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A Comparative Study of Variables Influencing Preferences of Individual Investors for Gold (Safer Investment) Vis-A-Vis Stocks (Risky Investment)

Kanika Marwaha[1]
Sangeeta Arora[2]

ABSTRACT

With the diversification of investment avenues in the current era, it is imperative to examine the variables that appear to exercise the greatest influence on the individual investor while choosing investment avenues. The present study is an exploratory attempt to analyze the perception of individual investors of the stock market of Punjab towards investing in gold vis-à-vis stocks. Exploratory research, using in-depth interviews, was undertaken to explore the variables influencing the investment decisions of the individual investors. A pre-tested, well structured questionnaire which was administered personally and the responses of 207 respondents are analyzed. For the aforesaid purpose, the most and least influencing variables affecting the decisions of individual stock investors to invest in gold and stocks were gauged and the comparison for such variables influencing their preferences was conducted. Weighted Average Scores method used to identify the most and least influencing variables and Paired Sample T-test is applied to the data to identify if there exists any significant difference in the variables influencing the investment preferences for gold (safe investment) vis-à-vis stocks (risky investment). Inflation Resistance is found as the most important variable and Stability of Income is found as the least influencing variable for investors towards investing in gold. 'High returns' is found as the most important variable influencing stock purchases and 'religious reasons' is least influencing variable towards stock purchase decisions. Statistical significant difference exists in perception of individual investors for 19 variables towards the preference for gold vis-à-vis stocks. The current research will be helpful for financial consultants and service providers in understanding the investors' perception towards variables influencing their preferences for two different investment options and suggest them as per their perceptions and needs. This paper is a first of its kind to empirically contrast the variables that influence the preferences of individual investors from stock market of Punjab, India for gold vis-à-vis stocks and thus, contributes to the understanding of the investment behaviour.

KEYWORDS: *Individual Stock Investors, Weighted Average Scores, Paired Sample T-Test, Gold, Stocks, Investor Behaviour, Risky Investment, Safer Investment*

1 Assistant Professor, Department of Commerce, SSSS College of Commerce for Women, Amritsar, Punjab and can be reached at: kanikamarwaha85@yahoo.com

2 Associate Professor, Department of Commerce, Guru Nanak Dev University, Amritsar, Punjab, and can be reached at: sukhsangeet@yahoo.com

Evaluation of Financial Performance Using Economic Value Added Metrics in Pharmaceutical and I.T. Companies - A Comparative Study

T. Satyanarayana Chary[1]
N. Saibaba[2]

ABSTRACT

Economic Value Added (EVA) is a firm's true economic profit after deducting the full opportunity cost of all invested capital, equity and debt. It is regarded as a comprehensive measure of performance and is an indication of value creation and calculated by deducting the cost of capital from NOPAT (Net Operating Profit after Tax). Thus, EVA is considered as the true measure of corporate surplus or effectiveness, which should be shared by the shareholders, management and employees. It turns balance sheet assets into a charge to profit, just like cost of goods sold. EVA increases the wealth of the share holders when managers streamline operations, control the costs, and invest capital in growth oriented projects whose cost of capital is affordable to earnings, EVA is also measured after eliminating accounting distortions that could change the true value. Hence, it improves performance through all possible ways and wealth is created. This paper examines that how EVA and EVA metrics are assessed and analyzed in the Pharma and IT companies with an upshot of two companies of respective domains as case problems.

KEYWORDS: *EVA, NOPAT, Corporate Surplus, Shareholders, EVA Metrics*

Introduction

Investors measure overall performance of a firm to make decision whether to invest or to continue or to exit from an organization. In the process of goal congruence, managers' compensation is linked with the performance of the responsibility centers.

