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# A Reinterpretation of the Relation between Market-to-Book Ratio and Corporate Borrowing

Raju Majumdar\*

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*This paper develops an alternative interpretation of the observed inverse relation between market-to-book ratio and long-term indebtedness based on the market timing theory of capital structure and provides empirical evidence to substantiate the same. Our findings suggest that in the presence of equity returns as an independent variable, market-to book ratio loses statistical significance in explaining incremental borrowing by the firm. Results in this paper reveal that long-term indebtedness is inversely related to market to book ratio in expansionary as well as contractionary phases of an economy. Consequently, the use of market-to-book ratio as an estimate of firm growth in regression models appears contestable.*

Keywords : Market-to-Book Ratio, Long-term Indebtedness, Capital Structure, Equity Returns, Multicollinearity, Debt to Asset Ratio.

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## Introduction

Ever since Franco Modigliani and Merton Miller's 1958 paper on the irrelevance of capital structure choice was published, the issue of debt-equity choice has become one of the most intensely debated topics in corporate finance research: an outcome contrary to the prescription of the paper itself. Alternative theories<sup>1</sup> that emerged in the ensuing period attempted to identify conditions under which capital structure 'irrelevance' did not hold and explored the issue of optimal debt-equity mix (when irrelevance is violated). While this yielded a set of (firm specific and institutional) factors that influenced capital structure choice, the issue of optimality remained a *holy grail*.

Myers (1984) termed the issue of debt-equity choice a 'puzzle' and capital structure theories, to date, only remained directional rather than definitive. Empirical research in the said field have highlighted the problems of objectively estimating firm level attributes Titman and Wessels (1988) and the non-exclusivity of capital structure theories and their simultaneous validity Barclay Smith (1999) as important stumbling blocks in the quest for optimality. This paper draws its motivation from these two issues and addresses the issue of firm-growth (prospects) and its impact on corporate borrowing behavior

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\* Raju Majumdar, Associate Professor (Finance), IILM-Graduate School of Management, Greater Noida, Uttar Pradesh.

# Factors Influencing Investment in Real Estate : An Exploratory Study of Punjab

Kanika Marwaha\*

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*An exploratory attempt has been made in the present paper to identify the factors that influence the individual stock investors of Punjab towards investing in real estate. For achieving the aforesaid purpose, a pre-tested, well-structured questionnaire was administered personally and the responses of 124 respondents are analyzed. The responses have been analyzed with the help of factor analysis to group variables into identifiable categories in terms of recommendation factor, safety benefit factor, authenticity factor, market indicators factor, probable benefits factor, reward factor, security need factor, personal needs factor and social influences factor. The results revealed that security needs factor has the highest impact on investor behavior towards investing in real estate. Social influences factor and personal needs factor have the slightest significance level towards purchase decisions of real estate. The current research will be helpful for property advisors and real estate service providers in understanding the psychology of the investors to invest in real estate on the basis of factors influencing their preference and suggest them real estate options as per their needs.*

Keywords : Individual Investors, Weighted Average Scores, Factor Analysis, Real Estate, Investor Psychology.

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## Introduction

The purpose of investment in real estate is to profit from future return in compensation for the cost of forgoing present consumption. However, the expected return depends on an uncertain future, which always involves risk. By observing the behavioral patterns of real estate investors, we can categorize investment patterns based on earning rate, stability and liquidity into cash deposits, securities, and/or real estate. Investors are leveraging their securities and bank deposit investments into real

estate because of market recession and decreased bank interest rates. In the light of these circumstances, various supplementary administrative schemes and a related marketing study are called for in order to protect actual investments (Shim, et.al, 2008). The decision-making process in real estate investment refers to the systematic research, acquisition, application and analysis of the desired real estate asset that satisfies the

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\* Kanika Marwaha, Assistant Professor, Department of commerce, G.N.D.U College, Verka, Amritsar, Punjab.

# Corporate Governance : A Perceptual Undertone of Management Graduates

*Prasanta Guha \**, *J.K.Pattanayak \*\** & *Manodip Ray Chaudhuri \*\*\**

*The paper presents the perception of management graduates towards corporate governance. The research has been performed within the scope of selected institutes in Eastern India. The study identifies the results obtained at a regional level and a comparison of students' perception taking into account the feedback given by first year, second year and passed out management graduates from public and private institutes. The research work is based on evidence found in literatures and considering the feedback of the related respondents to understand the philosophy of corporate governance in the true sense of the term. The paper is organized as follows : Section-1 deals with the introduction part detailing briefly about the corporate governance, business ethics, b-school curriculum and relation among them. Section-2 presents the brief review of literature. Section-3 discusses the methodology used in the paper and the data sources. Section-4 explains the empirical analysis and results. Section-5 provides the conclusion of the study.*

Keywords : Corporate Governance, Business Ethics, Perception, Management Graduates.

