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Fashionable Tourism in Mauritius: A Case Study of Cultural Attraction Atmospherics

Jacqueline Robeck^{a*}, Satayadev Rosunee^b, Jessica Pattison^c

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Abstract

Atmospherics is a term previously used in retailing, hospitality, marketing and psychology research. Others have shown that the use of atmospherics increase tourist and customer patronage. Mauritius is known as a destination vacation island primarily because of its beaches. Tourists stay in hotels and visit tourist attractions perhaps unaware of the interior environment and its portrayal of the heritage and culture of Mauritians. This study bridges fashion to interior furnishings and furniture as it is seen in hotels, museums, and cultural attractions on the island of Mauritius. This study investigates sixteen tourist venues that used atmospherics to enhance tourism venues inducing visitors to appreciate their stay and return for more visits. Research identifies the elements of furnishings, reflecting heritage, that have represented in fashion, reflecting the culture of Mauritians, as seen in hotels, museums, and cultural attractions.

Keywords: *Atmospherics, cultural tourism, fashion, heritage tourism, interior furnishings, Mauritius*

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1. INTRODUCTION

In a competitive global marketplace tourist destinations strive for differentiation. Travel destinations have moved beyond the traditional sun, sea and sand to a wider and more diverse market offering (**Boyd, 2002**). Travelers have evolved into sophisticated consumers interested in more than just the beach. Unique, exotic, and different environments fuel the growth of the ecotourism market (**Ayala, 1996**).

In the Indian Ocean, the island of Mauritius offers tourists an exotic, safe and contained vacation destination. Tourist options include large resort hotels stays, visits to plantation houses, sugar museums, and fashion shows, as well as shopping, gastronomy and beach time.

In some countries tourism may focus on the nature and surrounding beauty (ex: Australia's Outback;), other countries' focus might include museums (ex: France's Louvre), religious attractions (ex: Italy's Duomo), or even fashion (ex: New York's Fashion Avenue). All of these events or venues define the country's cultural and heritage tourism products.

Mauritius is unique in positioning itself as a beach destination, yet offering heritage and culture mixtures from nearby continents. The pervasiveness of fashion reflecting furnishings reflecting the mixed cultures of the island provide an ideal study of cultural attractions atmospherics providing the right environment for a heritage/cultural visitor.

2. SUPPORTING LITERATURE

As the 21st century emerged, there was a renewed interest in travelers to rediscover the past (**Boyd, 2002**). Travelers of the new century have an interest in cultural and heritage attractions supporting the premise that heritage tourism is one of the fastest growing tourism sectors (**Capstick, 1985; Mooney-Melvin, 1991; Poria, et. al. 2004**). Heritage tourism focuses on a destination's historic, natural, and cultural value (**Boyd, 2002**) and moves beyond just an interest in the past encompassing the cultural and natural heritages of people.

Visitors look for attributes and characteristics in an attraction that appeal to their emotions and that emotional uniqueness can serve as a form of competitive differentiation for that specific attraction (**Bonn, et. al. 2007**). A tourist attraction seeks an emotional uniqueness through its "atmospherics." Atmospherics is defined by **Kotler (1973)** as the effort to design buying environments that enhance consumer purchase probability.

Color has been related to consumer liking and the positive perception of product (**Bellizzi, et.al. 1983**). When travelers are attracted to an environment a good experience positively affects evaluations of the product and leads to positive attitudes to the facility and to re-patronage (**Obermiller andBitner, 1984**).

Previous research suggests that interior design and atmospheric elements provided the perceptions and mental images customers took with them that would affect their intent to recommend or revisit a tourist attraction. Managers should use atmospherics to convey image, manipulate attitudes and assist in the recall of existing positive attitudes. Professionals can manipulate interior design and overall atmospherics, using them as differentiating tools in the marketing and promotion of the attraction. Ultimately, the interior design of an attraction becomes fundamental in shaping the attraction's identity as well as its patronage (**Bonn, et.al.**

2007). Tourism research indicates a direct correlation between physical renovations and higher patronage figures (Barbieri, 2004; Sirefman, 1999).

Wilkins' research (2010) proposes that people want to purchase souvenirs reflective of the region, rather than general items. This indicates a regional connection is evident and encourages tourist professionals to focus on authenticity. Regional *aide memoirs* include photographs, paintings, arts, crafts, and local specialty products. Shopping is a major tourist activity (Fairhurst, et. al. 2007; Kim and Littrell 2001). Women tend to purchase souvenirs more frequently than men (Littrell, et. al. 1993) and souvenirs are more important to women tourists (Anderson and Littrell 1996).

The existing research literature supports that the island of Mauritius could position itself as a cultural tourist attraction extending beyond the three S's of sand, sea and sun. What else is unique to this island that would place it as cultural/heritage attraction? Mauritian history, culture, fashion, and interior furnishings all impact tourism and help to position the third world country as a cultural and heritage attraction.

3. RESEARCH PURPOSES

The purposes of this research study were multifold. First this study sought to explore the influence of the East Indies Trading Companies on the island of Mauritius, understanding the influx of interior furnishings and culture. Secondly, the research studies the linkage between interior furnishings and culture and fashion design. Finally, the study examines the relationships between the two major economies in the country of Mauritius, its textiles and apparel economy and its tourism economy.

4. METHOD

Over a four month period of time in 2011 data were collected at six resort hotels (Belle Mare Plage, Intercontinental, Maritim, Prince Maurice, Telfair, 20° Sud), 10 cultural attraction venues (Aubineaux, Bel Ombre Sugar Plantation, Bois Cheri Tea Plantation, Eureka, La Adventure Sucre, Labourdonnais, Moulin Casse, Reduit Chateau, St. Aubin, Lakaz Chamaryl), multiple fashion shows, magazines and brochures.

The case study was conducted following practices recommended by Yin (2012). This explanatory case study proposes how and why events happened that result in defining Mauritius as a cultural tourist attraction incorporating an atmospheric environment in its hotels and tourist venues. The sources used in this case study were: 1) direct observations [of cultural attractions, hotels and fashion shows]; 2) interviews [with cultural attractions, hotel, and fashion show management]; 3) document review [newspaper articles, printed brochures]; and, 4) participants observation [authors]. Notes and a photographic journal were used.

The formation of theoretical propositions that suggest a set of relationships as to why acts, events, structures, and thoughts occur aid in case study development. This study proposes the following hypothetical theories: (1) the unique location of the island of Mauritius and its background/history regarding trading companies impacted the culture, fashion, interior furnishings and tourism of the country; (2) the components of interior furnishings in hotels and attraction venues are replicated in fashion; (3) fashion (textiles and apparel) and tourism are the

top economic sectors for the country comprising a direct relationship; 4) cultural atmospheric are positively related to favorable consumer patronage.

4.1 Statement of the Problem

There is uniqueness to Mauritius which draws tourists from the world. What are the marketing components that are observed in hotels and tourist attractions that induce visitors to tour and return?

4.2 Mauritius Background

Mauritius is a small country of 1.3 million people on a small island (2,030 sq km) in the middle of the Indian Ocean. Mauritius lies 500 miles east of Madagascar and 1,200 miles from the nearest continent of Africa (www.cia.gov/library/publications/the-world-factbook/geos/mp.html 2012). About 68% of the population is Indo-Mauritian. Mauritius gained its independence from Great Britain in 1968. The country's official language is English, yet many people speak French as well as Creole. The islands' fashion and interior designers are a melting pot of cultural, educational, societal, and economic backgrounds.

Gross domestic product (GDP) is the market value of all officially recognized final goods and services produced within a country in a given period of time. Mauritius' current economy rests primarily on textiles and apparel; manufacturing is 18% of GDP. The two major markets for manufacturing export are Europe and the United States. A second major contributor to the economy is tourism which comprises 7% of GDP. The major markets for tourism are France, and west European countries (www.state.gov 2012).

4.3 The Influence of the East Indies Trading Companies

The Dutch East India Company founded the uninhabited island of Mauritius in 1602 and used the island as a stop in their "spice route." The Dutch brought goods from Indonesia and articles of Dutch heritage and Dutch brought convicts from Java and slaves from Madagascar to work the sugar cane fields. At the end of the 17th century the Dutch left the island leaving people from Indonesia and Madagascar, their languages, culture and clothing practices.

In the 1700's the French inhabited the island. The French East India Company oversaw French commerce with India, eastern Africa, and other territories of the Indian Ocean and the East Indies (www.britannica.com 2012). East African, Indian, and Chinese slaves were brought to the island melding with French culture, food, language, fashion and customs, furniture and textiles.

When the British claimed the island in 1810, French customs and language stayed and became amicably integrated with the British customs and language. Mauritius had already been an important stop for the British East Indies Trading Company.

The British East India Trading traded in cotton and silk piece goods, indigo, and spices from South India. Its activities encompassed the Persian Gulf, Southeast Asia, and East Asia (www.victorianweb.org 2012). Influence in the household arts of textiles, clothing, furniture and housing design was now apparent from many cultures.

4.4 Interior Furnishings and Fashion

The only influence on furnishings and fashion from 1600 forward was from articles brought to the island by the Indies Trading Companies. All of the East Indies Trading Companies brought their language, their customs, and their furniture and designs (www.furniturestyles.net 2012). The British culture merged with Asian culture producing the British Colonial, Colonial India, Campaign, and Chinese styles of furniture and décor in interiors.

The British Colonial Style is usually designed in solid teak and mahogany wood with Asian and African motifs. It is sturdy, fanciful, and incorporates rattan, leather, and animal prints. Figure 1 illustrates teak and mahogany African motif furnishings found at tourist attraction (left) and Mauritian fashion with similar motif.



Figure 1. African Teak and Mahogany Artifact Replicated in Mauritian Fashion

Colonial India Style furniture reflects Hindu architecture and design and is known for details such as inlaid ivory, gilt mirrors, ornate scrolled legs found in tables, chests, and dressers. Inlaid woods and marquetry are prevalent. Intricate designs in cloth, draperies, rugs, pillows, throws are prevalent. Exotic, practical, cheerful, bright, animal prints, Indian sari fabrics, and detailed prints that portrayed the British adopted lands are evident in colonial décor and colors. Figure 2 illustrates marquetry in furniture found in a tourist attraction (left) and Mauritian fashion with similar motif.



Figure 2. Marquetry Chest Replicated in Mauritian Fashion

Campaign Furniture is mobile, lighter weight, usually collapsible, and often has ingenious hidden compartments. Leather suitcase tables, animal skins, sisal and reed rugs were practical, transportable, and common. The furniture is easily transported from one place to another, hence the name "campaign" or "camp" (www.home-decorating-reviews.com 2012). Figure 3 illustrates a suitcase stand furnishing found in a tourist attraction (left) and Mauritian fashion with similar motif.



Figure 3. Campaign Suitcase Chest Replicated in Mauritian Fashion

Furniture hand carved by Chinese artisans in rosewood represents the Asian/Chinese influence found in Mauritius. Figure 4 illustrates a carved furnishing found in a tourist attraction (left) and Mauritian fashion with similar motif.

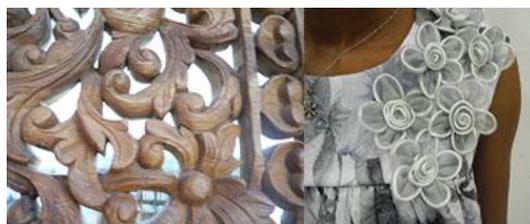


Figure 4. Hand-carved Grill Replicated in Mauritian Fashion

As people moved to Mauritius bringing their culture and furniture/furnishings they brought their clothing. When the country gained its independence from Great Britain in 1997 one of its major economies was clothing exports (Lim Fat, 2010). Mauritius' production of clothing for the global market advanced its fashion design. Schools, colleges, and universities promoted the study of textiles and fashion. Fashion became a visible and respected business venture.

Fashion shows were held demonstrating the talent of designers in the country at the local level. Hotels, museums and firms used fashion shows to further their business. Antwerp, Belgium became a fashion capital using the logic of organized tourism and cultural events (Martinez, 2007). Similarly, Mauritius intertwined public (fashion institutions, trade and tourist organizations) and private networks (fashion and interior designers, manufacturers, hotels, museums) to create a characteristic atmosphere for their prime economies of apparel and tourism.

Researcher Julier (2000) stated that affordable and buyable objects displayed in exhibition rooms achieve "museum status." Bonn et. al. (2007) confirms the validity of investing resources in the creation of high-quality interior design to form the right attraction atmospheric environment for heritage/cultural visitors. Ambiance, design, color scheme, layout, and social factors play a critical role in visitation numbers, perceptions, and word-of-mouth recommendations.

Designers in Mauritius incorporate design motifs and colors in their clothing, taking inspiration from the British Colonial, Colonial India, Campaign, and Asian/Chinese home furnishings. Examples of transcendence of clothing to furniture or furniture to clothing are apparent in these

examples found in Mauritius museums and resort hotels. The furnishings to fashion relationship is apparent in style, composition/fabrication, color, and artistic/design details.

The most predominant correlation between past furniture and present fashion was identifiable artistic design. Three design elements were evident: Marquetry/inlay, Rondels and Embellishments. Figure 5 illustrates rondels in a furnishing found in a tourist attraction (left) and Mauritian fashion with similar motif.



Figure 5. Rondels on a Chest Replicated in Mauritian Fashion

East Indies furniture had swirled carvings of leaves, flowers, or geometric lines often inlaid with pearl or painting. These highly ornamental and decorative embellishments were often repeated design elements in women's fashions. Mauritian garments, whether they were evening or day wear, were heavily embellished creating the inlay effect in fabric. Figure 6 illustrates a decorative embellishment furnishing found in a tourist attraction (left) and Mauritian fashion with similar motif.



Figure 6. Embellished Table Replicated in Mauritian Fashion

Rosettes or rondels were apparent in door frames, chair backs, table legs, bed frames and other furniture designs of East Indies influence. This same rosette concept was apparent in circular embellishments or part of the overall textile design. Figure 7 illustrates a decorative rosette furnishing found in a tourist attraction (left) and Mauritian fashion with similar motif.



Figure 7. Rondel Artifact Replicated in Mauritian Fashion

4.5 Fashion and Tourism

Mauritius National Tourism Policy emphasizes low impact on high spending tourism. Selective, up-market, quality tourism is favored, and constitutes the major segment of the tourists who stay in high class hotels (www.tradechakra.com, 2013). One-third of Mauritius tourists are repeating customers and 80% of tourists stay at hotels. Mauritius is known for its friendly, welcoming, hospitality atmosphere multi-ethnic, cultural population. The multiplier effect of tourism leads to various cycles of other income (www.gov.mu, 2013).

A recent study reveals that Mauritius tourist market share has declined in the past couple of years and that diversification and new marketing techniques are needed to reform the sector as has been done in the textiles sector (www.axys-group.com 2013). A recent study by **Pravag et al. (2010)** concludes that Mauritius tourism industry needed to embrace principles of environmental, economic and social sustainability for continued success.

Management of Mauritius hotels, museums, and tourist attractions attested to the inclusion of interior furnishings and artifacts in their places of business that reflect the multi-ethnicity of Mauritians and their culture. These reforms are the unique experiences tourists reported to management that contribute to overall positive consumer response, which manifests itself in positive purchase behavior as researched by **Dietsch (1997)**. These are the examples of atmospheric that created the right environment for tourists.

5. CONCLUSIONS

In Mauritius, the business of tourism, the second largest economic sector, aware of its multiple ethnicities' heritage and culture, translated furnishings and fashion elements into the known marketing strategy of atmospheric. The research done by **Bonn et. al. (2007)** suggests that interior design and atmospheric elements provide the perceptions and mental images customers take with them that would affect their intent to recommend or revisit Mauritius. One third of Mauritius' tourists are repeating visitors. Simultaneously, just as Belgium made *avant-garde* fashion a part of its urban identity, Mauritius tourism embraced island fashion by replicating and reinforcing cultural design elements in its hotels and tourist attractions' furnishings.

Atmospheric was not a term used by those interviewed in this case study; however, discussion often revolved around the use of interior design, furniture, furnishings, and color to assure the tourist of the Mauritian culture.

This study confirmed that Mauritius is unique in its heritage. The island was a blank canvas in 1600 and is now an amicable blend of African, British, Chinese, French, Indian, and Indonesian people. The East Indies trading companies brought the furniture and furnishings to the island from their trading lands.

Secondly, a direct correlation was observed between components of interior furnishings and Mauritian fashion. Replication of design patterns found in furniture was found in women's fashions. Clothing represents the culture of the people and bridging that clothing with interior furnishings reiterates the heritage of the people.

Textiles and apparel and tourism are the second and third economic sectors of the country (sugar is number one). As strong sectors they worked together to better define their marketing potential. A direct relationship was formed.

This study offers a unique investigation of merchandising fashionable furnishings in hotels and cultural attractions as an effort to provide environments that encourage tourists to purchase and to revisit the island of Mauritius. Heritage tourism professionals can create fashion images and perceptions through direct manipulation of atmospherics. Mauritian furniture and fashions were atmospherics found in use by the firms researched in this study.

This case study approached heritage and cultural atmospherics of Mauritius tourism through the eyes of fashion and merchandising a fashionable interior space in hotels and other tourist venues. Questions emerged-How have other tourist locations positioned themselves in their markets knowingly using atmospherics? How often are fashion clothing elements found in furnishings found in tourist venues? Many cities are known for their fashion, such as Paris, Milan and New York. How has fashion bridged interior furnishings representing the heritage atmospherics of the city with regards to tourist venues? Further research needs to look at a measurable means of linking fashion and furnishings as atmospherics to successful and financially rewarding tourism.

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Fakruddin Foods: Which Way to Go?-A Case Study

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Abstract

It is believed that the economy of Bangladesh is on the threshold of achieving significant growth in the coming years. Ready or pre-cooked food retailing may take a boom in recent future. The case study discusses the early development stages of the business and the recent growth including the diversification scopes those are considered feasible. The case depicts the social changes in urban life of this small country, which puts a heavy impact on the consumption behavior and food habit.

