



# A Study of Returns' Performance of Banking, Non Banking and Ethical Funds Evidence in Indian Mutual Fund Industry

*The mutual funds are playing vital role in for the growth of equity market investments. The present study has been emphasized on the sectoral mutual fund schemes of banking, non banking and ethical funds from the period of 2015 to 2017. In the present study 2 mutual funds schemes were considered and applied the returns performance measure tools such as sharpe, Jensen and Trynor. The banking mutual funds returns performance is found to be greater than the other funds. The ethical funds performance had given second highest returns and non banking mutual fund schemes stud third rank. The Bi-variate correlation has been applied and result reveals that banking and non banking ranked are found to be strongly correlated. This paper is useful to the mutual fund investors, fund managers, asset manager companies and regulators.*

**Key Words :** Banking funds, Non banking funds, Ethical funds, Jensen, Sharpe and Trynor.

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## **I**ntroduction :

Financial services sector is the nucleus of the growth model designed for the economic development of a country. The financial services sector plays a crucial role in the process of economic development. The Indian financial system can be broadly classified into the formal (organized) financial system and the informal (unorganized) financial system. In India the spread of banking in rural areas has helped in enlarging the scope of the formal financial system.

Primary securities are issued by the ultimate burrowers of funds to the ultimate savers e.g. bank deposits, mutual fund units, insurance policies etc. Financial instrument helps the financial markets and the financial intermediaries to perform the important role of channelizing funds from the lenders to burrowers. Financial services include merchant banking, leasing, higher purchase, credit rating etc. Financial services rendered by the financial intermediaries' bridge the gap between lack of knowledge on the part of the investors and increasing sophistication of financial market and instruments.

Over the years, the financial services in India have undergone revolutionary changes and had become more sophisticated, in response to the varied needs of the economy. The process of financial sector reform, economic liberalization and globalization of Indian capital market has generated and augmented the interest of the investors in equity. But, due to inadequate knowledge of the capital market and lack of professional expertise, the common

investors are still hesitant to invest their hard earned money in the corporate security. The advent of mutual funds has helped in garnering the investible funds of this category of investors in a significant way.

## **Literature Review :**

Cummings (2000) investigated the performance of 7ethical equity funds in Australia and observed no significant differences in their returns compared to both a large and a small cap benchmark for a period of 1986-1994. However, Tippet (2001) argued that average of three largest Australian ethical mutual funds significantly underperformed the All Ordinaries Index by 1.5% p.a. during 1991-1998.

Asmundson and Foerster (2001) examined the performance of Canadian ethical mutual funds with domestic equity orientation vis-à-vis TSE 300 index and found no statistically meaningful differences in return but some weak evidence suggesting that ethical investing is less risky.

Bauer et al. (2005) reviewed 103 German, US and UK ethical mutual funds over the period 1990-2001. Using Carhart multi-factor model to evaluate the performance of ethical and conventional mutual funds, they found no evidence of significant differences in risk adjusted returns between ethical and conventional funds. They also reported that due to different investment styles such funds are less prone to market conditions than conventional funds.

Natarajan and Dharani (2012) empirically examined the risk and return behavior of the selected Shariah compliant stocks and benchmark indices during the period 2nd January

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2007- July 2011. The study revealed that average returns of Shariah compliant stocks and benchmark indices are almost same. Thus, they concluded that equity based Shariah compliant investment is a viable and ethical investment avenue especially to small and individual ethical investors.

Sukhwinder et al. (2012) in their research work of performance evaluation of selected open ended mutual

funds in India was an attempt to examine comparative performance of selected open ended schemes and BSE-30 in terms of risk and return and to

know whether the mutual funds are able to provide reward to variability and volatility. Except one scheme all schemes were able to provide reward for variability and Volatility more than the benchmark. In 2010-11 benchmark has outperformed than all schemes. All schemes have failed to give more reward for variability then benchmark.

**Objectives of The Study :**

(1) To study the returns performance of banking, non banking and ethical mutual fund schemes.

(2) To measure the correlation between the banking, non banking and ethical mutual fund.

**Hypothesis of The Study :**

(1) **Null Hypothesis H0 :** There is no correlation between Banking with Non banking

(2) **Null Hypothesis H0 :** There is no correlation between Banking with Ethical Mutual Fund

(3) **Null Hypothesis H0 :** There is no correlation between Non-Banking with Ethical Mutual Fund

**Scope of The Study :**

The present study comprises of three different sectors of mutual funds. The time period of the study is from April, 2015 to March, 2017. The NAV of the selected scheme have been compared for two years with an annual return. Then schemes have been compared with the bench mark return to evaluate the performance of these schemes.