## Introduction

Maximisation of shareholder's wealth has gained importance for long period. It is not free from all criticism. Failure of many corporations signal the inadequacy of corporate shadowing. It has been proved by these failures that stakeholders' interest has been neglected by the holder of joystick holders in the corporation. Hence, people realize the importance of corporate governance (Chau, 2011). Downfall of Barings Bank in 1995, scandals in Enron, ruin of Parmalat, WorldCom, Tyco, Satyam and very recent case of Saraddha Group of companies made it clear in establishing

\* *Prasanta Guha, Assistant Professor, Future Business School, Sonarpur, Kolkata-700150.*

\*\* *Dr.J.K.Pattanayak, Professor & Head, Department of Management Studies, Indian School of Mines, Dhanbad.*

\*\*\* *Dr.Manodip Ray Chaudhuri, Professor & Dean, Future Business School, Sonarpur, Kolkata-700150.*

*The first author of this paper would like to show his deep reverence and sincere appreciation to his former guide, late Dr.Mitali Sen, formerly Assistant Professor, Department of Management Studies, ISM – Dhanbad. He likes to thank her, for the enormous support and help. He feels without her encouragement and guidance, this paper would not have seen the light of the day.*

# Developing an Empirical Framework for Investment Strategy Based on BB&K Five-Way Model

*Fatima Akhtar\**, *K.S.Thyagaraj\*\** & *Niladri Das\*\*\**

*Of late the investment mantra which every investment adviser recites is 'savings'. According to Keynes, savings represent any amount left over, when the cost of person's consumer expenditure is subtracted from the amount of disposable income that he/she earns in a given period of time. People tend to save so as to quench their specific objectives and goals, thus there is a need to study the nature of an investor and goal for which an investor saves for. In the present era of economic reform, the behaviour of an investor has changed remarkably with reference to preferences and diversified avenues of investments. The elemental purpose of this study is to study the relationship between investment preferences and the BB&K investor model developed by Thomas Bailard, David Biehl and Ronald Kaiser. To search out these metamorphoses in investment strategy, possible effect of demographic variables like age, gender, education, qualification, savings etc have been analysed.*

Keywords : Behavioural Finance, Investor Decision-making, BB&K Model.

## Introduction

Market sentiments rule the investment decisions. In the field of behavioural finance the word "sentiment" is often associated with the term "error". There are ample studies on stock markets which have shown a strong influence of psychological factors of the investors. First of this kind was done by Kahneman (2000) who pointed out that capital markets have their own psychology or character in terms of emotional springs, mood swings and overconfident beliefs which is always persuaded by the powerful preferences of the investors.

Every investor is different in terms of his/her financial goals, level of tolerance towards risk and personal desires and situations. These characteristics are often studied under investment management but are more rigorously defined as objectives and constraints. Objective being the minimization of risk and

\* *Fatima Akhtar, Research Scholar, Department of Management Studies, Indian School of Mines, Dhanbad-826 004, India.*

\*\* *Dr.K.S.Thyagaraj, Assistant Professor, Department of Management Studies, Indian School of Mines, Dhanbad-826 004, India.*

\*\*\* *Dr.Niladri Das, Assistant Professor, Department of Management Studies, Indian School of Mines, Dhanbad-826 004, India.*

# Motivating Factors among Unorganised Retailers – An Empirical Study

M.Ramesh\* & S.Gurusamy\*\*

*Retailing in India is one of the pillars of its economy and accounts for about 15 per cent of its GDP. The Indian retail market is estimated to be US\$450 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with 1.2 billion people. The researcher's attempt to assess the motivating factors of unorganized retailers in Chennai. Factor analysis is used to analyse the group of motivating variables into factors. These factors are analysed using Principal Component Analysis with Varimax and Kaiser Normalization. Cluster analysis is used to segregate the retailers grouped as per the dimensions obtained in principle component method derived as predominantly factors of motivation. Association using chi square is used to find the nature of association between the business details of retailers and their perceptual difference over motivation. Results reveal that the retailers strongly agree for the attractive rate of return, continuous demand and growth and Social Recognition and contacts which has the highly motivating factor. The analysis further revives that they are highly motivated by self-employment opportunity, already established and required to continue and Easy entry and exit mechanism.*

Keywords : Retailers, Motivation, Economic Value, Store Location, Social Recognition, Entry and Exit Mechanism.