Expected learning outcomes - The goal of this case study is to illustrate the challenges that exist in the decision making and implementing process of product diversification and market expansion yet maintaining the distinctive competencies. The following are the expected learning outcomes: the importance of forecasting in changing markets, maintaining the quality and core competencies, role and challenges of related and unrelated diversification in business expansion using an appropriate project structure.

Keywords: Expansion, Diversification; Competencies; Consumer taste and preferences; Supply chain management.

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1. INTRODUCTION

In the spring afternoon of 2011 Md. Rafique, Chairman of the 'Fakruddin Foods', Dhaka, Bangladesh, was carefully reading various national newspapers. He was at his office and has earned a cup of fresh juice as he has made some important instructions to his managers. He became delighted when he found the report about the quality foods especially biryani items of Fakruddin Foods. In that moment several ideas appeared in his mind. Next day Md. Rafique called a meeting. He got several suggestions and some new ideas for expanding the business of Fakruddin Foods. Placing the ideas on table with burhani, Rafique wanted to get comments from the Managing Director Md. Khaleque and the other key staffs of the Fakruddin Foods. Md. Rafique uttered that Fakruddin Foods already had an immense food value in country and abroad. He also said that then it was a time for Fakruddin Foods to diversify its business. Many new items including roast, nugget/kebab, paratha/samosa, fresh milk, zarda/feerni/desert, and premium quality biscuits/snacks, ice cream; kulfi which the business did not take before, were bubbling in his mind. But he knows that if he is not cautious with the product line expansion, he might loose the identical image of Fakruddin, which was gained over last four decades and many dedicated cooking of his late father. But he also feels that ready to serve and pre-cooked packed foods which are supplied daily/weekly basis and not order basis has an immense growth prospect which should not be ignored. Rafique strongly believes that Fakruddin must put its footprint in the international market in minimum in the neighboring countries. In the pre-cooked meal it is much easier to cross the boundary rather than a traditional order based dishes. Md. Khaleque was diverged with the idea and said, "We had already a prominence in this market so why we deflect our customary business?" That was enough to make a long debate by lingering these ideas where each of the Chairman, Director and other top management people of Fakruddin Foods has a different opinion about carrying their passionate business for next years and decades, but everyone here had a strong urge- they want to see Fakruddin Foods excelling with its name.

2. FAKRUDDIN HAS EARNED A NAME

In the year of 1966, Fakruddin had been faced with staid economical hardships, and to overcome that state this meticulous man (Fakruddin), migrate from India to East Pakistan (now Bangladesh). But at that time various slapdash situation transpire between West and East Pakistan. Almost from the advent of independent Pakistan in 1947, frictions developed between East and West Pakistan, which were separated by more than 1,000 miles of Indian Territory. East Pakistanis felt exploited by the West Pakistan-dominated central government. Linguistic, cultural, and ethnic differences also contributed to the estrangement of East from West Pakistan. The man Fakruddin had been countered, another economical destitution after migration to Bangladesh

with his family. But Fakruddin (the immense diligent man), carried on his life by serving as gatekeeper of Viqarunnisa Noon School since 1952.

Exhibit 1: Fakruddin Munshi

While working in Viqarunnisa Noon School (the largest girls' school at Dhaka situated in a busy suburb), Fakruddin earned a name for his gentle nature and politeness. He had wanted to accomplish some fad extra for changing his life, at the time of his migration he had been introduced to Muslim Miah (a Chef to the Nowabs of India), who helped Fakruddin to learn cooking Mughali cuisine, and some other dishes. Fakruddin was desperate and one fine morning he tried his luck by offering his best dishes food to the Head Mistress (Principal) and other teachers of the girls' school.



The morsel taste of Fakruddin's food was so striking that the school authority permitted him to operate a canteen in the school arena. It was the beginning-and eventually from that small school canteen the Fakruddin Foods inflated its food industry not only in the Bangladesh but also in Malaysia, Singapore and Australia. It is the single most powerful brand name over the last decades in the festive food industry in Bangladesh.

3. FAKRUDDIN'S RETAILING BUSINESS

Mahbub Solaiman (a business man), wants to celebrate, his first wedding anniversary, his wife, Rabiya Solaiman desires to invite around hundred people, but she does not want to waste energies by burning oils all day at the suffocating kitchen of their tiny apartment. They have much easier option and Solaiman with his wife decided to order food items from outside, but they were very much conscious about the food quality and tastes. One of their relative advised them to order food from the Fakruddin and also praised about the high quality and tastes of Fakruddin dishes. On the next morning, Solaiman called Kazi Kamrul Islam Shakil (Manager of Fakruddin Foods), and asked about their service system and also about their food quality and variety. Shakil (Manager of Fakruddin Food) informed him that presently Fakruddin Foods runs the catering business in three ways; small scale retailing, cooking and catering at the buyers premises and home delivery including catering. Under the regular basis Fakruddin Foods has restaurant business and other regular catering business. Fakruddin Foods has six outlets in Bangladesh, five branches in Dhaka and one branch in Chittagong. All of them are at posh and busy area. At these outlets customers can sit and dine or they can take out the food.

Exhibit 2: The Common Items of Retailing Outlets

Katchi Biryani: Spicy main dish that mixes steamed rice with long marinated mutton served in two sizes half and full (suitable for two persons). It is considered the most favorite festive food in Bangladesh.

Tehari: Chicken or beef in small pieces mixed with fine soft rice and chili. Hot item in afternoon dining, also available in full and half size.

Chicken Biryani: Authentic Muglai dish (Murg Pulau) that mixes soft steamed rice of special variety with long marinated and fried South Asian red rooster (Murg) pieces and spices. It is considered as a delicacy.

Chicken Roast: Fried marinated chicken with gravy of ghee, onion and spices. Available in full chicken, half or one fourth. Most common serving is one fourth.

Borhani: Sourly appetizer and digestive drink made with yogurt, green chili, mint leaves, black salt and other spices. A common item with Muglai dishes specially with Katchi.

Firney: Desert item that mixes milk cream, aromatic rice, peanuts, almonds and saffron and sun dried grapes.

Jali Kebab: Very spicy beef or mutton patty fried with egg dip. Delicacy in festive dining. Served with pulao or biryani.

Shammi kebab: Deep fried spicy patty made with grounded beef (kima) and pulses paste. Fresh onion and mint slices inside.

Zarda: Bright orange color sweet aromatic rice with slices of almonds, dry grapes, processed fruits and fresh cream.

Mineral Water(Small/Large)

Soft Drinks: Carbonated beverages of common brands outsourced and served.

For a large scale dining (usually for more that one hundred people) Fakruddin arranges cooking and catering at the host's premises. It sends cook, assistants and cooking pots to the premises five to seven hours before the dinner time. They set up temporary ovens usually by burning fire woods. This concept is very popular in Dhaka City and other large township in Bangladesh. People in numerous occasions like wedding, birthday or anniversary dinner consider this method of catering and the average attendee is three to five hundred. For other occasion like convocation, annual general meeting, large scale wedding party or reception of political leaders/celebrities a much wider range of cooking staff and instruments are needed. Those occasions are attended two thousand or more diners and some time it goes up to twelve thousand.

Exhibit 3: The Common Festive Dining Occasions

Wedding: Usually the biggest festive dining occasion in Bangladesh. A marriage in Bangladesh is guided by both religious practice and cultural heritage. Middle class and above people divide the marriage into four different sessions usually held up in four different days. These are engagement (pan chini), bachelor (stag) party (gaye holud), the marriage ceremony (akd) and post marriage reception (walima). Most of the family takes months to plan and celebrate these four occasions related to the marriage. Families save money for decades to spend over these functions. On average three to five hundred people dines in the later two occasions while other two takes fifty to hundred participants. Average income families also illuminate decorative lights and hoist festoon like gates in front of the houses for weeks over the issue. It is also a source of good business of slam scale electric subcontractors (locally known as decorators).

Marriage anniversary/ Birthday: Rich families spend heavily on these days and invites hundreds sometime thousands of people. Average-middle class families invite fifty to hundred people and for them the spending budget gets bigger, if it is something more than an anniversary or birth day like 10th year celebration, 25th year celebration etc. or it gets coincide with other issues like visit by the foreign living friend or family member, getting a job, graduation or going abroad for education or job.

Child birth/ circumcision: Most of the child birth (akikah) is celebrated inviting friends and relatives and neighbors and for the rich the attendance may cross thousand. Most of the functions

are arranged during day time and followed by a massive lunch party.

Corporate/business occasions: Corporations, businesses, agencies and other institutions throw big parties in case of the annual general meeting (AGM), launching of new product, brand or logo, signing contracts, annual book closing, installation of new management committee, reception for receiving awards or business, branch opening ceremony etc. Most of the cases the party is followed by dinner or lunch usually arranged as buffet. These parties accommodate five hundred to several thousands people. AGM is the biggest corporate issues where number of attendee may exceed ten thousand. It is common in Bangladesh to serve lunch/dinner box to the shareholders. Graduation party is another heavy dining occasion. In Dhaka city more than fifty universities are in operations. Preparing two to three thousand meals over the issue of convocation or university day is a very common practice.

Break of fasting (iftar) party: During Ramadan all business and no business bodies try to arrange small or large-scale iftar parties where people gather before sunset to break the fast together. The menu includes halim, dahi bora or yogurt drinks as starter, chana (pulses) and muri (puffed rice) or kebab and paratha as main and gilabi or firni as deserts. Average attendance varies from several hundred to thousands Similar parties are arranged for the mercy of departed souls each year and fortieth day of the death where sweets especially gilabi and tehari are served in boxes/containers as take away basis.

Exhibit 4: Common Food Items at Fakruddin

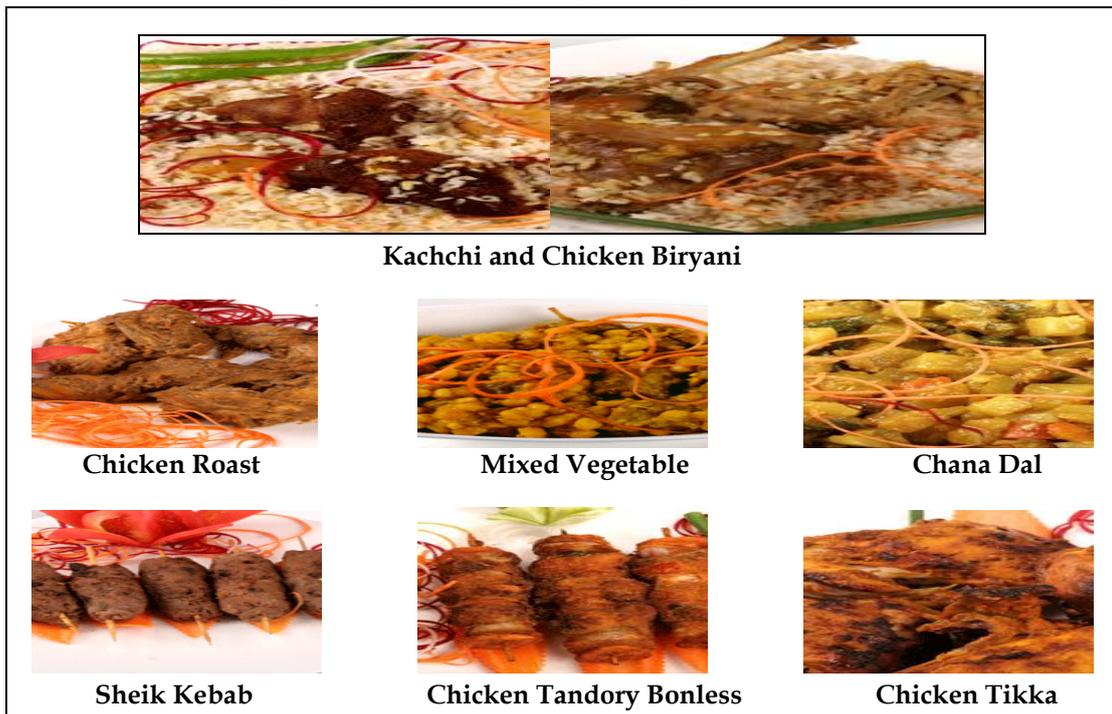


Exhibit 5: Restaurant Interior in Gulshan and Mirpur



Exhibit 6: The List of Seasonal Products

Halim: A spicy and hot lentil soup with chicken mutton or beef. Believed to boost energy, cure common cold, digestive and appetizing. Widely taken during break of fasting or before afternoon tea or coffee. The demand mounts in winter season. People are habituated to drop by a halim shop to have a small bowl of it for prices equal to one to two dollars, or take home in small to large containers serving four to eight people.

Dahi Bora: Spicy and salty yogurt with pulse made balls in it. Widely known to help digestion, reducing body heat and relaxing body muscles by supplying essentials salts and minerals. A common item for breaking the day long fasting. Demand peaks during the summer.

Pakora: Fried vegetable or cheese dipped in lentil paste. Has wide range of variety with different names like piazu, beguni, chop, ball, kofta etc. Most popular snack and a very common item of iftar.

Gilabi: Crispy deep fried paste of pulses containing sugar syrup inside. One of the most popular sweet in the country. Have some variety in colors and flavors. The size varies from small to very large. Energetic sugary food and widely used as snack and a most common item of iftar.

Solaiman was convinced and decided to try Fakruddin on the special occasion. After consulting his wife and her friends the couple ordered for Katchi Biryani, Chicken Roast, Borhani, Firney, Jali kebab and Chatni etc. for their anniversary. When the party was over, Solaiman and his wife Rabiya were highly satisfied on the Fakruddin's hassle free dining and catering services. It was a happy ending where Rabiya had not to sweat in the kitchen for the whole day and yet could not be confident on the taste of Borhani. Solaiman was feeling proud as the guests were cheering loudly over the quality of the food and when it was all over, he has realized that it could not be so easy with other commercial cooks. Fakruddin Foods has eased the concern for quality of the commercial food, and this is how it got a new couple Solaiman and Rabiya in the list of loyal customers of Fakruddin Foods. Apart from this type of business, for what Fakruddin is widely reputed, they do other types of seasonal retailing especially during Ramadan. All the outlets get ready with the season approaches and the nostrils get amused of the mouth watering smells of their secret recipes.

4. FESTIVE FOOD MARKET IN DHAKA

Bangladesh is a country of heritage foods, from the Remnants Civilization (before 1000 BC) to Contemporary Civilization (twenty first century), various empires dominated this part of India named "Bengal" (now Bangladesh), and a mammoth history was related with this country. Various empires celebrated many festivals at time of their realm, where every festival had carried some especial food with them. Some of the recipes got wide acceptance among the people of Bangladesh and gradually have turned into festive food in Bangladesh. Festive foods are cooked

over to celebrate occasions and many festive occasions in Bangladesh mix with important dates of Islamic or Hindu calendar as the people here are believing and practicing religion dedicatedly. To fulfill the demand of festive food, the local festive food industry has grown tremendously over the last two-three decades. In this growing industry supported by a steady GDP growth and population boom, there are many competitors, among them the closest rivals of Fakruddin Foods are:

Star Kebab: The largest traditional dine out chain of the city who also supply orders with home delivery. Foods are considered cheaper than all the rivals. They sale in bulk and some items are finished almost with in minutes. A traditional kebab snack is a great alternative to the usual western fast food items like burgers and fries, and what better place to go but the famous Star Kebab! They provide an array of delicious, spicy kebabs and *tikkas*; the best ones to try would be their Mutton *Boti* Kebab and their hot Chicken *Tikka* and they also provides soft and warm *naans* to accompany for the meal. In the festive food industry of Bangladesh, Star Kebab had captured the customers' satisfaction. They have four full-fledged outlets with some selling points.

Lalbag/Old town shops: Biryani is the most popular single dish dinner for many people in Bangladesh. Old part of Dhaka is famous for many delicious food items. Some of them are: Tehari, Morog Polau, Morog Mosallam, Kacchi Biryani, Mama Halim. Among them Hajir Biryani is the best. Hajir Biryani is not only the best in Bangladesh but also in the world. It is now world famous.

Exhibit 7: Old Dhaka Style of Selling Mutton/Beef Biryani



Hajir Biryani started its journey in 1935 by Haji Mohammad Hossain in Kazi Alauddin Road, Old Dhaka. This Biryani is made by small grain kataribhog rice, mustard oil and mutton. It is usually served on dried jackfruit leaves. It is also served on plate when people eat it at the very Biryani shop. It has to eaten steaming hot at the very restaurant for the whole experience. Only two cauldrons of Biryani are cooked per day and the food usually runs out in less than 90 minutes early in the morning, and less than 45 minutes early in the evening. They never use any advertisement or have any signboard for this food. They never think its commercialization. This is a delicious food at Dhaka. After eating this fabulous food, you will not feel heavy. The simplicity of Haji Saheb and his Biryani separates it from the other thousands of food items in Bangladesh. Some shops are trying to copy the grand success of Hajir Biryani by following similar recipe and providing identical taste but so far, they are far apart for the original Hajir Biryani. Usually when a customer misses to manage his or her plate of biryani form the dedicated shop they try to get it from the competitors.

Customer's expectation: Mr. Asraf, manager of a reputed business house, has credence on Fakruddin Foods, because he finds Fakruddin to be the most recognized brand in the festive food industry in Bangladesh. As Mr. Asraf expressed "More than ten years this food company

congregates my expectation, in this long period of time I have observed other festive foods (company) but they were unable to make me satisfied". As a customer Mr. Asraf counts on the quality and taste of food, dependable service, reasonable price, hassle free and on time delivery etc. Fakruddin Foods constantly fulfills his expectations and not only Mr. Asraf, there are uncountable numbers of loyal customers for Fakruddin Foods.

5. HOW WAS IT ALL POSSIBLE?

Success is a dynamic issue insight every fame. Fakruddin Foods has some key success factors, which are vigor for its eminent.

Taste and quality: Taste, compared with Hazir Biryani, Fakruddin has some different flavor. Fakruddin Biryani is so much fresh and lucrative and smell is very charming and attractive. When a person picks-up a piece of meat from the plat and eats it then he/she will get distinctive ingredients from others. That is way customers are very satisfied in regarding those products of Fakruddin. Sales is increasing day by day in domestic market and foreign market.