**Sample Design :**

Two calendar years returns of SBI and ICICI from bank sponsored tax saving mutual funds schemes are compared with UTI, Birla Sun life and Tata and Taurus tax saving schemes .Two financial years monthly index of BSE 100 and Shariah nifty 500.

**Methodology :**

**Table 1 : Sampling Tools Used for Analysis**

| Calculation of Return  | (P1-P0/P0)100                           |
|------------------------|---|
| Standard deviation     | $\sqrt{D^2/N}$                          |
| $\beta$ (Beta value)   | Covariance / $\sigma_m \times \sigma_m$ |
| Sharpe's ratio         | $(R_m - R_f) / \sigma$                  |
| Treynor's ration       | $(R_m - R_f) / \beta$                   |
| (Jensen Alfa) $\alpha$ | $R_p - R_f + \beta_p(R_m - R_f)$        |
| Information Ratio      | $\alpha / \sigma_{ef}$                  |

Risk Adjusted Measures for Performance Evaluation  
Return = Current Close Previous Close

(See Table 1)

**Data Analysis :**

(1) **To study the returns performance of banking, non banking and ethical mutual fund schemes.**

| Type of Fund        | Banking |         |       |         | Non Banking |               |        |         | Ethical      |                |       |         |
|---------------------|---------|---------|-------|---------|-------------|---------------|--------|---------|--------------|----------------|-------|---------|
| Name of the schemes | SBI     | ICICI   | Avg   | Ranking | UTI         | Birla Sunlife | Avg    | Ranking | Tata Ethical | Taurus Ethical | Avg   | Ranking |
| Sharpe Index        | 0.0766  | 0.12    | 0.098 | 1       | 0.087       | 0.015         | 0.0513 | 2       | 0.033        | 0.0486         | 0.041 | 3       |
| Jensen              | -0.0186 | -0.0455 | 0.032 | 3       | 0.023       | 0.024         | 0.0238 | 1       | 0.0109       | -0.0008        | 0.005 | 2       |
| Treynor             | 0.065   | 0.1072  | 0.086 | 1       | 0.071       | 0.048         | 0.0599 | 2       | 0.0306       | 0.0444         | 0.037 | 3       |

The above table depicts the returns performance result of the six mutual fund schemes belongs to banking, non banking and ethical. The Sharpe method has been applied on the selected mutual fund schemes and the results averages were ranked. The ranking has been given based on the performance measures methods such as sharpe, Jensen and Treynor. The sharpe ranking reflects that banking returns performance has got 1st rank and followed by the non banking and ethical mutual fund schemes (2 & 3).

The Jensen returns performance result reveals that the non banking returns performance has got 1st rank and followed by the ethical and banking related mutual fund schemes (2 & 3). The Treynor returns performance method had given similar to the sharpe result. The banking segment has got 1st rank and followed by the non banking and ethical mutual fund schemes (2 & 3).

| Method  | Performance Measure | Ranking |
|---------|---------------------|---------|
| Sharpe  | 0.19085             | 1       |
| Jensen  | -0.01403            | 3       |
| Treynor | 0.1835              | 2       |

The above table reflects the overall returns performance based on the sharpe, Jensen and treynor methods and the ranking results states that sharpe method has been ranked 1st and followed by the Treynor and Jensen method (2 & 3).

(2) **To measure the correlation between the banking, non banking and ethical mutual fund.**

Correlation between Banking with Nonbanking during the period of 2015-2016 to 2016 -2017.

Research Question: Is there a relationship between Banking with Nonbanking during the period of 2015-2016 to 2016 -2017.

**Hypothesis :**

The 'null hypothesis' is :

**H0 :** There is no correlation between Banking with Nonbanking during the period of 2015-2016 to 2016 -2017 (Equivalent to saying  $r = 0$ ).

'Alternative hypothesis' is:

**H1 :** There is a correlation between Banking with

Nonbanking during the period of 2015-2016 to 2016 -2017 (Equivalent to saying  $r > 0$ ).