1 Professor, Head & Dean, Faculty of Business Management, Telangana University, Nizamabad, Telangana State and can be reached at tsnchary@gmail.com

2 Assistant Professor, Department of Commerce and Business Management, Vivekananad UG & PG College, Karimnagar and Research Scholar, Department of Commerce, Osmania University, Hyderabad and can be reached at: saisree108@gmail.com

Intrinsic Factors Regulating Job Satisfaction in Micro, Small and Medium Enterprises in Uttarakhand

Nirja Bametha[1]
Yogesh Ruwali[2]
Deepak Ruwali[3]

ABSTRACT

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. The purpose of this study was to provide insight of MSME framework in India and examine the intrinsic factors regulating job satisfaction in Micro, Small and Medium Enterprises (MSME) in Uttarakhand India. A survey design of employees in 55 MSME across the states and business segments complied by the NGO JAGRATI team, Nainital was used; 379 employees (79%) responded and their data were used for the analysis. The Questionnaire measured education, skillfulness, family issues and demographics as variables and data was analyzed using regression and correlation. The results suggest a significant positive correlation between academic qualifications and job satisfaction and negative relationship of skillfulness, family issues and job satisfaction.

KEYWORDS: *Education, Family Issues, Micro, Small And Medium Enterprises (MSMEs), Uttarakhand, Skillfulness, Job Satisfaction.*

Introduction

Micro, Small and Medium Enterprises (MSMEs) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play a crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in the industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary

1 Lecturer, IHMS, Kotdwara, Pauri Gharwal Uttarakhand and can be reached at nirja.bametha@yahoo.com.

2 Ph.D., GBPUA&T, Pantnagar, Udham Singh Nagar, Uttarakhand and can be reached at ruwali.yogesh@gmail.com.

3 President, NGO-JAGRATI, Nainital, Uttarakhand and can be reached at mediaman.buddy@gmail.com.

The Impact of Macroeconomic Variables on Indian Stock Market using Factor Analysis Approach

S. Baranidharan [1]
S. Vanitha [2]

ABSTRACT

The study has examined the impact of macroeconomic variables on performance of Indian stock market especially in the context of emerging market. The study used monthly data from 1st April 2000 to 31st March 2014. It employed statistical measures namely, factor analysis to obtain the factors to analyse the stock market performance in India. The study found results, about 52.54 per cent of the variance among the selected variables. The study identified orthogonal rotation test extracted three factors from ten variables and named as Macro-Economic, Capital Market Performance and Macro environment. In overall results, the three factors are positive reflected and significantly influencing the stock market. The explanatory variables were 63.60 per cent approximately and influenced the stock market performance during the study period. The study suggested to policy makers, in India, that they should maintain economic stability through policies for growth and glossiness of the stock market.

KEYWORDS: *Macroeconomic Variables, Factor Analysis, Capital Market Performance, Macro Environment, Stock Market*

Introduction

The stock markets play a significant part in financial sector in both emerging and emerged countries. It is a fundamental part of economic growth and development of country. The stock market index furnishes that historical performance of stock market and it is the benchmark to evaluate the recital of individual portfolio since macroeconomic variables are inter-dependent to the stock market activity. Macroeconomic variables include both real and financial, it influences both positive and negative performance of the stock market. Ologunde *et al.* 2006 analysed that a good economy ensures the

1 Ph.D. Research Scholar, Department of Commerce and Financial Studies, Bharathidasan University, Tiruchirappalli, Tamilnadu and can be reached at: 1919bk@gmail.com

2 Assistant Professor, Department of Commerce and Financial Studies, Bharathidasan University, Tiruchirappalli, Tamilnadu and can be reached at: vanitha@bdu.ac.in

Patterns of Employability Skills among Business Students

M.M. Sulphey [1]

ABSTRACT

Employability skills are transferable, core proficiencies that represent essential functional and enabling knowledge skills and abilities. Such skills are essential to secure, maintain and succeed at all levels of employment. It is an absolute necessity to progress within an enterprise so as to achieve one's potential and support productivity, viability and competitiveness. However, there is a substantial gap between the skills acquired at the university and those needed in employment. This gap has widened over the period of time. With respect to MBAs, many studies have identified the existence of substantial gap between the theories taught in the class rooms and the skills required for actual practice in the work place. The present study was done to find out the patterns of employability among business graduates. Results reveal that there are certain major and critical areas that require renewed focus from the academic institutions. Significant difference in employability was also observed in a few demographic variables studied.