Quality is a global concern because customers are becoming aware about the products. Considering the quality of foods, quality of environment and quality of employees, Fakruddin Foods maintains international standard. Employees of the Fakruddin restaurant are efficient and skilled enough to make such kind of foods. All the employees are taking training from the main branch for preparing and servicing the foods.

Supply chain management: Fakruddin Foods has a very long supply chain. The source of mutton, beef can even be a farm somewhere in north Bengal. They procure vegetables from local markets. Meat is supplied by four different suppliers. They try to diversify their supply chain so that they can go to a second supplier if one cannot provide their ingredients. Milk usually comes from places around Dhaka and they are continuously trying to improve their position in the value chain.

As for example, these days they have started to make curd by themselves, which they previously had to procure directly from suppliers. This gives them ability to deal better with demand fluctuations. Spices come from the largest importers of spice in Bangladesh.

Fakruddin Foods has some selected trusted suppliers. As a result, it can take any types of order. Fakruddin Foods never buys any types of cattle. Its suppliers supply finished meat. Suppliers make the finished raw materials at very beginning of the day. That is why Fakruddin Foods can present fresh food for its customers. Hazi Monu Mia is a traditional supplier of mutton. Fakruddin Foods has two suppliers of mutton (Monu Mia and Nasim), two suppliers of beef (Shamsu and Shamim) and three suppliers of chicken. Fakruddin Foods collect rice, oil, and spices from a shop in Chokbazar. All the payments are held in cheque. Fakruddin Foods has different branches in Bangladesh and also outside of Bangladesh. It has five branches; these are located in Uttara, Dhanmondi, Gulshan, Motijhil and Chittagong. Except Chittagong, Fakruddin sends all finished goods to its all branches. That is for all cooking in at one place.

Delivery and commitment: Home delivery will add an extra service charge. Fakruddin Foods provides quickest service from its rivals. Fakruddin Foods has some seasonal items. The thing they emphasize on most to their suppliers is consistently good quality and for that, they pay them more than other restaurants do.

Cost and profit margin: Fakruddin Foods brings out money from its foods business through minimizing costs and turns it as a maximum profit. Fakruddin Foods are mainly premium prices foods but they buy all types of foods materials as a lower price and their transportation cost is low whether it is not easy to make a profit.

Table 1: List of Product Price

Name of item	Price	
	Half	Full
Chicken Kacchi	BDT 120	BDT 200
Beef Teheri	BDT 75	BDT 150
Chicken Beriani	BDT 120	BDT 200
Chicken roast	BDT 90 per piece	
Borhani	BDT 40 per glass	
Firnuy	BDT 30 per piece	
Jali kabab	BDT 30 per piece	
Chatni	BDT 150/200/250 per pack	
Mineral Water (big/small)	BDT 10/20 per pack	

Catering: Other than festive food processing, Fakruddin Foods also provides catering services for larger family occasions, corporate functions and gala dinners. This includes preparing the venue, carpeting, lighting, table setting, decorating and of course serving the dishes.

Exhibit 8: List of Items Leased for Catering (Services Available for up to 500 People)

<input type="checkbox"/> Waiters: In formal Fakruddin restaurant's outfit	<input type="checkbox"/> Serving Spoon
<input type="checkbox"/> Event Manager or Chef	<input type="checkbox"/> Dessert Spoon
<input type="checkbox"/> Ceramic Plate- full, three fourth & half	<input type="checkbox"/> Food Warmer: including burning jell
<input type="checkbox"/> Glass	<input type="checkbox"/> Table cloths
<input type="checkbox"/> Jags	<input type="checkbox"/> Dinner size Paper Napkins
<input type="checkbox"/> Spoon, Fork and Knife set	<input type="checkbox"/> Washing Tub
	<input type="checkbox"/> Cooking Pot

The cost of leasing these items for 200 people is approximately BDT. 20,000 without delivery charges and taxes. Some of the Fakruddin Foods's out of the country locations do similar services but charges vary widely in abroad. For a dining of large group (more than five hundred dinners) special arrangement must be made so that additional crockeries and silvers are arranged. Fakruddin Foods also started event management. This service is available for events of more than 200 people. Service includes event planning with the host, venue selection, meeting with decorators, site visit etc. by approx. \$200 per event.

Restaurants: Fakruddin Foods opened well-decorated restaurants in the posh locations of the city to give the dwellers the taste of festive food while having an outing with family or friends. All it started with a tiny outlet at a walking distance from their main kitchen decades ago to sell the left over items. But it gets tremendous popularity among the Dhaka dwellers and in late 2011 Fakruddin Foods has opened their seventh restaurant outlet in Farmgate (a hub of city traffic).

Some of the restaurants sell popular breakfast items (paratha, dal, khichuri etc.). They have a juice bar like set up inside the store where faluda, borhani and lassi are heavily sold on hot summer days. But outside Dhaka only one restaurant has so far operating that is in Chittagong, the port city. Bangladesh has nine other large cities where more than a million people live but those markets have been completely unexplored.

Exhibit 9: Restaurant Set Menu and Price

Menu 1: Price: BDT 370 Kattchi Biryani, Chicken Roast/Tikka, Kabab-Jali/Sami/Tikka, Borhani, Firny, Salad, Mineral water
Menu 2: Price: BDT: 300 Polaw, Chicken Grilled/ Roast, Mutton Rezala, Borhani, Firny/Jorda, Kabab/Jali Tikka, Salad, Mineral Water
Menu 3: Price: BDT 380 Chicken Biryani, Mutton Rezala, Borhani, Kabab Jali/Sami/Tikka, Firny/Jorda, Salad, Mineral Water
Menu 4: Price: BDT 300 Fried Rice, Chicken Fry/ Chicken Tikka, Mutton/ Chicken Rezala, Mixed Vegetable, Salad, Mineral Water

Exhibit 10: Order Items at Restaurants (Minimum Order for 20 People)

Steamed Rice	Mutton Rezala
Chicken Curry	Mixed Vegetable
Beef Curry	Dal Bhuna
Fish Curry	Firni
Fish Fry	Lassi
	Zarda

Table 2: Member of Staff and their Wages in the Central Kitchen (Approximate)

Member of Staff	Number	Wages/ Salary (BDT)	Total Administrative Expenses/ Per Month (BDT)
General Manager	01	30,000	30,000
Manager	02	15,000	30,000
Housekeeping	15	3,000	45,000
Kitchen and Service Staff	80	2,500	200,000
Waiters	50	2,500	125,000

6. FAKRUDDIN FOODS IN NEW SOUTH WALES, AUSTRALIA

The first overseas restaurant was opened in Sydney. As the leaflet of grand opening says, "Fakruddin Foods maintains premium quality. The ratio of rice and beef is 1:1.5 in kacchi. The taste is unique. Fakruddin Foods is fabulous for taste. Its price is comparatively little high. Premium quality persists to premium price. You do not need to order for any quantity before two or more day. You just have to order one day before when you wants to delivery." One of the managers of Fakruddin Foods said, "Prices are for pick up by the customer from our restaurant at

89 Railway Street, Rockdale. We would supply the food in one time aluminum containers which you would not have to return to us after the event. For catering orders of more than 100 people, we would supply the food in our pots (Patila) and in that case we would deliver the food and bring the pots back with us”.

Table 3: Price List for Australia (in AUD)

Kattchi Biryani	
Marinated meat Cooked with Kalijira rice, fine spices and Saffron. Decorated with egg and potato	Price: \$11.99
Chicken Curry	
Chicken mixed with gravy, made with fried onion, natural yogurt and Saffron.	Small Price: \$4.99, Large Price: \$10.99
Mixed Vegetable	
It is a mixed vegetable cooked with spices. Taste is amazing.	Small: \$3.99, Large: \$8.99

Exhibit 11: Customer Reviews for Fakruddin Restaurant

25th July 2009 6:30 pm <i>It is a Bangladeshi Restaurant. Really excellent meals. I like the taste so much specially the 'Kacchi Biryani'. In my opinion, the price is a little bit expensive but the service and quality of food is fantastic!</i>
3rd July 2009 7:10 pm <i>It is a new restaurant. The food is really delicious. A bit expensive but the taste is great! It is a Bangladeshi restaurant but people who like Indian curry can also enjoy eating here.</i>

7. FAKRUDDIN FOODS: OPENING IN MALAYSIA

“The mouthwatering recipes of the world famous Chef Fakruddin Munshi, popularly known as Fakruddin Baburchi, is now in Malaysia, starting June 2010. After winning the hearts, and ‘stomachs’ of thousands, in the United Kingdom and in Australia, we are now set to surprise the Malaysians, by their appetizing South Asian cuisine.

Our outlet in Petaling Jaya will be operational from June 2012. The opening of our store is on the 12th of June. So don’t forget to drop by with your family and friends and be a part of an incredible dining experience! Also, there will be special discounts and offers on the day of the opening!

So hurry up! And put our phone number on your speed dial! Because after June, a day won’t go by when you won’t feel the need to dial it! That is Fakruddin’s promise to you.”

8. FAKRUDDIN FOODS IN SINGAPORE

As a hub of South Asia, Singapore attracts many Bangladeshi, Indian and Pakistani peoples who are great Biryani lovers. In early 2011, Fakruddin Foods opens a Restaurant in Singapore with the slogan Food of the Nawabs (meaning elite).

Form the beginning it attracted spicy dish lovers and not only south Asian, you will find many Chinese, Korean and Japanese people to queue there to have a taste of east Asian Cuisine.

Exhibit 12: The Front View of Restaurant in Singapore



9. FUTURE PLAN

Fakruddin's Restaurants' ambitious plans are apparent through its future plans. The venture was the first restaurant of Bangladeshi origin to open a branch outside Bangladesh. After its first profitable overseas restaurant in Singapore, plans are under progress to open 2-3 more branches within Bangladesh, and then develop into an international restaurant chain. The venture plans to open branches in the USA, United Kingdom, Dubai, and Malaysia within the next two years. Especially there is a most potential market in Middle East country. Most of the Bengali expatriates stay in the Middle Eastern country. Fakruddin Restaurant can target on this Bengali people with its biryani type foods. Perhaps he can supply biryani foods in daily basis to various houses, job places as a result flavors of this foods not damage.

Fakruddin Foods management plans to expand their retailing of *nawab's* food to UAE, UK and USA. But it creates lot of confusion among the owners because traditionally it was festive food, should it change its locus and become a street side restaurant chain someday? There may be a million dollar question.

Now lot of decisions are being made by the grandchildren of Late Fakruddin Munshi and some of them are over ambitious than their fathers. The younger son Shafique strongly opposed the idea of expansion that goes beyond catering. But his nieces and nephews were trying to expand what Shafique termed "beyond my father's line." In Late 2011 Fakruddin Foods is expanding its business into real estate, which created hair raising family feuds. The young owners try to expand "as much as we can, and why not?"

10. CHANGE IN PREFERENCES OVER LAST DECADE

Bangladeshi peoples love fresh foods and they will prefer it too be cooked in front of them. Traditionally they used to gossip while cooking and dine just beside the oven. Packed foods or even refrigerated dishes were not taken as normal, alleged to taste like stone and widely believed to be unhealthy. Dhaka residents also carried these heritages for decades but those days are over now. Like any other big city the life style of Dhaka is changing with the passage of time. And that mean change of people's food and shopping habits. It creates a huge opportunity for food business as over the last two decades people's preferences for pre-cooked items increased steadily.

Now a good number of people, who reside in Dhaka city, do not afford to spend their time in preparing food, which was so obvious twenty years back. Change of life style made the expectation of achievement higher, which demand people be faster, working harder for earning more money. Everyday spending a good amount of time in the kitchen or grocers is becoming

unbearable to most of the running class who are thriving to cross the border of their economic class. Here the pre-cooked concept comes to their mind.

When you live in a city like Dhaka, you have to plan your day carefully because it is not unlikely to get stacked by a traffic and lose three hours from your day! Probably it is the time you could make the food for the whole family. If you can brave the stranding roads, you need to buy fresh vegetables and meats, the two common items of Bangladeshi dishes. If you are not careful about and are not an experienced shopper, who has learned from previous mishaps, you will end up getting raw fishes or tomatoes that are too hard to boil. Painful is, above all you have to check the prices over at least three shops/sellers, and participate a hair raising bargaining before you can conclude the deal. Most of the grocers in the town are not selling with price tags. Local people seem to enjoy that but what about a person who is counting on time?

The ultimate pain is lack of domestic helps. Common Dhaka city families used to have domestic helps (popularly termed as 'bua' means maid) who were helping in preparing foods, cleaning cooking pots and washing the kitchen. In some families they were also wash the dishes after meal and share the food as they spend extra time on duty. Those were mostly females of a not wealthy family who can spare some time from maintaining her own family and kids and earn some money by helping wealthy ones. Due to little and slightly visible industrialization and marginal woman empowerment, these ladies are now getting more prosperous jobs like cleaner of hospital, factory or even cook's assistant in worker's den. They are desperate to come out of the uncomfortable and monotonous job of providing domestic help. Of them who are below thirty try to get a job in ready-made garments industry which has the largest women employees in Bangladesh. Without the assistance you need to cook, clean and serve, it is not unlikely that you want to buy pre-cooked foods.

With the regular demand for complete pre-cooked foods, with the emergence of the rich class the number of holiday dinners is also running high and some local grocers have turned to preparing turkeys, nuggets, rolls and an assortment of side dishes for tomorrow's feast. The ever increasing demand reflects an increased confidence by consumers in quality products, and grocery stores are getting better at it. City people accepted very easily the comfort of pre-cooked meal.

The concerning point is quality of the food, because, without an acceptable quality people are not going to accept one brand. From the producer's point of view, it is rather a matter of production planning and demand estimation; most pre-cooked foods have only weeks of shelf life as freshness matters. The retailers may end up with piles of pre-cooked samosa when the shoppers are demanding for paratha. Since pre-cooked gives you the comfort of warm and serve, consumers are ready to pay higher prices. It creates an immense opportunity for Fakruddin Foods to make a good profit but it is only if they decide to get into pre-cooked food business.

11. FOOD PROCESSING INDUSTRY IN BANGLADESH: BRIEF DESCRIPTION

The food processing industry is a 4.5 billion USD industry in Bangladesh. Processed food represents one of the major potential sectors in terms of its contribution to value addition and employment. The sector accounts for over 22% of all manufacturing production and employs about 20% of the labor force. All food processing enterprises account for 5% of GDP (around 4.48 billion USD).

There are nearly 700 processed food manufacturing enterprises in the country. These include processing of bakery confectionary, fruits and vegetables, cereals, dairy, carbonated and non carbonated fruits juices, drinks, others beverages and various other food products.

Export markets have not been developed and explored. The export level of agro-processed food products from the country is expanding rapidly. In the last three fiscal years from 2005-06 to 2007-08 it has expanded 22% on average. But measured in absolute terms only 22.98 million metric tons of processed food products worth USD 23.88 million was exported in 2007/2008. This is less than 1% of the processed food production. The local food processors and exporters have only focused on- and succeeded in entering the 'ethnic export markets' with 'ethnic products'.

The mainstream super-chain market with processed food products of international standards has not been targeted despite vast production opportunities within fruits like pineapples, mangos and different kinds of vegetable, spices, oils etc., which could be produced for the main stream markets. More precisely Bangladesh only has 0.1% of total world export.

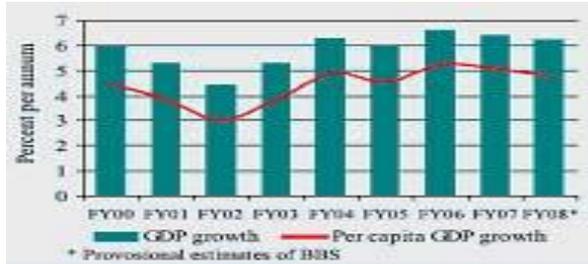
At the moment, Bangladesh exports around 90 kinds of agro-processed food products to over 70 countries through out the world. However, value-wise 81% of the products are exported to ten major importing countries including Italy and UK in Europe, USA and to a smaller extent Canada in North America and a number of Middle East Countries with KSA, UAE and Kuwait taking the lead. It is strongly believed that only smaller changes in product range and standards combined with increased market knowledge could create a enormous export opportunities in e.g. the US and EU mainstream markets with processed food products. (http://www.ambdhaka.um.dk/FoodprocessinginBangladesh_summarydescription_4.pdf)

Exhibit 13: Bangladesh: Basic Economic Facts (Fiscal Year 2010-11 i.e. 1 July, 2010 to 30 June, 2011)

GDP	: US\$ 105.56 billion
GDP Growth	: 6.70%
Per Capita Income	: US\$ 818
Distribution of GDP	:Agriculture: 19.95%
	Industry: 30.33%
	Service: 49.72%
Inflation (CPI)	: 8.8% (average)
Total Export	: US\$ 22.92 billion
Total Import	: US\$ 33.65 billion
Remittance	: US\$ 11.65 billion
Current Account Balance	: US\$ 995 million (as on 30th June)
Foreign Direct Investment	: US\$ 700 million (2009)
Foreign Exchange Reserve	: US\$ 10.91 billion (as on 30th June 2010)
Exchange rate	US\$ 1= BDT 74.23 (average)
<u>Major industries:</u>	Readymade Garments (woven and knitwear), Textile, Chemical, Sugar, Fertilizer, Cement, Pharmaceuticals, Frozen Food, Jute goods, Leather, Ship Building.
<u>Major Trading commodities:</u>	Export: ready made garments, home textile, jute and jute goods, leather and leather products, chemical products, frozen food (fish and shrimp), tea. Import: machinery and equipment, chemicals, iron and steel, yarn, textiles, food grain & other foodstuffs, crude petroleum & petroleum products, plastic & rubber article.
<u>Major trading partners:</u>	Export: USA, Germany, UK, France, Canada, Italy. Import: China, India, Kuwait, Singapore, Hong Kong, Malaysia.

