area started in India in 1970s, not much work has been done to date.

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