**Results :**

The Correlation between Banking with Nonbanking during the period of 2015-2016 to 2016 -2017.

| Correlations   |                     |         |            |
|--|---------------------|---------|------------|
|  |                     | Banking | Nonbanking |
| <b>Banking</b>   | Pearson Correlation | 1       | 0.67**     |
|  | Sig. (2-tailed)     |         | 0          |
|  | N                   | 3       | 3          |
| <b>Nonbanking</b>  | Pearson Correlation | 0.67**  | 1          |
|  | Sig. (2-tailed)     | 0       |            |
|  | N                   | 3       | 3          |
| <b>** . Correlation is significant at the 0.01 level (2-tailed).</b> |                     |         |            |

From the Correlations table, it can be reveals that the correlation coefficient (r) equals 0.67 and indicated positive relationship between the banking & nonbanking and p- value is  $< 0.001$  which indicates the coefficient is significantly different from 0.

**Conclusion :** It is concluded that the relationship between the banking & non banking are strongly correlated with each other. Hence the H0-Null Hypothesis has been rejected and resultant that H1-Alternative hypothesis has been accepted.

**Findings of The Study :**

(1) The study found that the banking related mutual fund schemes returns performance is found to be greater according to the Sharpe method (0.98) than the non banking and ethical mutual fund schemes performance.

(2) The Jensen returns performance results reveals that non banking funds is found to be good (0.0238) and followed by the ethical and banking mutual funds performance in Jensen segment (-0.005 and -0.032).

(3) The Treynor performance a result seems to be similar with the Sharpe returns performance. The Banking funds schemes performance is found to be greater (0.086) and followed by the non banking funds scheme (0.0599) and ethical mutual funds performance (0.037).

(4) The study observed that the relationship between the banking & non banking are strongly correlated (0.67) with each other.

(5) It is found that the relationship between the banking & Ethical Mutual Fund are moderately correlated (0.48) with each other.

**Conclusion of The Study :**

The study concludes that mutual fund industry is based on different categories like banking non banking and ethical funds. The banking and non banking mutual funds are based on interest based profit making funds whereas the ethical funds are purely based on interest free profit making funds. The ethical based mutual funds are slowly showing increase in their profit performance. The Mutual Funds are one of

the best investment source available for Indian small investors to make an investment, if thoroughly assessed it may give high returns with low risk. Hence there is need to do further research in this area by considering the economic factors influence on the mutual funds investments decision making of the investors, so that they can take inform decision.

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# A Study of Behavioural Factors Influence on Investment Decision in Mutual Funds Evidence in Telangana State Investors

*The present paper has been emphasizes on the investor behaviour which will have the influence on the factors relating the mutual funds of Telanaga state investment community. The present paper has done on primary data of ten districts of newly formed Telangana state and applied various statistical tools. The mean difference and t statistical tool result reveals that the past performance is the main factor in influencing the decision making. The factor analysis output reflects that along with the past performance, the reputations of the fund manager followed by portfolio and service quality are the variables considered by the mutual fund investors of Telangana state. This paper is useful to the mutual fund investors, asset management companies, fund managers and regulators. **Key Words** : AMC, Brand equity, Fund size, Past Performance, Reputation of the fund manager, Type of fund and Objective of the fund.*

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## **I**ntrouction :

Mutual fund investors are termed as unit holders monitored by Asset management companies. The investor's behaviour will change according to the market situation. In the present paper few questions have been designed based on the proper interaction with the mutual fund experts. The factors were identified and framed in the questionnaire.

## **Review of Literature :**

Barua and Verma (2001), They found that the fund performed satisfactory for large investor in terms of rate of return.

Ippolito (2002), expressed that fund/scheme selection by investors is based on past performance of the funds and money flows into winning funds more rapidly than they flow out of losing funds.

Sarkar and Majumdar (2005), concluded that the performance was below average in terms of alpha values (all negative and statistically not significant) and funds possessed high risk.

Jaydev (2006), He concluded that the schemes failed to perform better than the market portfolio (ET's ordinary share price index).

Gupta and Sehgal (2014), They concluded that mutual fund industry performed well during the period of study.

## **Objectives of The Study :**

(1) To study the factors influencing to invest in mutual funds of Telangana state investors.

(2) To identify the variables preferred by the Telangana state investors to invest in mutual funds.

## **Hypothesis :**

**Null Hypothesis H0** : The selected factors will not

influence the investors of Telanaga state to invest in mutual funds.

**Null Hypothesis H0** : The investors will not prefer the selected variables to invest in mutual fund,

**The Sample Size** : The sample data consists of 995 respondents from 10 districts of Telangana state. The questionnaire has been framed 9 questions with the interaction of asset management companies fund manager help and few mutual funds experts relating the factors which may have influence on the investors' behaviour to invest in mutual funds.