Source: http://www.bhclondon.org.uk/TradeN_Commerce.htm

Exhibit 14: Bangladesh : GDP Growth



Source: http://www.bhclondon.org.uk/TradeN_Commerce.htm

Exhibit 15: Bangladesh: Import Export Trends



Source: http://www.bhclondon.org.uk/TradeN_Commerce.htm

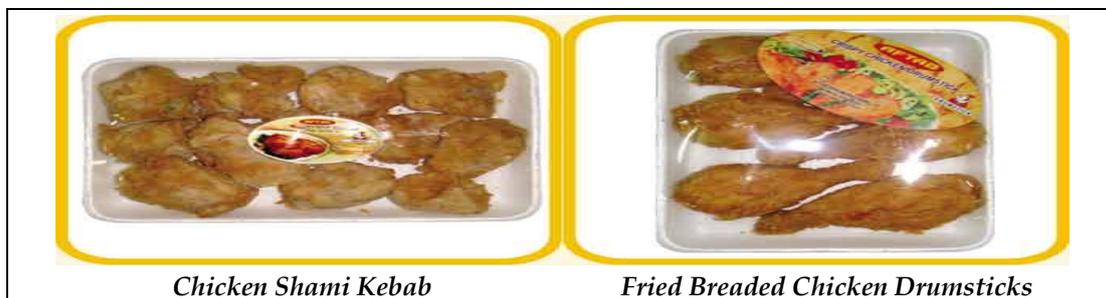
Popular Pre-cooked/Ready to Cook Items

Presently various new and forthcoming packed food items penetrate into the food market and demand of these new packed food items is not negligible. Most prominent items are:

Broast/Nugget/Kebab: Recently packed chicken broast, wings, nugget, beef or mutton kebab are available in various general grocery shops in Bangladesh. Local and foreign manufacturers supply them. Aftab and Rich are two popular brands for chicken nuggets, burger pattie, chicken wings, and thigh. Chicken Shammi Kebab, Fried and breaded chicken drumsticks is one of the best packed food items in Bangladesh.

Exhibit 16: Popular over the Counter Ready to Cook Items





Chicken Shami Kebab

Fried Breaded Chicken Drumsticks

Aftab Foods not only manufactures these items but also supply various frozen chicken items. Other foreign companies also supply these items in Bangladesh packed food market and these companies are actually a very tough rival of Fakruddin Foods.

Paratha/samosa: Now a day, people are very busy, people always prefer some packed food rather than cook, recently paratha/samosa all these items are available in packed and which are very easy to serve. Some local and foreign companies capture this market.

Fresh milk: Every human being needs energy to survive a good health, and to keep a good health daily healthily diet is an indispensable issue. Milk is one of the healthily diet which content protein. People of all ages are used to drink milk every day, and the demand of fresh milk is very high in Bangladesh. Various local firms such as Milk Vita Dairy milk, Arong milk, Aftab milk and many other unknown brand packed fresh milk meet the huge demand of the consumers, but most of the consumers fret about the product quality.

Exhibit 17: Ready to Cook Paratha, Luchi in Family Pack



Jarda/Feerni/Desert: Recent packed food market offers different kinds of product to consumers, such as jarda, feerni, different types of deserts etc. and many local and foreign food firms supply these products.

Premium quality biscuits/snacks: There are various premium packed quality biscuits and snacks exist in the food market of Bangladesh. Some of them are produced by the local manufacturers and some are imported from foreign and one of the legendary country Malaysia. Most of the delicious and cream creeker biscuits come from Malaysia, U.K, and India.

Ice cream, kulfi: 'Ice cream' - each and everybody resembling it, age not a factor, children to adult anywhere of the world like this nippy item. In Bangladesh there are various ice cream factories had grown up, some are capable to meet the local demand and some supply nationwide. In this industry Polar & Igloo Ice Cream Company dominate the packed ice cream market, and after that Quality Ice Cream Company entered. There are many ice cream parlor had also grown up with

the collaboration of foreign company such as Baskin-Robbins, Club Gelato, Dolcevita, Movenpick ice cream parlor and many more.

Harvest Rich Agro Industries Limited

Harvest Rich Agro Industries Ltd. is a subsidiary company of Harvest Rich Group, a pioneer in textile and agro industry in Bangladesh. As a strategic business diversification for the group's dynamic growth, Harvest Rich in 2006 ventured into Meat further processing industry in Bangladesh under the brand name 'Rich'. Meat further processing technology was acquired through technical collaborated joint venture 'Norfolk-British-Lanka Ltd.' and the plant is HACCP Quality systems certified by URS-UK. 'Rich' is the market leader in Bangladesh for further processed meat products which dominates 86% of the market share.

Rich is strongly driven by its vision & values to be a most innovative Halal food processing brand in the region. 'Rich' product portfolio: Over 120 types of further processed & value added product range in Chicken, Beef, Fish, Mutton & Tube ice. Category: Cold meats/cuts, Smoked & Gourmet Specialties, Sausages, Burgers and Breeding line Nuggets, Kievs.

Rich brand corporate aspiration aspires to be the market leader by offering innovative product range at all times. As part of their customer service excellence, the company has dedicated customer segment wise trained team members who are able to respond to the needs of individuals in the development of customized specialty products covering both fresh meat and processed value-added meat products by continuously acquiring up dated General Manufacturing Practice (GMP) standards and Food Safety Management System of HACCP as well as continuously acquiring technical expertise in the food sector in Bangladesh.

Their product range categories are distributed to all 5*Star hotels, International restaurants, Chain Stores to the Corner shops in their own fleet of cold refer trucks and at any given time their large cold storage facility is supported from chiller to freezer (-25C*) temperatures and backed by tandem stand-by compressors & generators.

International brands: Harvest Rich Agro Industries Ltd. is the sole agent for 'YOKI' brand Sea Food further process products in Bangladesh. 'Yoki' brand of Swuishun Food Trading (M) has been implementing the latest advanced technology from Japan, with high quality raw materials, well trained workers and un-compromised quality control system to produce high quality, tasty and nutritious frozen seafood products. 'YOKI' products are always the leading frozen seafood products in the market. It has satisfied the consumers' various taste and requirements.

'Yoki'- Swuishun Food Trading had acquired the 'HALAL' certificate from the Islamic Development Department of Malaysia of the Prime Minister Department in early 1990's, it dominates a large portion of the Muslim market. Its marketing network covers the whole of Malaysia and overseas countries such as Singapore, Brunei, Hong Kong, China, Phillipine, Indonesia and Middle East countries.

Rich 'Halal' Process Meat Range: 'Rich' factory manufactures a wide range of Sausages, Meat Balls, Ham Style Rashers, Bacon Style Slices and more. It incorporates some of the most modern semi-automated machinery, conforming to international standards for hygiene and safety, such as sausage linking machine (to automate the portioning and hanging process, at high speed), peeler machine, slice machine (high speed) and Vacuum Packaging Machine.

Rich 'Halal' Breaded line Range: Harvest Rich Agro Industries Ltd. manufactures a wide range of battered & crumbed products conforming to Halal requirements. It is manufacturing in semi-automated production lines viz. a meat forming, battering, crumbing and frying line. However, wide range great tasting is manufactured in Chicken, Beef, Fish and Vegetable.

Supplier Chain Management: Harvest Rich Agro Industries Ltd. sources supplies of its requirements of raw materials locally through contract farmers. Locally, the company has an ongoing commitment to regularly monitor local contract farmers & suppliers operations, visiting their farms and offering technical know-how and financial support to improve their quality and standards. This is their success story of their quality consistency by strengthening a loyal and quality chain of suppliers.

Exhibit 18: International Ready to Cook Items by Rich

	
Fish Chip	Cuttlefish Ball
	
Omega3 Fish Chip	Golden Crab Ball
	
Crab Ball	Prawn Meatball

Exhibit 19: Pre-cooked Product Line for Rich

<p>GRILLS</p> <p>CHICKEN Chicken Sausage Chicken Hot Dog Chicken Breakfast Sausage Chicken Cheese & Tomato Sausage Chicken Garlic Sausage Chicken Chilliwurst Chicken Frankfurter</p> <p>BEEF Beef Breakfast Sausage Beef Sausage Beef Hot Dog</p> <p>MUTTON Mutton Sausage</p> <p>VEGETABLE Vegetable Sausage Carrot Sausage Pumpkin Sausage Spinach Sausage</p> <p>SAVOURY RANGE</p> <p>CHICKEN Chicken Roll Chicken Rasher Gammon Style Steak Chicken Tikka Chicken Devil Wings Grilled Chicken Cube</p> <p>BEEF Beef Loaf Beef Rasher Corned Beef</p> <p>MUTTON Corned Mutton</p> <p>FISH Fish Cutlet Fish Roll Fish Croquette Fish Cutlets</p> <p>VEGETABLE Vegetable Cutlet Vegetable Roll</p>	<p>CRUMBED SPECIALITIES (Ready to fry)</p> <p>CHICKEN Chicken & Cheese Mini Kievs Chicken Fingers Chicken Nuggets Chicken Drummer Chicken Jumbo Nugget</p> <p>BEEF Beef Jumbo Nuggets</p> <p>FISH Fish Burger Fish Jumbo Nugget Fish Finger Fish & Cheese Kievs</p> <p>VEGETABLE Potato Kievs Potato Croquette</p> <p>KOFTA Chicken Kofta Beef Kofta Fish Kofta</p> <p>BURGER Chicken Burger Beef Burger Fish Burger Vegetable Burger Vegetable Pattie</p> <p>MEAT BALLS Chicken Meat Ball Chicken Spicy Meat Ball Beef Meat Ball Mutton Meat Ball Beef/Chicken Meat Ball Bhuna</p>
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'Rich Deli' Franchise Invitation: The company elaborates their strategy and strengths "To offer the entire range of 'Rich' as we are committed for to a sustainable business practice that links with our products, corporate and social elements, Therefore we ensure that the relationships that we build are based on mutual benefit, accountability, transparency and trust, and will result in enhancing prosperity. As part of our corporate vision, we are committed to give valuable returns to our stakeholders and to help our franchisees succeed. We will continuously look for ways to improve our franchisees so that they become more profitable as time goes by. It is our vision to be a one of kind business concept in providing & serving the nation with quality, hygienically processed affordable innovative product range in the neighborhood.

Exhibit 20: The Franchise Outlet Logo



Why 'Rich Deli' Franchise Outlets

- Rich' as fast emerging great brand acceptability in Dhaka, Chittagong & Sylhet metropolitan cities.
- The market leader in process meat product range from grocery store, modern trade outlets, reputed food service outlets to 5* star international hotels.
- Internationally proven franchise model locally designed for higher success rate and to increase our franchisee financial prosperity.
- Harvest Rich Agro industries ltd, is managed by a dynamic & innovative team with strong business acumen.
- We will take you through the whole process from business planning to training & service excellence and operating with standard operating manuals.
- Total assortment of quality products from fresh meats, process meat, grocery and fresh produce from one source of consistent supplies.
- The model concept that offers a full business format with lower reasonable start up investment with most practical floor space available in residential city locations in major cities and easy to manage.
- From day one, you are in business with launching advertising activity, weekly/monthly & seasonal promotional activities, quality & sales regular monitoring audits to achieve mutually agreed goals.

Now we offer Master Franchise (Cluster of 4 outlets) and Independent Franchise outlet. Our comprehensive franchise training program as well as through documentation of our operating system, makes it easy to run a 'Rich Deli'. All we require is the franchisee's commitment and enthusiasm! We want someone who's excited about the prospects of this business, as we are." (<http://cognitosolutions.com/devel/rich/images/Rich-Deli.gif>)

Exhibit 21: Cold/Slicing Product Range of Rich

<p>COLD CUTS/SLICING MEATS</p> <p>CHICKEN Meat Loaf - Ham Style Salami Moterdella Pepperoni Luncheon Meat Spicy Chicken Roll Chicken Sandwich Slice Spicy Chicken Slice Chicken Mushroom & Olives Honey Roasted Chicken Loaf</p> <p>BEEF/VEGETABLE/MUTTON /FISH Salami Moterdella Pepperoni Meat Loaf - Ham Style Rasher - Bacon Style Terrine</p> <p>COCKTAIL NIBBLES</p> <p>CHICKEN Chicken Samosa Coconut Kabab-Chicken Chicken Tandoori Stick Chicken Yakatori Chicken Kebab Chicken Satay</p> <p>BEEF Beef Samosa Beef Satay Beef Kebab BBQ Beef Kebab Mutton Kabab Vegetable</p>	<p>PATES & STUFFINGS</p> <p>CHICKEN Chicken Liver Pate Chicken Sausage Meat</p> <p>RAW MEAT</p> <p>BEEF Beef Top Side/Rump/Silver Side Beef Striplion Beef Boneless Cubes Beef Bone in Beef Sukiyaki (Slied) Beef T-Bone Steak (Whole) Beef Ribeye Steak (Whole)</p> <p>SMOKED DELICACIES</p> <p>CHICKEN Smoked Chicken Breast Smoked & Honey Glaced Chicken Breast</p> <p>BEEF Smoked Beef Wrapped in Black Pepper Beef Pastrami</p> <p>FISH Smoked Fish (Pangash) Smoked Fish (Mackerel/Shurma) Smoked Fish (Curp/Rui) Smoked Fish (Hilsha) Smoked Fish (Garupa)</p> <p>DUCK Smoked Duck Breast</p>
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Exhibit 22: Cold/Slicing Products of Rich



Golden Harvest Agro Industries Limited

Golden Harvest began its journey as a commodities brokerage house, and over the years they have expanded into wide sectors including Information Technology, Consumer Foods, Food Grains, Edible Oils, Distribution, Aquaculture, Logistics, Shipping and Banking & Finance. With clear objectives- 'to help satisfy growing demands they are always expanding our operations to help position us for growth and success' today they stand as a leading player in a growing industry. Golden Harvest is fully committed to its social responsibility and they operate a Charitable Hospital and a Trust for providing assistance to the disadvantaged. In their food business they have three branches- Agro Industries Ltd, Sea Food & Fish Processing Ltd., and Organic Aquaculture Holdings Limited.

Exhibit 23: Cover Page of Golden Harvest Product Catalogue



Golden Harvest Agro Industries Ltd, a subsidiary of Golden Harvest group is a 100% export oriented HACCP certified agro based food-processing company. Its mission is to be the finest purveyor of premium quality frozen vegetables and Ready-to-cook snacks as well as Ready-to-eat food products. Golden Harvest seeks out exceptional vegetable varieties from all over Bangladesh and finds the best growing regions for each of its vegetable products.

But that is just the start of the Golden Harvest story. From the time that Golden Harvest vegetables are harvested, to the point when they are frozen, only a few hours pass by. During this short time, a lot happens. Produce is sorted and graded to ensure that only the sweetest, youngest vegetables at the peak of ripeness is processed, frozen and packed for it entire line of the ready to cook vegetables, snack as well as ready to eat line comprising more than 60 different product on the current count.

Currently Golden Harvest product is exported to the USA, Europe and Australia and widely available at super markets and grocery stores. Golden Harvest takes environment issues very seriously and always endeavors to address these in a commercially sensitive manner.

Exhibit 24: Illustration of Few Golden Harvest Ready to Cooks



Exhibit 25: Ready to Cook Product Line for Golden Harvest

French Fries	Deshi Paratha
Beef Burger Patty	Plain Luchi
Chicken Burger Patty	Aloo Chop
Chicken Nugget	Vegetable Samosa
Spring roll	Vegetable Singara
Fish Finger	Dal Puri
	Aloo Puri

Other than ready to cook product line, they also have frozen vegetables, frozen sea foods and shrimps which are getting huge export growth every year.

Exhibit 26: Golden Harvest Packaging is World Class, they have Smart Delivery Network



12. AMAZING GROWTH PROSPECT FOR FAKRUDDIN FOODS IN EXPORT MARKET

In Bangladesh Fakruddin Foods is well-known food brand. But their branches are not enough according to the demand. Farkruddin Foods has a large market in Europe, Middle East, and Asia and it is growing up day by day. Fakruddin Foods are now available in Australia and UK. But this food company has a large opportunity in North America, Western Europe, Far East- Malaysia, Japan, Middle East- KSA, Oman, Bahrain, UAE because now a day various festivals occur and more Asian live in these countries and most of them want to enjoy local culture and food.

Exhibit 27: Fakruddin's Logo for International Advent



Fakruddin Foods enlarges its foreign branches then its business will take a good position in international food business and that market competition will not be same as local competitions and price, quality and taste will be the factors there. And the main concerning point is hygiene factor. Pre-cooked food is very much demanded in these countries, because most the people are very busy and their life style is extremely diverse so to cope up with their life style, they are very much interested to accept pre-cooked food concepts.

13. CHALLENGES TO OVERCOME

Change of taste: The change of taste of people over last decade is increasing rapidly. The people liked foods in the last decade that are not popular or not useable in this time. For example, few years ago the people are going to the Chinese restaurant for a marriage party, birthday party etc. But at this moment the people are not going to those kinds of restaurants because of time difference and increasing the change of their tastes. The people like to eat the fast food. There are lots of people who are going to eat the fast food in the town. So in this sector Fakruddin Foods should be careful to the customer's taste. After knowing which kinds of food the people like, Fakruddin Foods should maintain the demand of customers with the time.

Increased health consciousness: Day by day, the people are more concern about their health. People want to eat tasty food but quality food. The people are very much conscious for eating their food. So Fakruddin Foods should maintain the quality for the food that is helpful for the health. There are also many competitors in the market for food industry. If Fakruddin Foods can not maintain the health conscious food or product, the other companies can capture the market.

Increased Rules and Regulation: Rules and regulation is one of the codes of conduct of any business industry. If a factory/industry produces bad food or product, it will get punishment by the government. Already the government started this operation by mobile court to check the product. Bangladesh Standard and Testing Institute (BSTI) also checks the product. Sometimes Consumer Association of Bangladesh (CAB) also plays vital role to protect the illegal work. So the industry should be so careful to produce their product before launching into the market. Of course, day by day, the rules and regulation are increased and the industry can not operate their business easily.