## Introduction

Retailing in India is one of the pillars of its economy and accounts for about 15 per cent of its GDP. India with 1.2 billion people is one of the fastest growing retail markets in the world, which is estimated to be US\$450 billion and also ranked as one of the top five retail markets in the world in terms of economic value. By and large, India's retail sector is essentially owner driven small shops. In 2010, larger format convenience stores and supermarkets accounted for

about 4 per cent of the industry, and these were present only in large urban centers. India's retail and logistics industry employs about 40 million Indians (3.3 per cent of Indian population). Until 2011, Indian government denied foreign direct investment (FDI) in multi-brand retail, forbidding foreign groups from any ownership in supermarkets,

\* Dr.M.Ramesh, Assistant Professor, Department of Commerce, R.K.M. Vivekananda College, Chennai.

\*\*Dr.S.Gurusamy, Professor & Head, Department of Commerce, University of Madras, Chennai.



# Impact of Occupational Stress on the Relationship between Job Involvement and Motivation

Vivek Tiwari\* & P.N.Singh\*\*

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*The paper investigates the impact that job involvement (JI) has on the motivation (M) level of the industrial workers and also, finds out whether occupational stress (OS) moderates the relationship between job involvement and motivation. The study has been conducted on 315 employees belonging to different departments of Hindalco Industries Ltd., world's largest aluminium rolling company of Aditya Birla Group. Relationship between JI and M has been established with the help of 2x2 factorial design and moderation effect of occupational stress on the relationship between Job Involvement and Motivation has been checked with the help of Hierarchical Multiple Regression Analysis. The findings of the investigation have come out that M is positively related to JI. Also, OS does moderate the relationship between JI and M but in a negative way and the impact has been found to be moderate and significant.*

Keywords : Motivation, Job Involvement, Occupational Stress, 2x2 Factorial Design, Hierarchical Multiple Regression.

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## Introduction

Why do people work, why do employees come to work on time, why do they stay with a company for their full working lives, if a company knows answer to this question then they can have a deciding marketplace advantage over competitors. One of the most important factors that lead one to their goals is the drive and this drive is known as motivation. It is a zest and determination with a kind of excitement that leads one to persevere to reach greater heights and continue working with the same amount of energy.

In today's changing business environment unleashed by the cut-throat

competition, organizations all around the world need to utilize maximum potential of their human resources to stay ahead of the fierce competition and hence survive in the middle of the quest. It can be easily said that most successful organizations are built on the integral value of their human resources as motivated and committed and involved employees almost always allow an organization to grow faster than similar competitive organizations. Well motivated and committed workforce feels that organization value them and they are playing an

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\* Dr. Vivek Tiwari, Assistant Professor, R.S.M.T, UP College Campus, Varanasi, Uttar Pradesh.

\*\* P.N.Singh, Assistant Professor, R.S.M.T, UP College Campus, Varanasi, Uttar Pradesh.



# Functioning of Self-help Groups under SHG Bank Linkage Programme in Andhra Pradesh

P.Srinivas\*

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*In India, the concept of Self-Help Groups (SHGs) has emerged as a model to alleviate poverty and improve overall conditions of the rural poor, especially rural women. The increasing number of SHGs every year shows its potential; however, sustainability of it has always been questioned. Therefore, a study was conducted in the selected districts of Andhra Pradesh to understand the functioning pattern and sustainability of the SHGs, which were formed under SHG Bank Linkage Programme. A total of 81 SHGs were taken for evaluation of credit translation into income generating activities. The study revealed that initially all the groups were being supported externally besides their own corpus fund for financial stability. SHGs mobilized their resources through various income generating and entrepreneurial activities. The groups involved in diversified activities like tailoring, preparation of pickles, handicraft, etc. However, all the SHGs more or less adopted the same activities, indicating competitive market and that resulted in marginal profit within a geographically confined locality. All the members opined that there was increase in household income and they could realize the dream of credit for income generating activities.*

Keywords : Self-Help Groups, Sustainability, Income Generating Activities, Entrepreneurship.