**Tools of Data Analysis** : The data and information collected will be classified, tabulated and processed and its findings presented in a systematic manner. Statistical tools as mean difference, "t" test, wilks lambda, Discriminanat factor, KMO test, Factor analysis. **Data Analysis :**

**(1) To study the factors influencing to invest in mutual funds of Telangana state investors.**

The influencing variables on investors investment decisions on mutual funds among the small investors signifies that past performance factor constitutes higher co-efficient value 0.721 compared with other factors, which is similar among the large investors with past performance factor with a unit increase of 0.581 respectively. Among all the small and large investors of 10 districts of Telangana state factors such as brand equity, type of funds, reputation of manager, schemes portfolio, liquidity factors, past performance and risk involved among which 0.612, 0.489 and 0.386 are the highest co-efficient values as their

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| Impact of factors influencing to invest in mutual funds |                            |                             |       |        |
|---|----------------------------|-----------------------------|-------|--------|
| No  | Factors                    | Mean Score of the Investors |       |        |
|   |                            | Small                       | Large | Pooled |
| 1   | Brand Equity               | 0.175                       | 0.192 | 0.278* |
| 2   | Fund Size                  | 0.293                       | 0.271 | 0.026  |
| 3   | Type of Funds              | 0.037                       | 0.163 | 0.017* |
| 4   | Reputation of fund manager | 0.491                       | 0.357 | 0.183* |
| 5   | Schemes Portfolio          | 0.283                       | 0.264 | 0.251* |
| 6   | Liquidity Factors          | 0.188                       | 0.153 | 0.489* |
| 7   | Past performance           | 0.721                       | 0.581 | 0.612* |
| 8   | Current market Situations  | 0.253                       | 0.374 | 0.386  |
| 9   | Risk Involved              | 0.381                       | 0.273 | 0.309* |
|   | Constant                   | 0.274                       | 1.528 | 1.163  |
|   | R <sup>2</sup>             | 0.835                       | 0.725 | 0.785  |
|   | F- Statistics              | 4.692                       | 3.711 | 6.885  |

\*significant at five percent level, **Source** : Primary data.

respective regression co-efficient is significant at five percent level.

The analysis of pooled data reveals that the regression coefficient is to a greater extent by small investors with resulted regression 0.835 units and which is very low in large investor segment with 0.725 units respectively. And also, it depicts that important influencing variables for the investment decisions of 10 districts of Telangana state investors on mutual funds are brand equity, type of funds, reputation of fund manager, schemes portfolio, liquidity factors, past performance, and risk involved since their regression co-efficient are significant at five percent level.

## (2) To identify the variables preferred by the Telangana

| No. | Factors                         | Means Score of the Investors |       | Mean Difference | T-Statistics | Wilks Lambda |
|-----|---------------------------------|------------------------------|-------|-----------------|--------------|--------------|
|     |                                 | Small                        | Large |                 |              |              |
| 1   | Past performance of funds       | 3.482                        | 3.152 | 0.33            | 2.648        | 0.361        |
| 2   | Disclosure of NAV               | 3.715                        | 3.819 | -0.104          | -2.846       | 0.274        |
| 3   | Reputation or Brand name        | 4.614                        | 4.386 | 0.228           | 3.795        | 0.187        |
| 4   | Reputation of Fund Manager      | 3.788                        | 3.918 | -0.13           | -2.795       | 0.285        |
| 5   | Rating by rating agency         | 2.619                        | 3.661 | -1.042          | -2.615       | 0.472        |
| 6   | Dividend History                | 3.896                        | 3.905 | -0.009          | -4.538       | 0.277        |
| 7   | Prompt delivery of documents    | 2.115                        | 2.658 | -0.543          | -3.862       | 0.164        |
| 8   | Grievance & redressal Machinery | 3.714                        | 4.527 | -0.813          | -2.649       | 0.482        |
| 9   | Scheme's portfolio              | 3.596                        | 4.371 | -0.775          | -3.472       | 0.471        |
| 10  | Redemption facilities           | 3.378                        | 3.714 | -0.336          | -3.638       | 0.285        |
| 11  | Good customer dealing           | 3.124                        | 3.618 | -0.494          | -4.528       | 0.174        |
| 12  | Prompt settlement               | 2.105                        | 2.649 | -0.544          | -3.618       | 0.025        |
| 13  | Fringe benefits                 | 3.614                        | 3.774 | -0.16           | -2.946       | 0.358        |
| 14  | Frequent Communication          | 3.558                        | 3.968 | -0.41           | -3.582       | 0.152        |

Exploratory factor analysis (EFA)

state investors to invest in mutual funds.

