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ABSTRACT

Iterative Approach to Multivariate Modeling of Credit Risk in the Indian Banking Sector

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Risk management in the Indian banking industry needs to be looked holistically. Post BASELII implementation need for cyclical/pro-cyclical buffers cannot be undermined. Pillar-III of BASELII i.e. Market Risk, talks about default risk in a discrete fashion by the rating agencies, upgradation or downgradation of the borrowers or the counter-parties. Various models and creditmetrics demonstrate simulation exercises with default rates, transition probabilities, leverages. In this paper the authors have analyzed one of the most popular credit analytics model. The KMV Model relates the default probability of a firm to three factors: market value of a firm’s assets, risk of the assets, Leverage. This model is based on the Merton Model which is based on the following facts: Equity derives it’s ‘value’ from the firm’s cash flows (determined by the market value of the firm’s assets); The firm’s cash flows (or market value) could fluctuate on various factors – this is called ‘volatility’; The lower the book value of liabilities as compared to the market value (leverage), the lower likelihood of default by the firm. This leads to the main pillar of Merton model - equity is a ‘call option’ on the firm’s asset with a ‘strike price’ equal to the book value of the firm’s debt (liabilities). Thereafter the value of the equity is calculated in a similar way as options are priced by the Black-Scholes Option Pricing Model. This framework of option pricing, in association with VK Model, is used by KMV to obtain the market value of a firm’s assets and the related asset volatility. The default point is then calculated empirically. The Moody’s KMV Model assumes that the default point, the asset value at which the firm will default, generally lies somewhere between total liabilities and short term liabilities. Further the
‘market net worth’ is assumed as the ‘market value of assets’ less the default point, and a firm is said to default when the market net worth reaches zero. The stock value of the two banks mentioned has been picked up to get the market value of their assets, asset volatility and thereafter calculate their default point term structure. These three factors were then used to calculate the DD(distance to default) term structure and translate it into the credit measure termed EDF(“Expected Default Frequency”) which in turn is the PD(Probability of Default) for the risk horizon. The PD calculated for each bank is their default risk. The authors have concluded the effectiveness of KMV Model for accurately forecasting Expected Default Frequency.

**Keywords :** Market Value of Assets, Volatility, Default Point, Distance to Default, Expected Default Frequency, Probability of Default

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**Life Style Changes and Coping Strategies of Migrant Workers**

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The industrialization is taking place only in few places and agriculture has also become unprofitable. These two factors act as a catalyst for the process of migration. The migration brings in structural changes in the economic, social and cultural aspects in the life style of migrant. Hence this paper attempts to study the nature, extent and pattern of labour migration. It is also necessary to know the impact of migration on the well being of organisations and
employees. The present study is conducted on the migrant employees of Saint Gobain in Chennai. The study covers the profile of migrant workers, reasons for migration, economic pattern, access to social safety net provisions, living environment, health status, cultural pattern, recreational pattern, effects and coping strategies to relieve stress. From the study it is found that most of the migrants belong to Scheduled Tribe category, young age, studied less than 10th standard and are unmarried. Most of the people have come from Orissa, have limited experience, stay for limited period of time in Tamilnadu and mainly speak Hindi. Most of the migrant workers have at least one bad habit and they feel that there are some positive changes in their living condition after migration.

*Keywords*: Migration, causes of migration, effects of migration, coping strategy

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**Help Wanted: Only Proactive Workers Need Apply**

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Because of the dynamic environments in which most organizations operate, management needs to consider hiring employees with proactive personalities. Because of their dispositional tendencies, these employees go beyond their job descriptions in helping the organization adjust to changing scenarios. If management selects employees with the proactive personality trait and
then facilitates its behavioral expression, there are many positive outcomes for the organization such as increased performance, innovation, and organizational commitment. Another benefit of supporting the proactive employee is that work group effectiveness is enhanced. Proactive employees understand the interdependent nature of tasks and, therefore cooperate with teammates in accomplishing organizational goals. These individuals personally experience greater career success, less stress, and enhanced life satisfaction more so than their more passive counterparts. In order to allow proactive employees to demonstrate their positive behaviors, the organization needs to establish an environment that is conducive to this expression. Management needs to avoid being concerned with power and status. Instead, managers should listen carefully to their employees and be considerate of their ideas. Rather than being threatened by these workers voicing concerns, managers need to be supportive. Further, they need to assist proactive employees by clearing roadblocks when they strive to accomplish their goals.