14. FUTURE OPTIONS

Retailing and catering in the district levels/major cities: Fakruddin Foods can open four outlets in every division of the country. In Rajshahi division fakruddin Foods can choose Rangpur,

Bagura, Rajshahi, and Pabna cities for opening outlets. They can expand their outlets in Gazipur, Tangail, Narsingdi, and Narayanganj cities for Dhaka division. In Dhaka city, Fakruddin Foods has some outlets. In Sylhet division, they need to open retailing store in Sylhet, Sunamgonj, Hobigonj and Moulovibazar cities. Khulna, Jessore, Kustia, Bagerhat cities can be chosen for Khulna division. In Barisal division, they can open their outlets in Barisal, Patuakhali, Bhola, and Pirojpur cities. They can open new outlets in Comilla, Noakhali, Chittagong and Cox'sbazar in Chittagong division. From these outlets, they can take order for food supply in marriage, birthday, and picnic. Fakruddin Foods has to open this store otherwise whole year they will slaughter a potential seasonal business. There is an impending seasonal business for Fakruddin Foods like as eid festival, puja, marriage, birthday, picnic etc. On target on this seasonal business, Fakruddin Foods can open seasonal outlets in major cities. As a result, Fakruddin Foods has a potential chance to reduce extra cost like as transportation cost, whole year service cost, rent cost etc. Opening foreign branches is another option and prospect is high due to strong brand image and different taste.

Going to packed food business: Fakruddin Foods can increase packed foods targeting the customer of office staff; school, college and university students and for households members who have no enough time to cook food. They can offer packed pre-cooked foods like Paratha, Samosa, Premium quality biscuits, Snacks, Roast, and Kebab etc. Generally, it is seen that every female guardian need to wake up early for preparing their kids to go to school. They need to prepare cooked food and make their tiffin early in the morning for their kids. Sometimes it is like painful for the guardian. Fakruddin Foods can enter in this sector by pre-cooked food especially pre-cooked Paratha. As a result, mother can only make hot the pre-cooked food and give their kids for their tiffin. Fakruddin Foods can capture this market easily. However, there is a potential market to sell ice cream in summer season.

Exporting packed foods: In foreign countries, there is a potential market for packed food items because generally it is seen that most of the couples are busy with their job or business. They have not enough time to cook food in home. Therefore, Fakruddin Foods can export pre-cooked packed food in foreign market like Dubai, UK, USA, Malaysia etc. There is a potential market to sell packed food item especially in the Middle East countries like Dubai, Malaysia, Bahrain, Qatar, Indonesia, Oman etc.

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A Development of Healthy Promotion Model by E-SAN Folk Healer 's Wisdom

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Abstract

The purposes of research were: (1) to study the knowledge used by local folk healers, the condition of healing and services, the acceptance of the methods used by the folk healers in Loei Province, and (2) to develop the model for the promotion of the community health with the herbal wisdom of I-san folk healer participated by the related stakeholders. Mixed methods of quantitative and qualitative research were applied, the quantitative research was used in the survey, and the quantitative research was used in an in-depth interview, the participatory observation, and focus group discussion. The target groups in this study consisted of the registered folk healers from 14 districts of Loei who still perform the healing, the local people who get the services or used to get the services from the folk healers, the senior people in the areas, and Thai traditional medicine scholars. The findings were as follows.

1. All folk healers treat the illness according to the systems of human body. The healing condition in which the folk healers used was related to the belief of local culture that the folk healers believe, including (1) the belief in the causes of illness, (2) 4 elements and 5 aggregates of life, (3) astrological belief on fate, (4) astrological belief on the causes of illness, (5) the belief on the 4 elements of life, (6) the belief in the rite of Thai traditional medicine, (7) the belief and the rite on the herbs, and (8) the belief on the village herbs and the elimination of illness. The acceptance on the healing methods of the folk healers in Loei indicated that the patients and the relatives are satisfied with the results of healing, because the symptoms of illness were disappeared. Some people were back to normal, however, everyone can go back to live life and to work normally as before.

2. The results from the development of the healthy promotion model in community with the knowledge on herbs of the folk healers using participatory action of related the stakeholders in the community were in 3 models; Model 1: The community health promotional activities consisted of (1) the activities related to public health to promote the local students' learning, (2) herbs garden project in schools, (3) the first aids cure with the herbs in schools instead of using medicine, Model 2: the creation of learning materials of the local wisdom of the folk healers by making books and CDs titled Herbs in Loei and I-san Herbs Recipe, and Model 3: The Dissemination of folk healing knowledge to people, The evaluation of the 3 models was done by the observation of the activity participation, interview on the satisfaction, and the usefulness of the participation in the activities.

Key words folk healer, wisdom, community, health, healthy promotion, community health promotion

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1. RATIONAL

Nowadays, it is accepted that only the modern medicine cannot solve all the health problems because the medical system is expensive, and it depends on the medical supplies and appliances from other countries, and these resulted the medical services to be limited especially to those who reside in the remote area. So what should be considered are to pay attention to the study of local wisdom in taking care of health by the folk healing in all dimensions and to bring out what is still currently suitable for the community to use in the real situation. The attitude of the villagers to the medical system shows that the modern medicine and the folk healing are not separated, they are dependent on each others. That is why the development of public health should focus on both the modern medicine and the folk healing and then let the people choose the appropriate way in curing illnesses for themselves. **(Daranee Onnchomchan, 1994)**

It was found that, however, the bodies of knowledge on the local wisdom mostly were the skills and experiences gained by the folk healer himself, and were not written in the form of any book. For the folk healers who collected the wisdom in the form of books, it was found that those books were old and risky to be damaged and some were already damaged. Most of the folk healers did not have the students or someone who inherit their knowledge. This current situation indicated that the inheriting of folk healers' knowledge was to be concerned. **(Daranee Onnchomchan, 1994)**

The local wisdom of the folk healer in curing and taking care of the people in the community was the traditional style using the understanding of health holistically the body, the mind, and society. The use of local wisdom in healing was necessary especially for the people in the lower class, more than a half of the people residing in the country. These people believed in the traditional healing. For the conscious mind in the conservation and keeping on the cultural knowledge, and for the community to have well balancing health in the body, the mind, the society, and the culture, the cultural eating habit such as having vegetables as the folk medicine was blending well in the ways of lives as seen in the ancient I-saan statement: "Rice as a main food, should the vegetables as healing drug". This cultural dimension showed the behaviors in protecting and promoting self health sustainably following the sufficient economic principle, and also it was the activation for the warning of the community not to be so capitalism and consumerism, and not to forget the local wisdom inherited from the ancestors. It was not too late if the communities return to study and accept the local wisdom with the adaptation of technology for the development of body of knowledge and holistic-health wisdom, the wisely healing method which was agreeable with the society and local culture.

The folk healing was the cultural system in curing and taking care of health which was studied on the basis of the experiences, traditional belief, and the religious teachings with the uniqueness of each local area and the evolution in each area. The folk healing in Loei featured the characteristics which were the blending of traditional beliefs on various kinds of spirits, the beliefs on religion about hell, heaven, and karma, and the culture that were parts in taking care of health when being sick or being normal including the controlling of society.

The folk healers in the community had an important role in taking care of the people. The healing process started with the providing of the paying-respect tray consisted of flowers, incenses,

candles, and money as a wishing fee by the patient, and then the folk healer started the process of healing by identifying and diagnosing the sickness and in the diagnosis the folk healer did not look only the symptom but also look at the relationship of the body, the mind, and the society of the patient, and after that, the folk healer would start the method of health protection and the prevention of sickness; the healing ritual focusing on the curing the mind together with curing the illness in the body. The method may include physical therapy, herbal therapy, and/or food therapy depending on the case. Sometimes, though the illness was disappeared, the restoration of mind needed to be done for the full functioning of the body. The massages were given to relieve the pain, and sometimes herbal intakes were needed to help relieve the pain. However, the taking care of health was related as whole methods, they cannot be separated.

In Loei province, the people have been believed in folk healing method, and being faithful with this kind of curing for a very long time, it was related to the ways of life of the countryside people, the culture, the society and the economy that was corresponded to the community. For the inheriting of the folk healing wisdom, it was the state policy through the ministry by the academic people and policy planner. The traditional medicine depended on the good principle such as having the Act on the controlling of medical arts resulting the traditional medicine to be limited. The folk healer had to study from the central traditional medical school. For the local folk healers in the countryside, mostly, they are old people who have experiences and know how to use herbs for curing by observing, studying, and testing with long experiences before getting the results of the herbal use, but these folk healers do not have medical art certificates, and this make them illegal to cure other people. Additionally, the curing method was not recorded as texts for the younger generations to study and then use the knowledge to heal people. For the traditional medical healers who studied at the central school for traditional medicine, they had traditional medical art certificates, but they did not have experiences and the knowledge that they gained was not related to the local community. They studied theories from texts, but they could not use the knowledge in the real context of local communities. These were the main problems of local traditional healers according to the lacking of herbal wisdom to apply in the real situation, and the limitation of technology for the development of body of knowledge and the proper inheriting. Such problems could be mended by collecting the body of knowledge on herbal usages and record them as a ready for use manual, this helps promoting the use of herbs instead of using the greatest amount of imported chemicals and drugs from foreign countries. It also helps lowering the budget for the national health services. From the study, it was found that the folk healers can be classified into 4 groups: the ritual groups (healing the mind), the physical method groups (physical therapy), the herbal groups (healing with herbs, and the food therapy group (healing by food). From the survey, it was found that most of the folk healers in north eastern were the groups that use herbs.

It was considered that the body of knowledge on the folk healing in taking care of community health was important to be studied, carried out the research to get the true and the right body of knowledge under the academic process with the integration on the conditions that found and maintained currently in the community. As mentioned above, the researcher was interested in the studying and developing of the pattern in promoting community health with the folk healing wisdom in north eastern Thailand, and the result revealed the condition of the folk healers in

north eastern Thailand, the body of knowledge used by the folk healers, the condition on the healing methods and services of the folk healers, and the acceptance of the healing methods of the folk healers. The results of the study can be used as guidelines for the promotion of the use of folk healing as the source to rely on and as the health promotion for the people in the community. It was also the guideline for the community to rely on itself in taking care of health and also the promotion for the community to concern about the local wisdom of north eastern Thailand which was the advantage in conserving, promoting, and supporting the local wisdom usage in the wider society and so on.

2. Research Objectives

1. To study the body of knowledge used by the folk healers, the condition of healing and giving services of the folk healers, and the acceptance of the folk healing methods in Loei
2. To develop the model of promoting community health with the local wisdom of the folk healers on the herbs by the participation of the related groups

3. Expected outcome

1. Expected outcome
 - 1) Know the body of knowledge used in taking care of health by the folk healers including methods, process, and steps in curing illness by the folk healers, and know the acceptance of folk healing by the folk healers.
 - 2) Know the result of the healing methods used by the folk healers in Loei from the patients' perspective that can be used as the foundation for the development of book of alternative medicine.
 - 3) Get the model of promoting community health with the local wisdom on herbs of the folk healers.
 - 4) Bring the body of knowledge on curing illness by the folk healers gained from the research into the local curriculum to use in the study of students and higher students on traditional Thai medicine as well as distribute the knowledge to the young adults and interested people.
2. Target groups to receive the advantages
 - 1) Direct advantages receivers include people and patients who have illness can use the body of knowledge of the folk healers to take care of themselves and cure an illness.
 - 2) Related groups, include physician and nurse, they can use traditional Thai medicine together with the modern medicine to cure the patients.
 - 3) Groups of related study field can use the results from the research in the study courses of traditional Thai medicine and can be distributed to young adults and interested people on the folk healing.

4. RESEARCH FRAMEWORK

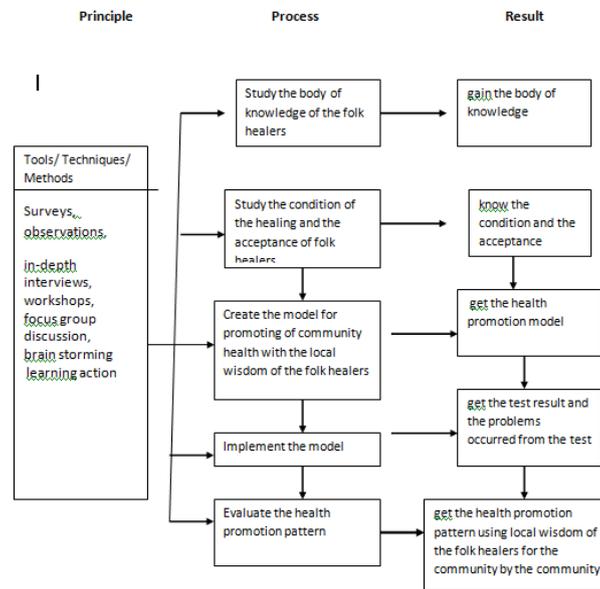


Figure 1 Research Framework

5. Research Model

The research model used in this study was Action Research with the Action Learning process used the mixed methodologies of both quantitative and qualitative research. The quantitative one was performed by surveying, and the qualitative one used in-depth interviews, participatory observations, and in-group discussion.

5.1 Target group

The target groups of this study consisted of

1. The folk healers from 14 Districts of Loei Province, and the criterion for selection were folk healers who registered with provincial public health office and still operate the healing practice by the time of studying
2. The service receivers in the community or the people who got the services from the folk healers consisted of 20 selected people on the following criterion
 - 1) The adults aged 32 years and above
 - 2) People who got the jobs
 - 3) People who got the services from the folk healers during the past three months
3. Members of the folk healers' family
4. Leaders or community leaders
5. Folk healers network

6. Related groups include Sub-district Administration Organization, schools, and the main organization which controls and take care of folk healers: Loei Public Health Office

6. PROCESS AND METHOD IN ANALYZING DATA

In this study, the researcher used Research and Development as followings

Stage 1 : Research

In this stage of studying, the researcher studied the body of knowledge used by the folk healers, the condition of healing, the services of the folk healers, the acceptance of folk healers, and the methods used by the folk healers in Loei. The processes were as follows:

1. Study the related research literatures
2. Study the target groups who can provide the important data in Loei. The groups consisted of groups of the folk healers, groups of the people who got the services from the healers, groups of community leaders and senior citizens in the area, groups of academic people in the Thai traditional medicine, and related organizations. The tools used in the study were in-depth interview forms, in-group discussion as the following details:
 - 1) The process used in-depth interview on the topic of the body of knowledge the folk healers used, the condition of healing and the services of the folk healers, the acceptance, the healing methods of the folk healers in Loei province. The data was collected by interviewing the folk healers, the patients, the community leaders, and senior citizens in the village.
 - 2) The informal observation was used by mean of social context, culture, belief, festival, aspect, and steps in healing illness with herbs.
 - 3) In-group discussions those were held 2 times using purposive sampling in Loei; the first time consisted of 10 folk healers from Loei to find out the approaches in taking care of health with the local wisdom on herbs of the folk healers, the second time consisted 10 patients who got the healing services from the folk healers, the topic was on the result of the healing.

Stage 2: The development of model in promoting community health with the local wisdom of the folk healers used herbs.

This stage specified the topics gained from stage 1 and held the meeting for the articulatory brainstorming. The target group consisted of the specialized folk healers who have been in the careers of folk healing for more than 10 years, the community leaders, and the related organizations include the Loei Public Health Office, the Division of Public Health and Environment of Loei Municipality, Community Development Office of Loei, Academic People on the culture, 30 people all together. The meeting was held in order to create the appropriate pattern in inheriting the body of knowledge in taking care of health of the folk healers, and the activities were as follows:

1. Create the community health promotion model with the local wisdom on herbs of the folk healers by holding the stage for the brainstorming, and the target group consisted of the specialized folk healers who have been in folk healing careers more than 10 years of services, academic people, and people from related organizations, 30 people all together, to create the

appropriate model of community health promotion with the local wisdom on herbs of the folk healers.

2. Hold the meeting for the working team to specify the plans and activities related to the results gained from the brainstorming.
3. Bring the model created into practice by action learning process according to the plans of activities specified and the needs of the target group.
4. Evaluate the model for the community health promotion by interviewing and using the questionnaire.

7. RESEARCH TOOL

The research tools used in the study were

1. In-depth interview guideline The in-depth interview question used to interview the participant individually as specified below.
 - 1) In-depth interview with the community leaders, the patients who got the services from the folk healers and relatives, the question was on the acceptance of the methods used by the folk healers in Loei.
 - 2) In-depth interview with the folk healers on the body of knowledge they used, the condition of healing and the services provided by the folk healers, the acceptance of the methods of healing used by the folk healers in Loei.
2. Focus Group Discussion: The group consisted of 8-10 people, each group given 2 hours for the discussion, and the researcher provided the guideline for the discussion for each group focusing on the model in taking care of health for the people in the community with the use of local wisdom on herbs of the folk healers.
3. Brainstorming to find the appropriate model for the promotion of community health with the use of local wisdom on herbs of the folk healers.
4. The questionnaire on the community activities of promoting community health.

8. TOOL VERIFICATION

The researcher had a checkup on the data gained each day to see the completion of the data, and to see whether the data was enough or not, and the data was classified in topics according to the objectives of the study in order to provide the answer the research questions completely following the research framework and limitation of the study that the researcher intended to study. The data triangulation was used for the completion of the data and the objectives of the research as follows.

1. Data Triangulation was used to verified the source of data including time, places, and people, and to verify whether the data was from the same source or not.
2. Methodological Triangulation was used to collect the data by participatory observing, interviewing, in-group discussion, and surveying.

9. DATA ANALYSIS

The data was analyzed with the quantitative and qualitative methods are as follows.

1. Data gained from the survey and coded questionnaire was analyzed and recorded with the computer program using percentage, average, means, and standard deviation.
2. Qualitative analysis was analyzed with content analysis. The researcher analyzed and collected the data at the same time. After gaining the data, it was recorded thoroughly and grouped into sections and types, and was analyzed according to concepts and theories for the conclusion and then presented in the form of descriptive report.

10. RESULTS OF THE STUDY

1. The result from the study of general condition, the body of knowledge used by the folk healers in curing illnesses, the condition of the healing and the services provided by the folk healers, the acceptance, and the methods used by the folk healers in Loei.