The Kaiser-Meyer-Olkin (KMO) measure verified the sampling adequacy for analysis. The KMO calculated is found to be 0.784. This indicates that the sample is "meritorious" for factor analysis. The factors influencing investors investment decisions in mutual funds is extracted from principal component analysis of preferred mutual funds with factor analysis and rotated component matrix as shown in the below table :

| No | Variables                       | 1             | 2             | 3             | 4             |
|----|---------------------------------|---------------|---------------|---------------|---------------|
| 1  | Past performance of funds       | <b>0.7841</b> |               |               |               |
| 2  | Disclosure of NAV               | <b>0.7258</b> |               |               |               |
| 3  | Reputation or Brand name        | <b>0.6235</b> |               |               |               |
| 4  | Reputation of Fund Manager      |               | <b>0.8519</b> |               |               |
| 5  | Rating by rating agency         |               | <b>0.6825</b> |               |               |
| 6  | Dividend History                |               | <b>0.6358</b> |               |               |
| 7  | Prompt delivery off documents   |               | <b>0.5815</b> |               |               |
| 8  | Grievance & redressal Machinery |               |               | <b>0.8514</b> |               |
| 9  | Scheme's portfolio              |               |               | <b>0.8192</b> |               |
| 10 | Redemption facilities           |               |               | <b>0.7955</b> |               |
| 11 | Good customer dealing           |               |               | <b>0.6839</b> |               |
| 12 | Prompt settlement               |               |               |               | <b>0.7915</b> |
| 13 | Fringe benefits                 |               |               |               | <b>0.6938</b> |
| 14 | Frequent Communication          |               |               |               | <b>0.5851</b> |
|    | Eigen values                    | 5.2859        | 4.0163        | 3.8615        | 3.1693        |
|    | Percent of variance Explained   | 28.5152       | 17.2935       | 12.8153       | 6.2835        |

**Extraction Method: Principal component analysis**

The above table reflects the principal component analysis of preferred mutual funds with 14 variables among

## Variables considered for selecting the mutual fund

| No. | Factors         | No. of Variables | Reliability Coefficient | Eigen Value | Percent of variables Considered | Cumulative Percentage of variables considered |
|-----|-----------------|------------------|-------------------------|-------------|---------------------------------|---|
| 1   | Service Quality | 3                | 0.8417                  | 5.2859      | 28.5152                         | 28.5152                                       |
| 2   | Portfolio       | 4                | 0.7851                  | 4.0163      | 17.2935                         | 45.8087                                       |
| 3   | Performance     | 4                | 0.7185                  | 3.8615      | 12.8153                         | 58.624  |
| 4   | Reputation      | 3                | 0.8182                  | 3.1693      | 6.2835                          | 64.9075                                       |

which the four loading factors namely past performance of funds, reputation of fund manager, Grievance & redressal machinery, and prompt settlement are seemed to be highly affecting to 10 districts investors of Telangana state.

The important factors effecting the investors' decision for selecting mutual funds for investment are service quality, portfolio, performance, reputation considering their eigen values 5.2859, 4.0163, 3.8615, and 3.1693 respectively. Service quality factor consists of 3 variables with percent of variation 28.5152 followed by portfolio, performance and reputation factors with 17.2935, 12.8153 and 6.2835 % respectively.

## Discriminant Factors among The Investors:

The discriminant factors considered among the 10 districts of Telangana state investors are

service quality, portfolio, performance and reputation analyzed in order to find the most important discriminant factors among the group of investors mean scores, mean differences, t-statistics and strength of association wilks lambda. The following table is resulting analysis.

| No. | Factors         | Mean Score Among Investors |        | Mean Difference | T-Statistical | Wilks Lambda |
|-----|-----------------|----------------------------|--------|-----------------|---------------|--------------|
|     |                 | Small                      | Large  |                 |               |              |
| 1   | Service Quality | 3.6914                     | 3.9715 | -0.2801         | -2.681*       | 0.178        |
| 2   | Portfolio       | 3.5189                     | 3.8836 | -0.3647         | -2.496*       | 0.249        |
| 3   | Performance     | 3.8914                     | 4.2845 | -0.3931         | -2.104*       | 0.268        |
| 4   | Reputation      | 3.2847                     | 3.6913 | -0.4066         | -2.581*       | 0.116        |

The significant mean difference is found in all the factors service quality, portfolio, performance, and reputation among all the small and large investors as their respective t-statistics are significant at five percent level. The higher mean difference is noticed at reputation factor with -0.4066 and the highest discriminant power is identified in case of performance factor since their respective wilks lambda is 0.268 respectively. The relative contribution in TDS of discriminant factor is summarized with respective mean difference of the factors are as shown in below table.