**Keywords**: Proactivity, performance, organizational success, personal initiative

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**An Empirical Study on Customer Satisfaction of Travel Portals**

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Travel and tourism industry is one of the fastest growing segments in the entire services industry and with increasing disposable income of the people and changing life styles; a favorable trend is expected towards the tourism sector in the times to come. The IT age has also ushered a change in the way people travel. With the travel portals increasingly becoming popular due to their convenience in planning and organizing the travel plans, customers are becoming more particular
in selecting the portal too. The present study is aimed at assessing the satisfaction of the customers with respect to select travel portals. The study also purports that the customer satisfaction is lower on the parameters of provision of sufficient information, cost and sight seeing facilities. In addition it has been observed that there exists a relation between age and income of customers with the choice of travel portals.

*Keywords*: Customer Satisfaction, Business Strategy, Customer’s Expectations, Travel Portals

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**FDI in Retail - Detrimental or Beneficial?**

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The decision of permitting foreign direct investment (FDI) in the retail sector has been a debate in India for a considerable period of time. FDI has been permitted in several sectors by the government of India, however, retail has been an issue deliberated over in view of its expected effect on several sections of the economy, particularly small businesses. The paper attempts to study the factors influencing the effectiveness of organized retail in India, the role of FDI in retailing on parameters like real estate, supply chain, producers and the consumers and to predict a long term impact of FDI on each of those key factors viz a viz existing conditions. The paper finds that healthy FDI in the retail sector would not only lead to a substantial surge in the country’s GDP and overall economic development, but would inter alia also help in integrating the Indian retail market with that of the global retail market in addition to providing not just employment but a better paying employment

*Keywords*: Foriegn Direct Invesment (FDI), Organised Retail, Supply Chain
Analysis of Immediate, Short run and Long run Performance of IPOs in Indian Capital Market (NSE)

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The present paper would explore the performance of IPOs taken place in Indian capital market during the period 2006-2011, considering the gap in the existing body of research. The tenure of performance indicate that - the immediate performance of IPOs on the day of Listing, Short run performance of IPOs within a period of one year and Long run Performance of IPOs for a period more than a year after an IPO has been listed. Normally, it is observed that majority of the IPOs during this period have been short-run underpriced and long run underperformed. Also, investors are mostly confronted whether to invest in IPOs or to invest once the IPO has been listed. They also face the major problem whether to sell or hold the shares on the listing day. It is also a part of our analysis to identify the factors that influence these effects. This study would provide investors with significance guidance to invest in IPOs and decide post IPO strategies.

Innovative Marketing Practice: A case of Soya Farmers

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A study has been carried out to analyze the relationship of selling pattern of soybean and prices the farmers are getting, whether the individual farmer is getting the market price with stated amount and the influence of commission agent, middlemen’s and money lenders on farmers. Also, to study the trends in selling aspects and patterns, sources for the price information, whether a farmer has insurance for his crop and why the farmers are approaching money lenders and commission agent is also studied. The results have revealed positive and highly significant relationship with number of years a farmer is doing agriculture, the total area an individual farmer is cultivating soya, total investment in cultivating soya, sources of money for financing the crop, type of selling, selling pattern, storage location, whether a farmer has insurance for his crop, the reason for selling his crop to commission agents and selling format. The chi-square, correlation, regression, ANOVA and factor analysis have been carried out. Correlation is significant at the 0.01 level (2-tailed); Correlation is significant at the 0.05 level (2-tailed). the R2 Value is .946 and is significant at .000.the cumulative % of variance is at 81.110 and 88.327.

Keywords: Marketing strategy, commission agent, middle men, money lenders.