"A STUDY ON EMPLOYEE PERCEPTIONS AND FINANCIAL PERFORMANCE OF THE HP COMPANY"

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ABSTRACT

Finance is the life blood of any business enterprise. Every business needs finance for smooth running of the firm. The present study is an attempt to make a financial performance analysis and changes in financial position of HP inc as financial performance influence the liquidity and profitability. Financial statements used as a management tool by company executive and investor's in assessing the overall position and also the operating results of the company. Thus, Financial Analysis aids to evaluate the financial health of a firm. The main objective of this study is that to know about the financial performance of the company by identifying the strength and weakness of the firm and the way by which theoretical accounting procedures are put into practical usage. It indicates whether the organization is improving or worsening in past years. It aims to analyse the liquidity and also about the profitability position of the firm. The changes can be observed by the comparison of the balance sheet at the beginning and at the end of the period and these changes will help in forming an opinion about the progress of a company. Thus, the overall financial performance of the company is good. Research study rise to find financial performance of the company. The 104 Questionnaire sample were distributed the employees. Simple random sampling techniques was used to data collection. The tools used for data analysis is Public Service Pension Plan (PSPP). The data used in this study is primary data collected from the employees. The analysis has been used to examine to the financial performance and also to make suggestions to improve the financial flow of the company.

Keywords: Financial performance, liquidity and Profitability.

I.INTRODUCTION

Financial performance analysis is an important measure which examines and interprets the financial statements of the concern which helps the concern to gain the knowledge about the profit gaining ability of the concern, to know about the liquidity position of the concern and using this analysis concern can also introduce new techniques to improve concern's financial ability. The financial administration of any association must consider the relative study proceeding years financial statement of the association. Project has given to me an idea of how effectively firms make use of resources in order to generate revenue and to assess the liquidity position of the company. Project helped me a lot of to find out the difference between the theoretical knowledge and practical exposure.

OBJECTIVES OF THE STUDY

1. To study and analyses the financial performance of Hewlett Packard company.
2. To know the profitability of the company.
3. To know the current position of the company

SCOPE OF THE STUDY

1. Financial statements help the management to analyze profit, solvency, liquidity and efficiency etc. This analysis will give the exact picture of the company.

II.REVIEW OF LITERATURE

1. **Sur & Chakraborty (2006)** have discussed about financial performance of Indian Pharmaceutical industry. They have been made the comparative analysis the financial performance of Indian Pharmaceutical industry for the period 1993 to 2002 by selecting six notable companies of the industry. They explained that the Indian Pharmaceutical industry has been playing a very significant role in increasing the life expectancy and in decreasing the mortality rate and it is the 5th largest in terms of volume and the 14th largest in value terms in the world. The comparison has been made from almost all points of view regarding financial performance using relevant mathematical programming methodology tool DEA (Data envelopment analysis).

2. **RBI Bulletin (2005)** Finance of Foreign Direct Investment companies has made studied on financial performance analysis using profit margin ratio, return on net worth ratio of selected 490 non-governments non-financial foreign direct investment (FDI) companies for the period 2000 -2003 based on their audited annual accounts. This study concluded that the financial results of the selected company should improve performance in terms of higher growth in sales, value of production, manufacturing expenses and gross profit during 2002- 03 compared with the respective growth rates in the previous year. It also revealed that profitability ratios like profit margin return on network increased during the year under Review Company having major portion of FDF from UK, USA, Switzerland and Mauritius registered net flow of foreign companies in all the three years.

3. **Loundes (2001)** analyzed 'The Financial performance of Australian Government Trading Enterprises Pre &Post-Reform' revealed that during the 1990's. Main objectives of the study was to discover whether there had been any change in the financial performance of government trading enterprises operating in electricity, gas, water, railways and ports industries as a result of these changes. He had concluded that that it did not appear to have been a noticeable enhancement in the financial performance of most of this business, although railways have improved slightly, from a low base. He has suggested several measures introduced to improve the efficiency and financial performance of government trading enterprises in Australia.

4. **Aggarwal & Singla (2001)** have studied about developed a single index of financial performance through the technique of Multiple Discriminate Analysis(MDA), by selecting 11 ratios and selected ratios used as inputs. For the purpose of analysis, they selected only those ratios, which was relevant in distinguish between profit making units and loss making units in Indian paper industry. They concluded that the model has correctly classified 82.14 percent of units selected as profit making and loss marking. They mentioned in their study the inventory turnover ratio, interest coverage ratio, net profit to total assets and earnings per share are the most important indicators of financial performance.

5. **Rajeswari (2000)** studied about the Liquidity Management of Tamil Nadu Cement Corporation Ltd. Alangulam-A Case Study. She concluded from the analysis; the liquidity position of TANCEM was not stable. After the comparative analysis regarding liquidity ratios, she found there was too much of liquidity in the first two years of the study period and also a very high degree of liquidity was also

bad as idle assets earn nothing and affects profitability. In short, she concluded that the liquidity management of TANCEM is poor and is not satisfactory.

6. **D'Souza & Megginson (1999)** have studied the financial and operating performance of privatized firms during the 1990s. They made comparisons about the pre and post privatization financial and operating performance of 85 companies from 28 industrialized countries that were privatized through public share offerings for the period from 1990 to 1996. They have noticed that the significant increases in profitability, output, operating efficiency, dividend payments and significant decreases in leverage ratios for the full sample of firms after privatization. They have also concluded that the capital expenditure increases significantly in absolute terms, but not relative to sales and Employment declines, but insignificantly.