KEYWORDS: *Employability, Employability Skills, Business Students*

Introduction and Review of Literature

Employability is a highly debated topic. There is a lack of unanimity as to what employability is. It has as many definitions, interpretations and theories as the number of experts who have attempted to define it. Significant confusion had existed for the last dozens of years regarding employability skills. Employability is a difficult concept to define succinctly and comprehensively (Lees, 2002). This topic has fascinated many, and of late there has been renewed interest in this area among employers, employees, researchers and academia. While some have even limited the scope of employability to 'preparation for graduates to successfully get jobs and to develop their careers', there are others who have taken a holistic view of the concept. To Harvey & Knight (2005) employability is the attributes of a graduate that will assist him in getting, retaining and developing in a job. According to Fugate *et.al,* (2004) and Rothwell & Arnold

1 Dean (Academics, Research and Consultancy), TKM Institute of Management, Musaliar Hills, Kollam, Kerala and can be reached at: mmzulfi@hotmail.com

Value at Risk (VaR) Models and Risk Estimation

R. Srinivasan [1]
Raj S. Dhankar [2]

ABSTRACT

G-30, Basel Committee on Banking Supervision, Bank of International Settlements; and most central banks across the globe have endorsed Value at Risk (VaR) as a standard for measuring risk. Though, VaR is widely accepted as a true risk measure for the banking industry, but is yet to find enough acceptances in the investment industry. VaR reporting on a periodic basis could help the investor in better understanding of risks of loss to his investments. The authors have tried to review different methods of estimating VaR, and its applications. Many variants of VaR propagated by researchers seem to work in patches. RiskMetrics developed by J.P. Morgan, uses Exponentially Weighted Moving Average (EWMA) method, which has become a standard tool for VaR estimation. Till the time another more effective method is created, VaR is likely to continue attracting a lot of interest.

KEYWORDS: *Basel Committee, Banking Supervision, Value at Risk, Banking Industry, Investment Industry*

Background

Risk is a function of change, and in managing investments, when this change gets more frequent and rapid we need to manage with techniques for coping with the effects of change (Crockford, 2005). Although in modern parlance the term risk has come to mean 'danger of loss', finance theory defines *risk* as the dispersion of unexpected outcomes owing to movements in financial variables; thus viewing both positive and negative deviations as sources of risk (Jorion, 2007). *Risk* is the volatility of unexpected outcomes, generally in the value of assets or liabilities of interest (Jorion, 2002). Financial risk is often defined as the unexpected variability or volatility of returns; and

1 Professor, IILM Institute for Higher Education, New Delhi and can be reached at: sriusha64@yahoo.co.uk

2 Vice Chancellor, Ansal University, Gurgaon, Haryana and can be reached at: rajsdhankar@gmail.com

The Empirical Investigation of Relationship between Return, Volume & Volatility in Indian Stock Market

Gurmeet Singh [1]

ABSTRACT

This paper investigates the empirical relationship between return, volume and volatility dynamics of stock market by using data of the NIFTY index of NSE during the period from Jan 2007 to March 2014. The volatility in the Indian stock market exhibits characteristics similar to those found earlier in many of the major developed and emerging stock markets. It is shown that ARCH family models outperform the conventional OLS models. We find that, the TARCH model is better fit, when we compare the GARCH, EGARCH and TARCH models, on the basis of AIC and SC criteria. Causality from volatility to volume can be seen as some evidence that new information arrival might follow a sequential rather than a simultaneous process. Moreover, in the GARCH model, ARCH and GARCH effects remain significant, which highlights the inefficiency in the market. In addition, EGARCH and TARCH models indicate the presence of leverage effect and positive impact of volatility on returns. Finally, the findings of granger causality test records the evidence of one way causality from volatility to trading volume and from return to volume.

KEYWORDS: *NIFTY, GARCH, EGARCH, TARCH, Causality Test*

Introduction

It is very important for any economy to achieve efficiency in the dynamics of the stock markets. For any stock market return & volume are the two important factors around which the entire stock market revolves. The emergence of information efficient financial markets is an important facet of any country's economic modernization. Moreover, it is observed from the prior literature that stock prices are noisy which can't convey all available information to market dynamics of stock prices and trading volume. Therefore, studying the joint dynamics of stock prices and trading volume is essential to improve the understanding of the microstructure of stock markets.

1 Assistant Professor, Unitedworld School of Business, Gandhinagar, Gujarat and can be reached at: prof.gurmeet-singh@live.com