#### Findings of The Study :

(1) The study observed that the factors influencing the mutual fund investments in Telangana state investors, the significance difference among the small and large investors mean score are identified in the case of Liquidity factors (1.253), Reputation of the fund manager (0.345) and past performance (-0.374).

(2) The Discriminant factor has been applied to identify the most important discriminant factors among the two groups of investors, the higher discriminant power has been identified among the factors are past performance (31.52), Liquidity factor (24.61) and brand equity (14.15).

(3) The study of pooled data result reveals that the important factors which are influencing are past performance (0.612), liquidity factors (0.489), and current market situation (0.386). Thus it states that Telangana state mutual fund investors decision making is getting influenced by highly by the past performance.

(4) The factor analysis has been applied and principle component method had extracted high load factors among the variables which were considered by the Telangana state mutual fund investors. The 3 load factors from service quality, 4 load factors from schemes portfolio, 4 load factors from funds past performance and 3 load factors from reputation of the fund has been extracted.

(5) The mean score has been calculated on the extracted variables from service quality, portfolio, performance and reputation among the small and large investors. The analysis result reveals that the mean difference is found to be high for the factor Reputation of the fund (-0.4066), performance (-0.3931), portfolio (-0.3647) and least difference has been observed for the

service quality (-0.2801).

(6) The Discriminant factor has been applied to identify the most important discriminant factors among the extracted factors for the variables considered by the Telangana state ten district investors for selecting the mutual

funds, the higher discriminant power has been identified among the factors are past performance (42.65), Reputation of the fund manager (25.84), portfolio (18.36) and service quality (13.15).

#### Conclusion of The Study :

The study concludes the titled on 'behavioural factors influence to invest in mutual funds evidence in Telangana state investors has been analysed based on the primary data collected from the ten districts investors. The main focus of the paper is to explore the factors which having the high influence on the investors' decision making and the variables which were considered by the investors of Telangana state. The study result reveals that the past performance is playing the vital role in influencing the investors' decision making. The reputation of the fund manager, portfolio (fund objective) and service quality are the main variables which were preferred by the investors in Telangana state. Hence there is a need to do further research in this area by considering the perception of the investor and secondary market influence on the decision making, so that the mutual fund investor will get the proper product from the asset management company which suits them.

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# A Study on Relationship between Employee Engagement Practices and Employee Engagement Levels (with Specific Reference to Banking Sector)

*Today any organizational success, sustenance and growth depends on their employee's and their engagement levels. An organization has to properly nurture and build the employee engagement practices through which it can effectively reach its objectives and goals. Employee engagement is a level of commitment and involvement an employee has towards their organization and its values. Indian banking sector has undergone a great change in its operations in the last decade. Due to a highly competitive scenario, it is pertinent to note that banks need to differentiate themselves with their peers for future growth and development. The present study is based on primary and secondary data. The focus of this paper is on ascertaining the relationship between engagement practices and employee engagement levels in banking sector. One way ANOVA and correlation have been used for data analysis.*  
**Key Words :** Commitment, Employee engagement, Absenteeism, Vigor, Dedication, Absorption.

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## **(I) Introduction :**

Employee engagement is a buzz word in Human resource study and successful organizations take pride in implementation of employee engagement practices. It is a state where an employee feels committed, involved, empowered and thereby demonstrates those feelings at work. Banking sector is considered to be the back bone of Indian economy. Currently Banking sector in India have been facing a dynamic business environment which is customer oriented, technologically driven and globally unbounded. Human resource management, management of risk are two key challenges faced by banks today.

### **(1.1) Review of Literature :**

Employee engagement is the degree of commitment and participation an employee has towards his organization and its values. It is a quantifiable degree of an employee's positive or negative emotional connection to their job, organization and colleagues who greatly influence their motivation to learn & perform at work. Kahn(1990) has defined employee engagement as 'the harnessing of organizational members' selves to their work roles. In employee engagement, people employ and express themselves physically, cognitively and emotionally during role performances. Schaufeli et al. (2008) define as "a positive fulfilling, work related state of mind that is characterized by vigor, dedication and absorption".