1.1 General Condition of the Folk Healers: From the study of general condition of the folk healers registered with the Thai traditional medicine office, and still giving the services in healing, all the folk healers have different experiences and specialized in different health problems. It was found that there were 35 illnesses and can be classified into 11 groups of healings including 1) digestive system, 2) respiratory system, 3) Muscle and sinew system, 4) blood circulation system, 5) nerve system, 6) skin (integumentary) system, 7) Poisonous animal and residue, 8) maintain and nurture body balance and elixir, 9) Urinary and Reproduction system, 10) Endocrine diseases and diabetes, 11) Others such as cancers.

1.2 The body of knowledge used for healing: It was found that the folk healers have knowledge in using herbs and can classify the herbs according to the action effected to each body system such as classifying the parts of herbs: leaves, flowers, branches, tree, roots, and etc, and classifying the tastes of each herb: bitter, acidulous, sour, etc.

1.3 The condition on the healing of the folk healers: The condition on the healing of the folk healers was related to the belief of the local culture in each area, and such beliefs include 1) superstition, 2) the causes of illness, 3) five human aspects, 4) astrology and hypothesis of illness reason, 5) four combination elements of life, 6) ritual of Thai traditional medicine, 7) belief and ritual of using herbs, and 8) the belief on village magic medicine and the expel of the illness ritual.

1.4 The acceptance of the methods used by the folk healers

The results gained from 15 purposive sampling who choose to use alternative healing methods indicated that mostly the patients had cured by the modern medicine but the symptom still did not get better, so they later came to get the healing from the folk healers and then the illness was disappeared. The patients were very satisfied with the healing methods of the folk healers. Some people returned to normal health condition, and all people can return to work and spend their daily life as normally as it was before.

2. Results from the development of community health promotion with the local wisdom on herbs of the folk healers with the related organizations

2.1 The results from the creation of the pattern for community health promotion can be grouped into 3 models; Model 1: Community Health Promotion, Model 2: The creation of

media and textbooks on the local wisdom of the folk healers, and Model 3: The distribution of body of knowledge to public.

- 2.2 The results of bringing models into practice, for each pattern, the activities were operated as follows. Model 1: Community health promotion activity includes 1) holding the personal health activity for the students' study enhancement in school, 2) growing herb garden in school with the cooperation of village-temple-school and 3) using herbs for healing illness in school instead of using modern medicine. Model 2: The creation of media and textbooks on the local wisdom activity includes 1) creating textbooks on herbs in Loei and the herbal usage manual of I-saan, 2) creating CD and computer assisted learning program on the local herbs and herbal usage manual of I-saan, and Model 3: The distribution of body of knowledge to public, the activity was the holding the folk healer caravan of the inheriting of local wisdom and the development of health protection pattern (model).
- 2.3 The results of bringing the models into practice, it was found that the participants were satisfied with the activities and the participants found that the activities were useful and can be applied in the health promotion.

11. DISCUSSION OF THE RESEARCH RESULT

The result from the study on the body of knowledge on herbs that the folk healers use to heal the illness indicated that the folk healers were able to classify the herbs according to the action of the herbs towards the system of the human body, to classify the herbs according to the parts such as leaves, flowers, branches, tree, roots, and etc., and to classify the herbs according to the tastes such as bitter, acidulous, sour, and etc.

The healing methods of the folk healers were related to the cultural beliefs of the local. The beliefs of the folk healers include the superstition, the causes of illness, the five aspects of life, the astrology and the hypothesis on the causes of the illness, the four elements of human body, the beliefs on the ritual of Thai traditional medicine, the beliefs about the herbal rituals. Such beliefs were related to the body of knowledge of the folk healers. Lanna people believed that human body was made from 5 elements; earth, water, wind, fire, and air. This was correspond to what **Darane Onchomchan (2007:145)** who said that the folk healers mostly have the beliefs on something related to the cultural system of the community that they dwell in and the beliefs on health and illness. The folk healers chose the methods of healing that were appropriate for the cases of illness for each patient. Additionally, they used several methods together with the application of ideas and the ways of healing which were related to the Indigenous Self-care focusing on the balance of health relating to the social and natural rules. Such methods of healing were the view or dimensions of body, mind, soul, and emotion and took care of them to be concordant with the surrounding world. If human violated the natural rules, the life would be unbalanced, weak, and sick. This method of healing worked best with the Psychosomatic Disorders. For example, in the village society, there were groups of illnesses that the folk healers and patients believed that the causes of illnesses were supernatural things. Mostly, the illnesses were the illnesses that could not be differentiated between the body and the mind, and related to the ways of life of people and the folk healers in the village. The folk healers and the people had

the same social and cultural foundation, the similar ways of life, and the beliefs on the causes of illness, and the methods and steps of healing were simple and could be understood easily. Importantly, family and relatives could come to join and see every step of healing, and the cost was not expensive. (**Rungrangsi Wiboonchai, 1995:59**) The result from this study was corresponded with the research of **Chuleekorn Khuanchainon (1997:98)** which concluded the remarkable feature of a Holistic system in diagnosis and healing the illness depending on the social and cultural context. This corresponded with the concept of **Preecha, et. al. (1998: Abstract)**, he studied Tai Korat in Nakornrachasima and Tai Lao in Chaiyaphum and found indifferently that the folk healers believed in the elements of life like the folk healers in other communities. They believed that the life consisted of the body; earth, water, wind, and fire, and the mind; the feeling and the soul. This showed that the cultural differences and the beliefs in each local area were related to the beliefs in taking care of health.

The result of the study on the acceptance of the methods of folk healing in Loei province showed that the patients and the relatives were satisfied with the results of the healing, the illness was better or completely cured in some case. However every could return to use a daily life, work, doing business as before. And this corresponded with **Phra Suriya Martkham (2009:122-130)**, he studied the development of the process in inheriting the local wisdom of the folk healers in Thailand and Laos People Democratic Republic, the work focused on the patients who got illness healing. From the study, it was found that the patients got better and were satisfied with the result, and the result of this study was corresponded with **Patthira Phon-ngam (2011:451)** which was on the development of the manual for using herbs in healing or curing the deceases and illnesses in the community, and there was a test on the use of the herb showing that the patients and the relatives were satisfied with the results of the healing.

The result of the development of the models in promoting the community health with the wisdom of the folk healers had yielded the three following models. Model 1: Community Health Promotion, the activities were 1) the providing of the Health Education concerning on the learning enhancement of the youth in school, 2) providing the herbal garden in school with the cooperation of the village, the temple, and the school, and 3) using the herbs as the first aid in school instead of chemical medicine. Model 2: The creation of learning materials on the local wisdom of the folk healers, the activities were 1) the creation of the book on herbs in Loei and the manual for the use of local herbs in I-saan, 2) the creation of CDs, computer assisted learning program on the herbs in Loei and the manual for the use of local herbs in I-saan, and Model 3: the distribution of the body of knowledge of the folk healers to the people, the activity was the holding of the folk healers caravan for the inheriting of the local wisdom and the development of the pattern in taking care of health in the community. All of the patterns provided were from the brainstorming of all participated sections, the participants completely agreed with the ideas, and the conceptual ideas from the brainstorming was the efficient tool for the community development, and all the activities were brought into practice with the participatory action.

12. SUGGESTION

1. Suggestion for the research results application

The study results provided the body of knowledge used by the folk healers, the condition of the healing and the services of the folk healers, the acceptance, the methods of healing of the folk healers in Loei province, and the results could be used as followings:

- 1) The promotion of the use of local wisdom of the folk healers for the general illness healing to take care of members of the family, relatives, and neighbors.
- 2) The state organizations should highly promote and support the use of the local wisdom of the folk healer for the state have been interested in the use of herbs more than 10 years, but the state did not completely have an intention to support the activities on the use of the herbs, or sometimes the supports were not corresponded to the local needs, especially, the culture because the such support brought the system of modern medicine without the adaptation for the Thai cultural appropriateness.
- 3) Folk healing related organizations should intentionally study the folk healing and bring it to apply or mix with the modern medicine, the state should truly support the folk healing or the folk healers and have faith in the local wisdom. Additionally, the state should support to give the learning network for the health care of the people with the folk healing methods.
- 4) There should be the promotion or distribution of the knowledge of using the local wisdom of the folk healers for health care through the community hospital and the village public health care volunteers.
- 5) It was found in the research that the body of knowledge of the folk healers depending on the local beliefs and festivals, so the application of the research had to be concerned with the appropriateness and the cultures of each local area.
- 6) It should be presented as the policy for the appropriate merging of folk healing system to the Thai health system, and should be considered the possibility of the merging and the development into the health insurance in the future as alternative ways for people to take care of their health.
- 7) The results of the research should be presented at the National Public Health conference or to the organizations that need to support and develop the folk healers, and should be presented to the units that are responsible for the Thai traditional medicine in order to understand the real problem in taking care of health by the folk healers, and to use as alternatives health care.

2. Suggestion for the next research

- 1) There should be a study for the creation of innovation for the support of the teaching of the local wisdom in curing deceases by the folk healers.
- 2) There should be a continuation on the study of developmental process of teaching of the local wisdom of folk healers in curing illnesses.
- 3) There should be a study to develop the processes in teaching the local wisdom of the folk healers in curing illnesses.

- 4) Provincial public health should cooperate with the educational institute to do research on the knowledge of each remaining kind to find the ways to help and develop the inheriting of the knowledge of the folk healing.

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The Rise of Strategic Management in the Relation to Non-Profit Intellectual Capital in Social Service Non-Profit Organizations

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Abstract

Very little systematic research has examined the applicability of strategic management concepts including SWOT (strengths, weaknesses, opportunities and threats) analysis, industrial organization, resource-based view and core competency, knowledge-based view, Balanced Scorecard and intellectual capital (IC) through the eyes of strategic management development in the non-profit context. This paper aims to examine the above concepts in the light of the unique non-profit environment and determine which one is most applicable to social service non-profit organizations (SSNPOs) in the knowledge economy. Based on a review of the development of strategic management with a focus on the above concepts within the non-profit context, this paper argues that the IC concept is more effective compared with the other concepts in the social service non-profit sector. The paper is considered as a starting point and serves as a milestone in applying IC as a strategic management conceptual framework in the social service non-profit sector. It helps to build a nascent body of literature suggesting that IC can be used as a competent strategic management conceptual framework in the social service non-profit sector. A better understanding of the strategic management development in the non-profit context also helps non-profit leaders to appreciate that IC is the most appropriate strategic management concept in SSNPOs. The increased awareness of the IC concept in SSNPOs, as a result of this paper, will probably generate further research from both academic scholars and non-profit practitioners.

Keywords: SWOT, Intellectual Capital, Social Service Non Profit Organization, Industrial Organization (I/O), Resource-Based View (RBV), Knowledge-Based

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1. INTRODUCTION

Non-profit Challenge in the Knowledge Economy

The famous phrase 'Knowledge is power' (**Kaplan 2002**, 166) originated by Sir Francis Bacon in 1597 resonates with even more pertinence in today's knowledge economy. An Organization for Economic Co-operation and Development (OECD) report, *The Knowledge- Based Economy*, states that the determinants of success of enterprises, and of national economies as a whole, is ever more reliant upon their effectiveness in gathering and utilizing knowledge' (**OECD 1996**, 14). Researchers have highlighted the importance of knowledge as a key organizational resource that can lead to competitive advantages for an organization (**Allee 1999; Wall et al. 2004; Wright et al. 2001**). Thus, organizations that accumulate, apply and share knowledge are often perceived as leaders rather than followers and to succeed as opposed to fail in a knowledge-based economy. **Sir Francis Bacon's** famous phrase is equally applicable to non-profit organizations (NPOs), which represent the larger umbrella of organizations in all non-profit fields, such as social services, animal welfare, culture and recreation, international and overseas aids, environment and personal development. Non-profit organizations pursue their mission to meet social needs, no matter how broadly or narrowly that mission might be interpreted (**Liebschutz 1992**). However, social service non-profit organizations (SSNPOs) will be the focus of this paper, because the organizations are particularly facing a crisis of independence now. Social service non-profit organizations are commonly operating in a highly competitive environment today that is characterized by increasing demand for services from the community (**Kalisch 2000; Pierson 1998**), growing competition for contracts with the public and for-profit sectors (**Brown III 2005; Ramia and Carney 2003; Tuckman 1998**), declining volunteer support (**Clary and Snyder 1991; Lyons 2001; Lyons and Fabiansson 1998**), and losing commitment from non-profit employees (**Eisenberg 1997, 2000**) and a generally tighter government funding source (**Craig et al. 2004; Flack and Ryan 2005; Keating and Frumkin 2003**). Managing the social service non-profit sector has become much more complex (**Chetkovich and Frumkin 2003; Goerke 2003**). Many SSNPOs' cherished qualities, including independence and the ability to pursue social missions, are threatened (**Chetkovich and Frumkin 2003; Craig and Manthorpe 1999; Craig et al. 2004; Goerke 2003; O'Neill and McGuire 1999**). The competitive environment has forced SSNPOs to adapt for-profit strategy concepts. However, these concepts are often criticized for being ineffective in SSNPOs (**Alexander 2000; Chetkovich and Frumkin 2003; Mulhare 1999; Newman and Wallender III 1978; Paton et al. 2000; Weisbrod 1998**). **Eisenberg (1997, 334)** argues:

Due to the heightened status and credibility of corporations in the eighties and the increased emphasis on management as a remedy for scarce resources and tight budgets, *much of the non-profit world has adopted some of the worst, not best, practices of corporations*. It has failed to distinguish between sound and ill-advised corporate policies, between for-profit and non-profit activities. Too often corporate-style management has become an end in itself, overshadowing the services to be delivered and the human qualities that characterize public service. [*Emphasis added*]

As the primary objective of SSNPOs is investing in people rather than profit (**Herman and Renz 1999; Ryan 1999**), for-profit strategic management techniques are arguably compromising the principle of investing in human and social concerns. Accordingly, SSNPOs have not been able to make use of the strategy concepts to increase their effectiveness in serving their stakeholders.

Although more literature has been pointing to the problems that NPOs face in the last three decades (e.g. **Andreasen 1982; Garber Jr et al. 2000; Goldsmith 1979; Menefee 1997; Ritchie and Kolodinsky 2003; Trigg and Nabangi 1995**), there is relatively little written on what adapted strategic management methods are most appropriate for the pursuit of non-profit activities, particularly in today's knowledge economy. The need for competent strategic management concepts that are able to fit into the unique non-profit environments has become widely accepted (**Courtney 2002; Salamon et al. 1999; Steiner et al. 1994; Stone et al. 1999; Stone and Crittenden 1993**).

Originally derived from non-profit strategic management techniques, intellectual capital (IC) has become a conceptually robust framework for NPOs. Unlike many other for-profit strategy concepts, IC stresses qualitative, nonfinancial indicators for future strategic prospects and may be harnessed to co-ordinate with the unique environment in which SSNPOs operate. Intellectual capital contributes to SSNPOs' strategic positioning by providing enhanced understanding of the allocation of organizational resources. Simultaneously, IC enables SSNPOs to enhance their performance by providing meaningful information to organizational stakeholders. In these ways, IC aids the organizations in their attempts to reconcile their social and commercial objectives.

This paper is divided into three main parts. First, it provides a brief outline of the development of strategic management in today's non-profit environment in the knowledge economy, including SWOT (strengths, weaknesses, opportunities and threats) analysis, industrial organization (I/O), resource-based view (RBV) and core competency, knowledge-based view (KBV) and Balanced Scorecard (BSC). It is argued that the concepts are inapplicable in the social service non-profit sector. Secondly, an overview of the emergence, the concept and the three component parts of IC is presented. Finally, the importance of IC in SSNPOs is reviewed. This paper argues that IC is an alternative strategic management conceptual framework within the unique non-profit environment in the social service non-profit sector.

2. THE DEVELOPMENT OF STRATEGIC MANAGEMENT IN THE NON-PROFIT CONTEXT

Strategic management can be interpreted as a set of managerial decisions and actions of an organization that can be used to facilitate competitive advantage and long-run superior performance over other organizations (**Powell 2001; Wheelen and Hunger 2004**). Thus strategic management involves a number of critical steps, including 'scanning the environment for information, selecting relevant data and interpreting it, building a strategic model, testing it and putting it into action' (**Cray and Mallory 1998**). The development of the field of strategic management within the last three decades has been dramatic (**Hoskisson et al. 1999; Wright et al. 1994**), witnessing the transformation from an industrial-based economy that emphasizes product manufacturing as the necessity for the economic system to a knowledge-based economy that focuses on the production, distribution and use of knowledge and information (**Bettis and Hitt 1995; OECD 1996**). A better understanding of the development of strategic management in the light of the unique non-profit environment is important to SSNPOs, as it assists non-profit leaders to select a strategic management concept which is most appropriate to their organizations in today's knowledge economy.

3. STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

The emergence of strategic management can be traced back to the 1950s, when **Selznick (1957)** introduced the need to bring an organization's 'internal state' and 'external expectations' together for implementing policy into the organization's social structure. **Andrews (1971)** defined strategy as the balance of actions and choices between internal capabilities and the external environment of an organization. **Wehrich (1982)** further conceptualized the internal and external analysis into a structured matrix known as the SWOT framework, which enquires into the strengths, weaknesses, opportunities and threats of an organization. The SWOT analysis remains as a strategic management framework in some organizations today because it has a long history in the strategic management field (**Mintzberg et al. 1998**). More importantly, the framework is rather simple to adopt, with basically no investment required when it is used, and very little specialized skill involved in facilitating the strategy formulation process. This is particularly essential to SSNPOs because these organizations often operate under tremendous financial constraint as a result of the public sector reform movement.

However, the prevailing SWOT analysis process has been criticized for its simplicity and generalization (**Valentin 2001**), indiscriminate lists involving typical procedural guidelines that lack explicit theoretical underpinnings (**Fahy and Smithee 1999; Ip and Koo 2004**), and the rigid descriptive nature of meandering haphazardly from one standalone SWOT variable to another, which often dangerously generates misleading results in the strategic management process (**Hill and Westbrook 1997; Lee et al. 2000**) and stifles creativity and vision in organizations (**Patrickson and Bamber 1995**).