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## Introduction

Persistent poverty is one of the basic problems affecting India's economy, women being the most vulnerable group affected by it. This is more pronounced in poorer families, in which household income is largely depended on family women for survival. Interestingly, nearly half of the human population are women and the rural women in India constitute about 77 per cent of the total female population, which

is a leading working force. The economic development of any nation depend largely on the growth of this community in terms of entrepreneurship, employment activities in agriculture and allied sectors, mobilization, utilization and generation of funds or capital. Against this back drop, the National

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\* Dr.P.Srinivas, Assistant Professor, Department of Economics, Vikram Simhapuri Univesity P.G.Centre, Kavali-524201, Nellore District, Andhra Pradesh, India.

# Working Capital Management of Glaxo SmithKline Consumer Health Care : An Empirical Study

Ch.Naveen\*

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*Working capital management is the life blood of all types of enterprises. It is required for purchasing raw materials, payment of wages and for other day to day operations. Insufficient working capital interrupts the business activities. Excess working capital means too much cash tied up in receivables and inventories. This will have impact on the profitability of the organisation. So organization should manage the working capital effectively. Adequate working capital helps the firm to survive even in the times of depression. Working capital management is concerned with managing current assets and current liabilities in such a way that a satisfactory level of working capital is maintained. An attempt has been made to analyse the working capital decisions and practices followed by GSKCH (GlaxoSmithKline Consumer Health Care) through liquidity ratios, efficiency ratios for the period 2004-2014. Also an attempt has been made to test whether the company is showing the Zero working capital or not. Zero working capital means managing receivables and inventories in such a manner that almost exactly offset the creditors. From the study it is observed that the company showed the zero working capital only for 4 out of 10 years only.*

Keywords : Receivables, Inventories, Creditors, Liquidity, Profitability and Zero Working Capital.

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## Introduction

Effective, efficient and consistent implementation of the working capital policies ensures the health of the organisation. Working capital management efficiency is most important for any manufacturing organisation. Major part of the manufacturing organization is composed of current assets. It affects the profitability and liquidity of the firms. Trade-off between liquidity and profitability is so important. Organisation should manage its working

capital effectively to avoid bankruptcy, liquidity, profitability and solvency of the organisation depend on the effective management of working capital.

## GSK : A Brief Company Profile

GlaxoSmithkline plc, (GSK) is a global pharmaceutical, biologics, vaccines and consumer healthcare company

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\* Ch.Naveen, M.B.A, Assistant Professor, Department of Management Studies, Gayatri Vidya Parishad College for Degree and P.G. Course, Rushikonda, Visakhapatnam-45.

# Spiritual Orientation and Perceived Stress Level : An Empirical Study on Indian Youth

Amar Kumar Mishra\* & Swati Bisht\*\*

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*Plagued by social, economic and environmental problems at large, the modern world is a manifestation and nemesis of human greed, devoid of compassion and affection towards societal fraternity. These large-scale problems have camouflaged the basic essence and elixir of life among youth which triggered in mankind, a renewed search in quest for an exclusive peace and harmony, a search that is essentially leading to a spiritual journey. This paper aims to study the impact of spiritual orientation as a de stressor amongst the youth. The paper being diagnostic in nature mainly depends on primary and secondary sources of data. The secondary information is collected from journals, e-journals, publications, periodicals, thesis, reports and websites. Primary data was collected using the structured questionnaire. Research findings suggest that spirituality really does have an impact on stress level. Practice of the course and inculcation of its learning in every sphere of life over a period of time eliminates stress that enables the practitioner to become more skilled at achieving mindfulness that leads to a sense of meaning in life, compassion, and transcendence.*

Keywords : Stress, Spirituality, Self-esteem, Harmony.

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## Introduction

*“Desire for instant success, name and fame but the fear of failure; openings of innumerable new vistas to realize one’s dream but ever increasing cut-throat competition; unprecedented speedy life style but the feeling of being a part of the rat race; freedom to lead unrestricted, unrestrained life but the sanskar to conform to traditional practices; ecstasy in hope but fragile in despair; preoccupied with mundane materialism but far away from spiritualism; just a click away from globalized world but remotely distant from inner self....”*

The above description perhaps best characterize the dilemma of youth in the modern world. They are full of hope and desire, surrounded by opportunities; constrained by fear and ignorant about the possibility as well as relative worth of any outcome. The confrontation among all-opportunities, constraints and ignorance is continuous and inevitable. The result is stress. The resultant outcome of stress could be

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\* Dr.Amar Kumar Mishra, Assistant Professor, IMS Unison University, Dehradun

\*\* Dr.Swati Bisht, Associate Professor, IMS Unison University, Dehradun.