**(1.2) Rationale of The Study :** Today banks are operating in a highly competitive scenario; it is very important that there is a need to differentiate themselves from one another. There is still a wide gap between expectation and delivery standards. Changing customer preferences and rapid technology evolution could pose challenges to banks in many ways. They need to have employees who are committed about their work and strive to take their organization to greater heights.

**(1.3) The following are the objectives of the study :**

**(i)** To examine engagement practices in public, private and foreign banks.

**(ii)** To analyze the relationship between engagement practices and employee engagement of bank employees.

### **(1.4) The Hypotheses for The Study :**

**(H10) :** There is no significant difference with regard to engagement practices in public, private and foreign banks.

**(H20) :** There is no significant relationship exists between engagement practices and predicting employee engagement based on vigor, dedication, absorption.

### **(1.5) Research Methodology :**

The data was collected using structured questionnaire. The sample of the study consists of 465 employees across all levels working in private, public and foreign banks in Hyderabad. Secondary data for the study has been collected from various research articles on employee engagement.

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One way ANOVA was conducted to see if there was significant difference in engagement practices within public, private and foreign banks. Correlation was calculated to understand the degree of relationship between engagement practices and employee engagement using SPSS package 20.0.

**(1.6) Discussion :**

The engagement practices were taken as a construct of 20 items grouped into of four factors namely “Job related factors”, “Communication”, “Rewards and recognition” and “quality of work life”. Employee engagement was assessed using Utrecht Work Engagement scale of 17-item version, which constitutes of three dimensions of work engagement namely “Vigor”, “Dedication” and “Absorption”. Vigor refers to high levels of energy and resilience, the willingness to invest effort not being easily fatigued and persistent in the face of difficulty. This is hypothesized as resulting from engagement practices which is perceived to be healthy and progressive by employees. Dedication refers to deriving a sense of significance from one's work, feeling enthusiastic and proud about ones job and feeling inspired and challenged by it. It is an important dimension of employee engagement. Absorption is being totally being immersed in ones work and finds difficult to disconnect from the work.

The present part of the study discusses the results obtained. The details are highlighted in table 1.0.

**Table 1.0 : Results of one way ANOVA (Engagement practices Vs Type of bank)**

| Sum of Squares | df               | Mean Square | F      | Sig. |
|----------------|------------------|-------------|--------|------|
| Between Groups | 2510.682         | 2           | 32.671 | .000 |
| Within Groups  | 17751.503        | 462         |        |      |
| <b>Total</b>   | <b>20262.185</b> | <b>464</b>  |        |      |

**Source :** Primary Data.

The results of one -way ANOVA indicate (F =32.671, p= 0.000). From this it can be inferred that there is a significant difference in the engagement practices across public private and foreign banks. Hence the null Hypothesis H10 is rejected.

**Table 2.0 : Results of Correlation analysis (Engagement practices Vs Engagement dimensions)**

| Dimensions   |                           | Vigor  | Dedication | Absorption |
|--|---------------------------|--------|------------|------------|
| Engagement practices Vs Engagement dimensions in all banks           | Pearson Correlation       | .588** | .653**     | .633**     |
|  | Significance ( 1 tailed ) | .000   | .000       | .000       |
|  | N                         | 465    | 465        | 465        |
| Engagement practices Vs Engagement dimensions in Public Sector banks | Pearson Correlation       | .634** | .792**     | .733**     |
|  | Significance ( 1 tailed ) | .000   | .000       | .000       |
|  | N                         | 205    | 205        | 205        |
| Engagement practices Vs Engagement dimensions in Private banks       | Pearson Correlation       | .739** | .781**     | .805**     |
|  | Significance ( 1 tailed ) | .000   | .000       | .000       |
|  | N                         | 186    | 186        | 186        |
| Engagement practices Vs Engagement dimensions in Foreign banks       | Pearson Correlation       | .497** | .738**     | .713**     |
|  | Significance ( 1 tailed ) | .000   | .000       | .000       |
|  | N                         | 74     | 74         | 74         |

**Source :** Primary Data.

The present part focuses on the relationship between engagement practices and engagement dimensions. The results are highlighted here under in table 2.0.