Managing a SSNPO strategically is arguably more difficult than in a for-profit or public sector organization in today's knowledge economy, because SSNPOs often find themselves caught in the crossfire of conflicting multiple constituencies under the public reform movement (**Sandler and Hudson 1998**). Also, it requires more knowledge and skills to manage effectively the combination of both paid employees and volunteers in SSNPOs than it does to manage effectively an entirely paid staff or a staff consisting solely of volunteers (**Cunningham 1999; Kong 2003; Lyons 2001**). Thus, the efficacy of the SWOT analysis procedure as a strategic management framework to provide sufficient strategic insights and analysis for nonprofit decision-makers remains questionable in the non-profit environment.

As the development of strategic management continued, the SWOT framework began to proceed down two separate ways, with one path representing opportunities and threats, and the other focusing on strengths and weaknesses (**Zack 2005**).

4. Industrial Organization

The path of opportunities and threats is commonly known as industrial organization (I/O) or industry economics, which emphasizes the external environmental determinants of organizational performance (**Porter 1985, 1996, 1998**). There are two assumptions in the environmental models of competitive advantage (**Barney 1991; Bontis 2002**). First, firms within an industry are identical in terms of the strategically relevant resources they control and the strategies they pursue (**Porter 1981; Rumelt 1984**). Secondly, these models assume that resources in an industry are heterogeneous because the resources that organizations use to implement strategies are highly mobile in the market (**Barney 1991; Bontis 2002**). The I/O school of strategy

stresses choosing an appropriate industry and positioning an organization within that industry according to a generic strategy of either low cost or product differentiation (**Zack 2005**).

However, SSNPOs that adopt the I/O school of strategy are induced using market logic to demonstrate their differences from competitors in their field (**Barman 2002; Crouch 2003; Goold 1997**). They are urged to do a better job of positioning and differentiating their services in the sector (**Chetkovich and Frumkin 2003**) so that they can convince their stakeholders, especially fund providers, that they deserve resources more than their competitors do (**Barman 2002**). Differentiation leads to the construction of a hierarchy of comparison between SSNPOs and their competitors according to certain measures or criteria such as cost and benefit calculus or bottom-line measurement, in which SSNPOs attempt to come out at the top of the hierarchy (**Barman 2002**).

However, the organizations often have goals that are amorphous and offer services that are intangible (**Forbes 1998**). Accordingly, the success of SSNPOs cannot be measured by how closely the organizations keep too budgeted spending (**Barman 2002; Kaplan 2001**).

Also, the I/O school has been criticized for focusing primarily on the environmental determinants of organizational performance and missing the significance of the unique characteristics of individual organizations, such as managers' capabilities to contribute to organizational performance (**Barney 1991; Wright et al. 1994; Zack 2005**). In today's knowledge economy, non-profit organizational members' knowledge and skills are critical to their organizations. For this reason, the I/O school of strategy is deemed to be inapplicable in the non-profit landscape.

With the emerging role of internal organizational capabilities, the pendulum of strategic management development has swung from external to internal aspects of an organization (**Collis and Montgomery 1995; Hoskisson et al. 1999**).

4. RESOURCE-BASED VIEW AND CORE COMPETENCY

A new entrant that emerged in the early 1980s but was increasingly noticeable in the 1990s was the resource-based view (RBV), which stressed the internal capabilities of firms (**Barney 1991; Conner 1991; Peteraf 1993; Wernerfelt 1984**). The underpinning concept of the RBV is that no two organizations are identical, because no two organizations have acquired the same set of organizational resources such as capabilities, skills, experiences and even organizational cultures (**Collis and Montgomery 1995**). Thus, organizations must possess organizational resources with attributes that are rare, valuable, costly to imitate and non-substitutable, which allow them to hold the potential of sustained competitive advantage over other competitors (**Barney 1991; Hoskisson et al. 1999**). A resource based approach to strategic management focuses on the costly-to-copy attributes of an organization as the fundamental drivers of performance and competitive advantage (**Bontis 2002; Conner 1991; Michalish et al. 1997; Peteraf 1993; Wernerfelt 1984**).

The theory of core competence, which allows organizations to rethink, identify, exploit what they can do to make growth possible in global competition, began to emerge as a subset of the RBV of a firm (**Hamel and Prahalad 1994; Prahalad and Hamel 1990**). **Prahalad and Hamel (1990, 79)** define a core competence as the collective learning in the organization, especially the capacity to coordinate diverse production skills and integrate streams of technologies'. Thus competencies include a bundle of human resource elements such as experience, skills and education (**Bontis et**

*al.*2000). It is the emphasis of competencies and capabilities on the organizational processes that is difficult for competitors to reproduce or imitate (**Guerrero 2003**).

However, RBV and core competency have their limitations. Both theories predominantly focus on the internal aspects of organizations (**Bontis 1999, 2002; Roos et al. 1997**). **Peppard and Rylander (2001b)** argue that RBV does not provide a holistic perspective for understanding how resources can be put into practice to create value for organizations, which has limited the theory as mostly a conceptual framework. The theory of core competence views that the 'value of the talented people' is more valuable because it is part of an organizational system (**Mouritsen 1998, 468**). Although members in an organization may have considerable insights and experiences, such insights and experiences must be translated into an organizational domain as a public body of knowledge for the organization (**Thompson, 1967**). The value of non-human aspects of an organization, such as information technology, seems to be overlooked.

The special characteristics of SSNPOs such as the combination of paid staff and volunteers and accountability of multiple constituents have made the strategic management process in the organizations more complex than that in for profit and government organizations (**Chetkovich and Frumkin 2003; Goerke 2003**). Besides, knowledge about the nature of an environment is an essential ingredient in the strategic management process because it provides opportunities and threats to organizations (**Patrickson and Bamber 1995**). The theories of RBV and core competence which stress internal capabilities may not be able to provide a balanced picture of how a SSNPO is performing.

As the development of strategic management continued, the demand for a strategic management framework that was able to blend internal capabilities and external environment increased.

5. DEVELOPMENT OF STRATEGIC MANAGEMENT IN THE NON-PROFIT CONTEXT

Some strategic management theorists such as **Liebeskind (1996)**, **Sveiby (2001)**, **von Krogh and Roos (1995, 62)** and **Zack (1999, 2005)** have proposed a link between knowledge and strategy, arguing that knowledge helps to improve the internal strengths and maximize the external opportunities of an organization. As will be seen in the next section, knowledge is the strategic resource for all organizations.

6. KNOWLEDGE-BASED VIEW

In many respects, the development of strategic management thinking, at least to some extent, has been influenced by the significance of the economic role of 'knowledge'. **Nelson and Winter (1982)** introduced environmental studies researcher **Michael Polanyi's (1997)** concepts of tacit-explicit knowledge into the strategic management literature. Tacit knowledge refers to the knowledge that is 'non-verbalized, or even non-verbalizable, intuitive, unarticulated' (**Hedlund 1994, 75**) and thus is not easily expressed and formulated (**Baumard 2002; Yates-Mercer and Bawden, 2001**). Explicit knowledge is specified 'either verbally or in writing, computer programs, patents, drawings or the like' (**Hedlund 1994, 75**). Both tacit and explicit knowledge exist in individual, group, organizational and inter-organizational domains (**Davenport and Prusak 1998; Hedlund 1994**).

As valuable, rare and inimitable resources are usually intangible and implicit in nature, value creation is increasingly dependent on the tacit knowledge that an organization controls (**Kaplan and Norton 2001**). Tacit knowledge has become the central theme in the strategic management

literature not only because it is a meaningful resource for organizations, but also is a critical strategic source of sustained competitive advantage, which enhances organizational performance (Ambrosini and Bowman 2001; Conner and Prahalad 2002; Mertins *et al.* 2001; Michalish *et al.* 1997). Organizations that are able to use knowledge effectively, notably tacit knowledge, are more likely to co-ordinate and combine their traditional resources and capabilities in new and distinctive ways, providing more value for their customers than their competitors (Teece *et al.* 1997). The perspective of utilizing knowledge as the primary source of competitive advantage became known as the knowledge based view; an extension of the RBV (Bontis 2002; Conner and Prahalad 2002; Grant 1997; Spender 1996b; Wiklund and Shepherd 2003). Spender (1996a, 59) argues that a KBV 'can yield insights beyond the production-function and resource-based theories of the firm by creating a new view of the firm as a dynamic, evolving, quasi-autonomous system of knowledge production and application'.

However, the limitation of KBV is that it conceives both tacit and explicit knowledge as an objectively definable commodity (Empson, 2001). The KBV implies that knowledge is a static internal resource in organizations, which can be controlled, exploited and traded like most physical resources (Styhre, 2003). As a result, information systems are often developed attempting to capture, store, retrieve and transmit knowledge between units, departments, organizations and individuals (Bettis and Hitt 1995; Styhre 2003). However, knowledge cannot be regarded as a static resource (Yates- Mercer and Bawden 2001). Even though knowledge can realistically be accumulated and stored, it may not create superior values to organizations, because it is not primarily the stocks of knowledge but the transformation of knowledge into a process, business plan, good reputation or strong culture that creates values for organizations (Cook and Yanow 1993; Peppard and Rylander 2001b). This flow of knowledge is extremely essential to organizational success (Boedker *et al.* 2005). Accordingly, an information technology approach which focuses on accumulating and storing knowledge may not be able to create truly sustainable competitive advantage unless knowledge flows backwards and forwards, within and between an organization and its external stakeholders (Fahey and Prusak 1998; Sveiby 2001).

Though the knowledge-based perspective which views knowledge as an asset is an important concept, the perception, to a certain extent, becomes distorted as too much focus is on the development of information technology (Hendriks 2001; Ipe 2003), which limits the growth of visualizing and understanding of intellectual aspects, particularly tacit knowledge, for value creation in organizations. This also applies to SSNPOs. Various methods have been suggested to visualize and understand organizational intellectual resources, including the Balanced Scorecard™ (BSC), human resource accounting (HRA), market-to-book values, Tobin's Q and economic value added (EVA) theory, etc. Of these, only the BSC will be discussed in this paper. There are three justifications for this focus. First, some attempts have been made to apply BSC in the non-profit sector, although requiring some modifications (Kaplan and Norton 2004; Niven 2003). However, the state of knowledge on the role of BSC as a strategic management method in the non-profit sector is not well developed. There is a need to examine the effectiveness and suitability of BSC in NPOs, particularly with the emerging importance of knowledge and skills in the social service non-profit sector.

Secondly, BSC is the only method which does not predominantly focus on intellectual resource measurement or intangible assets valuation. The issue of measurement is important. However, evaluating the financial value of intangible assets in SSNPOs is not only difficult, but also incompatible with the primary objective of SSNPOs. For instance, it is very difficult and yet possibly against the social objective of a child-care SSNPO to focus on evaluating the financial outcome of bringing joy and happiness to children with life-threatening illness.

Finally, the measuring aspect of intellectual resources in SSNPOs is not within the scope of this research study. Thus, BSC is the only strategic management method that is reviewed in relation to its applicability in SSNPOs in this paper.

7. BALANCED SCORECARD

The BSC was first introduced by Robert Kaplan and David Norton as a tool for business organizations to convert intangible assets such as corporate culture and employee knowledge into tangible outcomes (**Kaplan and Norton 2000**). It includes a set of measures to monitor organizational performance across four linked perspectives: financial, customer, internal process and learning and growth (**Kaplan and Norton 1992, 1996, 2000**).

It is the cause-effect relationships among the four measures, both financial and non-financial, that distinguish BSC from other strategic management systems (**Bontis et al. 1999; Nørreklit 2000; Wall et al. 2004**) because, as claimed, financial measures provide information about past performance, while non-financial measures are able to drive future performance (**Kaplan and Norton 1996**). In short, BSC helps to bring forth intellectual resources in organizations (**Bontis et al. 1999; Petty and Guthrie 2000**).

Today, the BSC is widely used in the for profit and public sectors (**Bryson 2005; Wall et al. 2004**). **Kaplan (2001)** claims that BSC enables NPOs to bridge the gap between mission and strategy statements and day-to-day operational actions by facilitating a process by which NPOs can achieve strategic focus. However, there are a number of reasons to suggest that BSC offers an inferior framework for the non-profit context, particularly in the social service non-profit sub-sector.

First, BSC proposes a strategy which is formulated and executed under the assumptions that presupposed existence of a stable target group of customers are always in place (**Mouritsen et al. 2005**) and the maximization of bottom-line profitability between two competing organizations always exists (**Crouch 2003; Goold 1997**). However, the concept of customers does not really exist in the social service non-profit sector because SSNPOs are often accountable to multiple constituents. This means that the beneficiaries of the non-profit services are typically different from those who provide material support (**Brown and Kalegaonkar 2002; Lyons 2001**). For instance, government purchases services from SSNPOs, and other groups of people are the final users of services. Thus, SSNPOs do not have customers but only service recipients.

The SSNPO's mission is perceived as a moral absolute rather than as an economic prerogative subject to a cost and benefit calculus (**Guy and Hitchcock 2000**). Serving the public is an obligation, not an option for the organizations. Accordingly, strategic management approaches that are based primarily on the notion of competitions and customers are generally unacceptable to the social service non-profit sector.

Secondly, there is a concern that the cause and-effect relationships among the four BSC perspectives are logical rather than causal (**Bontis et al. 1999; Nørreklit 2000, 2003**). It is always assumed in BSC that *learning and growth* drives efficient *internal process*, then that drives a high level of *customer satisfaction*, and that drives good *financial* outcomes (**Nørreklit 2000**). The assumption about the logical cause-and-effect relationships is less convincing in SSNPOs because the organizations are accountable to multiple constituents. The expectations and demands of various constituent groups associated with the organizations are often conflicting and even contradictory (**Lawry 1995**). As a result of that, it almost guarantees that the cause-and-effect relationships do not work in SSNPOs because logical fallacies could lead to an inaccurate anticipation of performance indicators (**Nørreklit 2000,2003**).

Thirdly, BSC is criticized for being fairly rigid because the four linked perspectives and the indicators within them are relatively limiting (**Bontis et al. 1999**). The potential risk is that non-profit leaders and managers may be misled by focusing only on the four perspectives in BSC and may end up missing other equally important factors in their organizations (**Bontis et al. 1999**). A fine example of this is the very reason that most SSNPOs exist, and that is the social purpose for the betterment of society that the organizations aim to achieve in the first place. This key factor is not reflected in the BSC model.

There are also shortcomings for the individual perspectives when applying them in SSNPOs. The considerations on the external environment in BSC are only limited to customers (**Bontis et al. 1999; Petty and Guthrie 2000**). Also, there is no clear-cut human resource element focus in the four BSC perspectives. The issues in the social service non-profit sector are rendered complex under the public sector reform movement. Thus, the possible external indicating factors for SSNPOs are likely to be broader than that in the customer perspective of BSC, and the importance of the innovativeness and talents of employees and volunteers in SSNPOs may be diminished significantly. As already mentioned, the ability of SSNPOs to achieve their objectives depends almost entirely on the knowledge, skills and experience of their paid employees and volunteers (**Hudson 1999**). Many SSNPOs, in fact, rely heavily on voluntary labour (**Hudson 1999**).The unclear cut of human resource element focus in the four BSC perspectives may discourage talented individuals from joining the organizations, because they may feel that their efforts for the organizations are not recognized under the BSC model.

Finally, financial and non-financial performance indicators are likely to be negatively related because non-financial indicators focus on future investments, and financial measures stress present and historical performance (**Juma and Payne 2004**). Accordingly, BSC may not be appropriate in SSNPOs under the unique non-profit environment in the knowledge economy, as it is likely to mislead non-profit leaders and managers to focus more on short-term financial objectives rather than long-term intellectual resource investments.

Even Kaplan and Norton admit that applying BSC in NPOs is different from that in business organizations because NPOs strive to deliver value driven mission that is subject to interpretation, not superior financial performance (Kaplan 2001; Kaplan and Norton 2004).

They claim that they have modified the BSC specifically for the unique non-profit environment (**Kaplan and Norton 2004**). This paper, however, argues that the modified BSC does not resolve the problems discussed above. The modified BSC becomes even more confusing.

The confusion starts with the financial perspective being replaced in the modified model by a fiduciary perspective, which reflects the objectives of other constituents such as donors and taxpayers.

Kaplan and Norton (2004) claim that both financial and customer stakeholders need to be satisfied concurrently. Therefore, both customer and fiduciary perspectives are located on the same level, which, however, does not fit in the original cause-and-effect relationship principle. The two perspectives (fiduciary and customer) are not connected. As a result, there may be a misconception that service recipients are not important to donors and taxpayers, or that the latter are not concerned with the needs of the service recipients. However, both donors and service recipients are, in fact, closely linked together, and their needs and expectations from the two sides do not necessarily have to be in the same direction. Therefore, meeting the needs of both the financial and customer stakeholders simultaneously is not just difficult, sometimes it is impossible. Although the BSC model has witnessed a big step in the strategic management development in terms of visualizing their knowledge and skills in NPOs, the model itself is not compatible with the unique non-profit environment in the knowledge economy. As **Backman et al. (2000, 4)** argue:

although elements of the current [strategic management] models make sense at a general level, they are not sufficiently nuanced and sensitive to the unique environments of non-profits ... [and thus,]... there [is] a large conceptual gap between the strategy models available to organizations in the non-profit and for-profit sectors ... the non-profit strategy models do not, as yet, offer a conceptually robust frame for widespread adoption by practitioners.

The main reason for the conceptual gap, as identified by **Backman et al. (2000)**, is that the strategic management concepts used in SSNPOs do not address the social dimension and/or distinctive nature of competition and collaboration in non-profit settings. In contrast to the situation in for-profit organizations, a major part of a non-profit leader's responsibility is to consider the effect of strategy on a charitable or mission rather than simply on financial performance (**Alexander 1999; Guy and Hitchcock 2000; Ryan 1999**). A strategy that sacrifices mission for greater margin will eventually become untenable, as it most likely alienates stakeholders such as service recipients and the general public in the social service non-profit sector (**Alexander 2000; Courtney, 2002**). In this sense, there is little connection between contemporary strategic management concepts and the social missions pursued by SSNPOs (**Chetkovich and Frumkin 2003**). Accordingly, the effectiveness of the contemporary strategic management concepts in the sector is greatly reduced (**Alexander 2000; Crouch 2003; Lyons 2001**).