7. **Brahm Bhatt & Desai (1998)** studied financial performance. For the purpose of analysis, they selected sample as pharmaceutical and chemical units in India. In this research they used some sophisticated computer software as tools of analysis. They selected seven important financial ratios for the study and also the techniques of correspondence analysis (CA) as well as ASYMOFACE were employed to study the association between ratios, among companies and also amid companies. All sample units were ranked using computer-aided techniques.

8. **Parmar (1998)** has made an empirical study on "Profitability Analysis of Cement Industry in Gujarat state" for the period of 1998-89 to 1994-95. He wished to analyse the financial strength, liquidity, profitability, cost and sales trend and social welfare trend by using various ratios analysis, common size analysis and valueadded analysis. On the basis of comparative analysis, he has given several suggestions for the improvement of profitability of industry. He also concluded that there are various reasons for higher cost, low profitability, and inefficient use of internal resources.

9. **Rao (1993)** has made a study about inter-company financial analysis of tea industry- retrospect and prospect. He wished to analyse the important variables of tea industry and projected future trends regarding sales and profit for the next 10-year periods, with a view to help the policy makers to take appropriate decisions. He has calculated various financial ratios for analyzing the financial health of the industry. After the comparison of ratios, he has concluded that the forecast of sales and profits of tea manufacturing companies showed that the Indian tea industry has bright prospects.

10. **Pai, Vadivel & Kamala (1995)** have studied about the diversified companies and financial performance. Main purpose of research was found out the relationship between diversified firms and their financial performance. For the purpose of research, they have selected seven large firms and analysed those firm which having different products-both related and otherwise-in their portfolio and operating in diverse industries. In this study, a set of performance measures / ratios was employed to determine the level of financial performance and variation in performance from one firm to another has been observed and statistically established. They revealed that the diversified firms studied have been healthy financial performance.

III. RESEARCH METHODOLOGY

Research methodology is a way to analytically solve the research problem

Method of Data Collection

In this research the data was collected through questionnaire method.

Sample size

The sample size of this study is 104.

Tools used

Chi square

IV. DATA ANALYSIS AND INTERPRETATION CHI SQUARE

Chi square is a non-paramedic test can be used to determine if categorial data show dependency or the two classifications. It can be used to make comparison between the critical population and actual data when categories are used. Hypotheses were formulated keeping the content and coverage of the framed objectives.

The formulated hypotheses are tested by employing appropriate statistical tool. In hypothesis testing there are two conflicting statements about the value of a population parameter

1. The Null Hypothesis (Ho)

2. The Alternative Hypothesis (H1)

HYPOTHESIS STATEMENT

Null Hypothesis [Ho]:

There is no significance relation between using education level of the respondents and customer focus.

Alternate Hypothesis [H1]:

There is significance relation between using education level of the respondents and customer focus.

TABLE NO:4.1 Chi-Square test

EDUCATION LEVEL OF THE RESPONDENTS AND CUSTOMER FOCUS

	Chi- square	Df	Asymp. Sig.
Highest education level of the respondents?	23.56	2	.000
Customer/Client problems get corrected quickly.	50.21	2	.000
Where I work, we set clear performance standards for product/service quality.	59.56	2	.000
My organization places a higher priority on customer/client satisfaction than on achieving short-term business goals.	47.12	1	.000

INFERENCE:

From the above calculated table, the sum value is .000, which was below the level of 0.05%. Hence the Hypothesis of H1 is truly fit and it is acceptable.

HYPOTHESIS STATEMENT

Null Hypothesis [Ho]:

There is no significance relation between using education level of the respondents and financial performance.

Alternate Hypothesis [H1]:

There is significance relation between education level of the respondents and financial performance.

TABLE NO: 4.2 Chi-Square Test

EDUCATION LEVEL OF THE RESPONDENTS AND FINANCIAL PERFORMANCE

	Chi-square	Df	Asymp. Sig.
Highest education level of the respondents?	23.56	2	.000
The profit of the company has increased in the last three years.	43.40	2	.000
The number of the asset (property) of our company has increased in the last three years.	36.54	2	.000
The number of working capitals has increased in the last three years.	13.00	2	.002
The number of sales growths has increased in the last three years.	1.00	2	.607

INFERENCE:

From the above calculated table, the calculated sum value is .607, which was above the level of 0.05%. hence the Hypothesis of H0 is truly fit and it is acceptable.

V. FINDINGS

1. The calculated sum value is .000, which was below the level of 0.05%. Hence the Hypothesis of H1 is truly fit and it is acceptable.
2. The calculated sum value is .607, which was above the level of 0.05%. Hence the Hypothesis of H0 is truly fit and it is acceptable.

VI. SUGGESTION

To improve its future financial performance, HP's management team should consider the following:

1. The firm should invest in continuous product research and development. This will ensure that its products are aligned with the market changes. As a result, the firm will gain sufficient competitiveness.
2. The firm should consider investing in new product development. One of the technologies that the firm should embrace include cloud computing.
3. HP's management team should consider integrating various growth strategies such as strategic alliances.

VII. CONCLUSION

The industry's competitiveness is also enhanced by increased investment in cloud computing. Some of the efforts that the firm is currently undertaking to include developing new types of business and consumer products such as low-energy servers. The firm is also investing in cloud computing and developing new types of laptops.

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