The correlation analysis reveals that the dimensions of engagement practices and dimensions of employee engagement have a statistically significant relationship in predicting vigor, dedication and absorption (r=0.588, .653, .633 n=241, p value= .000) for all public, private and foreign bank employees. It also indicates that the dimensions of engagement practices of public sector banks ( r=0.634, .792, .733 n=241, p value= .000) private sector banks ( r=0.739, .781,.805, n=241, p value=.000) and foreign banks (r=0.497, n=241, p value=.000) have strong positive correlation between engagement practices and engagement levels which implies that employee engagement practices will help them in the process. Organizations can increase levels of work engagement by creating work experiences (e.g. effective communication, rewards and recognition) consistent with effective human resource management practices. It is evident from the analysis that engagement practices have significant impact on predicting vigor, dedication and absorption of employees on influencing employee engagement. Hence, The Null Hypothesis H20 is rejected.

**(1.7) Conclusion :**

On the basis of the findings of the study it can be concluded that in today's world of cut throat competition, organizations can only sustain and succeed through their key differentiating employees. Employee engagement practices have become a success mantra for many of the organizations. The Banks have to focus on employee engagement practices to boost their growth and get enduring competitive advantage. There are so many risks involved in managing the state of affairs in any bank for employees of all levels. Such risks can be minimized, if not averted through best employee engagement practices.

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## शोध-पत्र भेजने संबंधी नियम

( 1 ) शोध-पत्र 1500-1700 शब्दों से अधिक नहीं होना चाहिए।

( 2 ) हिन्दी एवं मराठी माध्यम के शोधपत्रों को कृतिदेव 10 (Kruti Dev 010) में टाईप करवाकर 'पेजमेकर 6.5' में भेजें।

( 3 ) पंजाबी माध्यम के शोधपत्रों को अनमोल लिपि (AnmolLipi) या अमृत बोली (Amritboli) या जाँय (Joy) में टाईप करवाकर 'पेजमेकर 6.5' में भेजें।

( 4 ) अंग्रेजी माध्यम के शोधपत्र टाइम्स न्यू रोमन (Times New Roman), एरियल फॉन्ट (Arial) में टाईप करवाकर 'पेजमेकर 6.5' या 'माइक्रोसाफ्ट वर्ड' में भेजे जा सकते हैं।

(4) शोधपत्र की विधि - ( 1 ) शीर्षक ( 2 ) एबस्ट्रेक्ट ( 3 ) की-वर्ड्स

( 5 ) प्रस्तावना/प्रवेश ( 5 ) उद्देश्य ( 6 ) शोध परिकल्पना ( 7 ) शोध प्रविधि एवं क्षेत्र ( 8 ) सांख्यिकीय तकनीक ( 9 ) विवेचन या विश्लेषण

( 10 ) सुझाव ( 11 ) निष्कर्ष एवं ( 12 ) संदर्भ ग्रंथ सूची।

( 6 ) संदर्भ ग्रंथ सूची इस प्रकार दें -

### For Books :

(1) Name of Writer, "Name of Book", Publication, Place of Publication, Year of Publication, Page Number/numbers.

### For Journals :

(2) Name of Writer, "Title of Article", Name of Journal, Volume ....., Issue ....., Page Numbers.

### Web references :

<http://utc.iath.virginia.edu/interpret/exhibits/hill/hill.html>

( 7 ) गुजराती माध्यम के शोधपत्र हरेकृष्णा ( Harekrishna ), टेराफॉन्ट वरुण ( Terafont Varun ), टेराफॉन्ट आकाश ( Terafont Aaksah ) में टाईप करवाकर 'पेजमेकर 6.5' में भेजे जा सकते हैं।

( 8 ) शोधपत्र की साफ्टकॉपी रिसर्च लिंक के ई-मेल आईडी researchlink@yahoo.co.in पर भेजने के बाद हार्डकॉपी, शोधपत्र के मौलिक होने के घोषणा पत्र के साथ हस्ताक्षर कर 'रिसर्च लिंक' के कार्यालय को प्रेषित करें।



'रिसर्च लिंक' की सदस्यता का शुल्क भुगतान राष्ट्रीयकृत बैंकों द्वारा सीधे ट्रांसफर या जमा किया जा सकता है। बैंक का विवरण निम्नानुसार है-

बैंक : स्टेट बैंक ऑफ इण्डिया

ब्रांच : ओल्ड पलासिया, इन्दौर,

कोड - **SBIN 000 3432**

खाते का नाम : रिसर्च लिंक,

खाता नंबर - **63025612815**

भुगतान की मूल रसीद, शोध-पत्र एवं सीडी के साथ कार्यालयीन पते पर भेजना अनिवार्य है।