In short, the development of strategic management in the non-profit context has been equally as dramatic as in the for-profit sector, if not more so. Figure 1 briefly illustrates the development of strategic management in the non-profit context as discussed in this section.

The Need for a Competent Strategic Management Framework in SSNPOs

The urgency of developing a new, more complex strategy management technique which reflects the challenges and messy realities that non-profit leaders face every day is increasingly.

The development of strategic management in the non-profit context pressing (**Backman et al. 2000; Salamon et al. 1999; Stone et al. 1999**). This new and complex non-profit strategic

management framework not only should help SSNPOs to improve their performance, but also to preserve and regain their cherished qualities. As **Salamon et al. (1999, 37)** suggest: [NPOs] need to be able to demonstrate the worth of what they do, and to operate both efficiently and effectively in the public interest. *This will require something more than traditional management training, or the wholesale adoption of management techniques imported from the business or government sector. Rather, continued effort must be made to forge a distinctive mode of non-profit management training that takes account of the distinctive values and ethos of this sector while ensuring the effectiveness of what it does.*

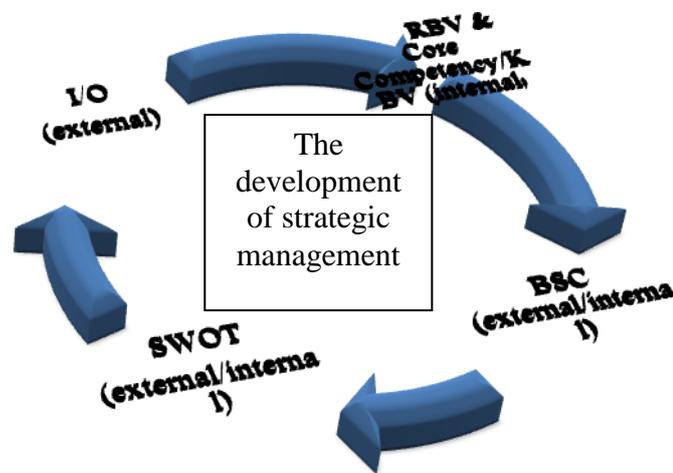


Figure-1

The distinctive mode of non-profit management training as described above can be interpreted as a competent strategic management technique that can be used to assist SSNPOs in achieving effective performance and, at the same time, sustaining the distinctive values and ethos of the sector. **Light (2002, 19)** argues that '[NPOs] are not corporations, small businesses, governments, faith-based organizations, or firms, even if they behave like all of the above from time to time. They are non-profits and must become more non-profit like if they are to choose their future'. Therefore, SSNPOs must develop a special kind of strategy that can assist them to achieve high performance (**Letts et al. 1999**); that is, to achieve social purposes under the current turbulent changes and, at the same time, emphasize the cherished qualities of the organizations (**Frumkin and Andre-Clark 2000; Moore 2000**). Such a strategy is not only about what an organization intends to do but is also concerned with what the organization decides not to do (**Kaplan, 2001**). This is important to SSNPOs, as these organizations today live a 'hand-to-mouth existence' under the public sector reform movement (**Lyons 2001**).

Although highly supportive of the notion that SSNPOs need to be managed strategically, this paper takes a step further by arguing that the organizations must place the social dimension at the centre of their strategy, as the social dimension is often the *raison d'être* of SSNPOs' existence in society. This paper argues that, unlike other for-profit strategic management concepts, the concept of IC can be used as a competent strategic management conceptual framework in the social service non-profit sector, in particular in today's knowledge economy.

8. INTELLECTUAL CAPITAL

The IC Concept and Its Components

Stewart (1997) defines IC in terms of organizational resources relating to wealth creation through investment in knowledge, information, intellectual property and experience, while it is defined by **Edvinsson and Malone (1997, 44)** as 'the possession of knowledge, applied experience, organizational technology, customer relationships and professional skills that provide... a competitive edge in the market'. Following the work of a number of scholars in the field of IC, IC encompasses three primary interrelated, non-financial components: human capital (HC), structural capital (SC) and relational capital (RC) (**Bontis 1998; Roos et al. 1997; Stewart 1997**).

Human capital includes various human resource elements, including attitude, competencies, experience and skills, tacit knowledge and the innovativeness and talents of people (**Choo and Bontis 2002; Guerrero 2003; Roos and Jacobsen 1999**). It represents the tacit knowledge embedded in the minds of people in organizations (**Bontis 1999; Bontis et al. 2002**).

It is important to organizations as a source of innovation and strategic renewal (**Bontis 2002; Bontis et al. 2000; Webster 2000**). A higher level of HC is often associated with greater productivity and higher incomes or compensation (**Wilson and Larson 2002**). It is therefore in the interests of human resource managers to recruit and develop the best and brightest employees as a means of achieving competitive advantage (**Bontis et al. 2002**).

Structural capital refers to the learning and knowledge enacted in day-to-day activities. The pool of knowledge that remains in an organization at the end of the day after individuals within the organization have left represents the fundamental core of SC (**Grasenick and Low 2004; Roos et al. 1997**). It becomes the supportive infrastructure for HC. It includes all the non-human storehouses of knowledge in organizations such as databases, process manuals, strategies, routines, organizational culture, publications and copyrights which create value for organizations, thus adding to the organizations' material value (**Bontis et al. 2000; Ordóñez de Pablos 2004**).

Relational capital characterizes an organization's formal and informal relations with its external stakeholders and the perceptions that they hold about the organization, as well as the exchange of knowledge between the organization and its external stakeholders (**Bontis 1998; Fletcher et al. 2003; Grasenick and Low 2004**). It is important to an organization because it acts as a multiplying element creating value for the organization by connecting HC and SC with other external stakeholders (**Ordóñez de Pablos 2004**).

The three IC components are inter-dependent (**Subramaniam and Youndt 2005; Youndt et al. 2004**). Through the combination, utilization, interaction, alignment and balancing of the three

types of IC and as well as managing the knowledge flow between the three components, IC renders the best possible value to organizations in the knowledge economy.

As what constitutes the IC components for one organization may not be the same for another (Roos *et al.* 2001; Roos and Jacobsen 1999; Snyder and Pierce 2002), such a unique characteristic is compatible with RBV's four attributes of firm resources: rare, valuable, costly to imitate and non-substitutable. Accordingly, IC is considered context-specific (Bontis *et al.* 1999; Roos and Jacobsen 1999) and investments in IC are likely to be different, depending on the type of organizations (Subramaniam and Youndt 2005). The practical applications and the pragmatic approach of the early IC research provide a basis for practical managerial tools and methodologies. Therefore, an IC perspective helps to bridge the gap between the conceptual thinking of RBV and a practical approach necessary for the adoption of the framework by managers (Peppard and Rylander 2001a).

Intellectual capital becomes the main differentiating factor that provides a competitive market position to an organization (Kaplan and Norton 2001; Teece 2002). It gives rise to income in a knowledge-based economy as compared with an industrial-based economy (Bettis and Hitt 1995; OECD 1996). In other words, the IC literature has its roots firmly grounded not only in RBV, but also in aspects of KBV of the firm (Peppard and Rylander 2001b).

A number of researchers assert that the concept of IC can be employed for strategic analysis, which can drive organizational strategy (Fletcher *et al.* 2003; Roos *et al.* 2001; Sveiby 2001). Intellectual capital focuses on processes rather than financial results (Edvinsson and Malone 1997). It stresses competence-enhancement but not cash flow improvement (Mouritsen 1998; Roos *et al.* 1997). It concentrates on intangible resources, rather than tangible ones (Klein 1998), and it promotes the creativity possessed by all organizational members to underpin the future non-financial prospects of an organization (Mouritsen 1998; Roos *et al.* 1997; Stewart 1997). In sum, IC is about attempting to balance the transferring and converting of knowledge external and internal to an organization.

Although the IC perspective was first developed as a framework to analyze the contribution of intellectual resources in for-profit organizations, as argued in this paper, the concept of IC is equally relevant to SSNPOs. The next section outlines the importance of IC in the social service non-profit context.

9. IC IN THE SOCIAL SERVICE NON-PROFIT CONTEXT

Intellectual capital is capable of adapting to the challenges posed by the non-profit environment in the knowledge economy because some of the theoretical roots of IC come from the internal focus associated with core competence theory (Mouritsen *et al.* 2005). Intellectual capital helps to shift SSNPOs' strategic focus to intellectual resources, including knowledge, skills and experience. This is important to SSNPOs, because strategic activities and changes that are brought to the organizations will be mainly driven by internal initiatives by paid employees and volunteers rather than external forces such as government agencies. Therefore, resistance to those strategic activities and changes by volunteers and employees is likely to be lowered.

In profit-making organizations, profits serve as a simple common language for communication, delegation and co-ordination, and as a means to measure organizational success and benchmark performance (Sawhill and Williamson 2001; Speckbacher 2003). Social service non-profit

organizations, however, have no uniformity of financial goals that can be applied as a means of communication to compare goods and services that they produce (Speckbacher 2003). Accordingly, as discussed earlier, SSNPOs are vulnerable under for-profit strategic management techniques which stress cost saving and value for money. Mouritsen *et al.* (2005) emphasize that IC is related to questions about identity, such as 'who you are, and what you want to be' and thus, IC is not merely an objective in relation to intellectual resources, but is an identity crafted around ability and knowledge of what an organization can do (Mouritsen *et al.* 2005; Roos *et al.* 1997). As a result, the IC approach forces non-profit leaders to rethink their mission and their social *raison d'être*. Intellectual capital becomes important to SSNPOs not only because it helps the organizations to avoid goal displacement and resource diffusion, but also because it assists them to refocus their objectives on the social dimensions, which are sometimes distorted by operating in commercial contract environments under the public sector reform movement.

Most organizational resources have either decreasing or increasing returns through their lifetime (Peppard and Rylander 2001b). For instance, a tangible asset depreciates with use, and each single entity is usually limited to defined tasks (Webster 2000). Intellectual capital, however, does not decrease in value with use. Peppard and Rylander (2001b) argue that IC resources can be used simultaneously by many users in different locations at the same time and, thereby, are non-competitive in an economic sense. This is because, when IC is articulated and challenged, new knowledge may be developed. Thus, IC is often characterized by 'increasing returns' (Peppard and Rylander 2001b, 515); that is, value-generated increases per incremental unit of investment.

The non-competitive characteristic of IC is important to SSNPOs because IC may encourage resource sharing rather than resource competition. Intensified competition encouraged by public sector reforms can be destructive to the social service non-profit sector as SSNPOs are competing with each other for resources rather than working together to solve social problems.

The non-competitive characteristic of IC also encourages SSNPOs to take advantage of knowledge sharing in the knowledge economy. The knowledge flow between the IC components helps to create a learning culture in SSNPOs for organizational change. This learning culture probably enables the organizations to deal better with new challenges.

Nørreklit (2000) asserts that, if a model is to be effective in an organization, the model must be rooted in the language of the organization's people and communicated to all parts of the organization. This draws another important point that, if a model is to apply in SSNPOs, it must be kept simple and easy to use or disseminate through the whole organization. Bontis *et al.* (1999) argue that IC is flexible and easy to understand, because it represents the collection of intellectual resources and their flows. Accordingly, IC can serve as a simple conceptual framework for SSNPOs that requires relatively little interpretation.

Intellectual capital is important to SSNPOs because it helps to create changes in people's behavior and values. Roos (1998, 151) argues that, although IC may superficially be concerned with sales growth and value creation, it has a deeper purpose;

The deeper purpose of an IC approach is to change people's *behaviour*, not least through changing the corporate language. The concept of IC brings with it *a whole set of new values* about what is good and what is bad management, what is the right and the wrong things [sic] to do in corporations. [*emphasis added*]

Values embedded in IC are useful for SSNPOs, particularly in times of today's non-profit environment. Public sector reforms often carry with them values consistent with 'value for money' and competition, causing threats to SSNPOs' traditional qualities such as fulfilling social objectives. Intellectual capital becomes a valid strategic management conceptual framework within the social service non-profit context in the knowledge economy.

On the contrary, failing to account for IC may lead to a misallocation of intellectual resources and run the risk of making poorly informed decisions, which lead to weak strategic planning processes, high employee turnover, inadequate training and development, inexperienced top management teams, and inability to turn data into information in SSNPOs.

In short, as **Salamon (1996)** argues, in the light of contemporary realities in the non-profit sector, all NPOs urgently require a 'new settlement' to assist them to re-examine their functions, their relationships with citizens, government and business organizations, and the way in which they will operate in the years ahead. This paper argues that the concept of IC can be one of the bases for such a new settlement which enables SSNPOs to use their knowledge effectively in the competitive non-profit environment.

Finally, research on IC in SSNPOs is particularly relevant at this time not only because it helps us have a better understanding of the strategic management of the organizations in the sector, but also the research is especially germane to the organizations across sectors. Resource scarcity, conflicting stakeholder expectations and a dynamic environment are just some of the issues that for-profit and public sector organizations face in today's knowledge economy (**Stone and Crittenden 1993**). Further research on the non-profit strategic management would enhance our understanding of the strategic management of for-profit and public sector organizations in the years ahead.

10. CONCLUSION

Knowledge is critical to for-profit organizations as it is to NPOs. As a result of the public sector reform movement, NPOs are forced to change the way they manage and operate their activities. There is more literature pointing to the problems NPOs have in this regard. However, there is relatively little written on what adapted strategic management methods are most appropriate for the pursuit of non-profit activities in today's knowledge economy. Social service nonprofit organizations are now urged to use their organizational resources more effectively in the competitive non-profit environment. As argued in this paper, SSNPOs urgently need a competent strategic management framework. This competent strategic management framework must allow the organizations to keep their independence and their ability to pursue social missions, and simultaneously enhance organizational efficiency and effectiveness. The applicability of a number of popular strategic management concepts was examined within the non-profit context. This paper argues that IC is a valid strategic management conceptual framework for SSNPOs. Intellectual capital allows SSNPOs to pursue their social objectives and use their resources effectively; and simultaneously to sustain their cherished qualities. Further research involving specific non-profit sub-sectors and methodologies needs to be carried out to test empirically the findings in this paper.

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Perceptions of Various Stakeholders on FDI in Indian Retail Sector in Hubli-Dharwad an Empirical Study

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Abstract

The emerging economies of BRICK countries have attracted world attention. Many Multinational Corporations are keenly following these economies to en-cash the opportunities. India with world's second largest population is a potential market for most of the fast moving consumer goods, durables etc... As a result many retail giants are lobbying for direct investment in the country. These giants argue that their entry would help all the section of the society. However the views of the established traditional players negate the above argument. The efforts of the present UPA Government to allow majority stake to foreign investors in the Indian retail sector are strongly opposed. At this juncture a study on Perception of various stakeholders on FDI in retail is appropriate. In a primary survey about 30 stakeholders' perceptions regarding aspects of FDI are measured and analyzed using one way ANOVA. The study found that the perceptions varied across age and income groups.

Keywords: Emerging Economies, Foreign Direct Investment, Retail Stake Holders

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1. INTRODUCTION

India is one of the youngest nations in the world with 450 million people below 21 years of age. This has witnessed a revolution in retailing due to some of the following factors. Change in Government's approach from socialism to market driven in 1990s, ensured stable economic growth at around 7% over the years. The entry of private Television Channels changed the lifestyle of millions. More expectations from life motivate people to move from their villages to bigger cities that cause urbanization. There has been an increase of 8% in urban population in India from 1975 to 2005¹. This gave opportunities to many migrants and today around twenty cities generate 30% of the income with less than 10% of Indian population. The household income of the urbanized families grew by 10% year on year from 2004 to 2008². No wonder if a teenager from urban India no more recognizes the Milkman, Fisher woman and Vegetable vendors as retailers but Big bazaar, Reliance, Vishal mega mart, Subhiksha etc. as one. The huge malls have replaced the popular practices of door to door sales of utensils, fabric, gift items in urban India. In last one decade it happened in India.

By 2016 more than 50% of the population will be middle class. As argued by the most of the eminent researcher, Mrs. Rama Bijapurkar, the Indian market is very much fragmented and the retail formats developed abroad cannot be used directly. Every retailer is trying hard to survive and get a piece of the future market. The major challenges faced by the retailers today include soaring realty prices, shortage of trained personnel, Government restriction on Foreign Direct Investment and opposition by local groups. The retailers have realized that they cannot operate with their present fixed costs and continue selling at discounts. Kishore Biyani feels that the rent paid should be around 5% to 15% of the revenue of the outlet.³ Most of the retail outlets across India are operating under losses. At this juncture the government is willing to allow 100% FDI in multi brand retailing.

The perceptions and opinions of the people about FDI are divided. Some believe allowing global scale retailers freely are beneficial to the nation and others argue in against. Some of the concerns raised against FDI in retail due to the fear of the loss of jobs as retail. Many families run small Kirana stores which will face onslaught and they lose jobs. The argument points that it would be difficult to find alternate jobs as manufacturing sector is not growing fast enough to generate more jobs. It is also believed that since organized retail is in its nascent stage. Opening the doors to foreign giants at this stage will do more harm to the domestic retail industry.

On the other hand it is observed that even though India is the second largest producer of fruits and vegetables (180 million MT), has the most limited cold storage supply chain. It causes heavy losses to farmers up to Rs. One trillion per annum⁴ and the supply chain is dominated by intermediaries. As a result farmers receive only 1/3rd of what consumers pay. Whereas farmers' share is about 2/3rd in countries where retail organized is dominant⁵. Also, the efficiency of the existing Public Distribution System is questioned as intended benefits do not reach the

¹ UN population Division

² NCAER/FCR

³ Kishore Biyani (2006), *It happened in India*, Rupa Publication

⁴ CRISIL2007

⁵ ICRIER Report on Impact of Organized Retailing on the Unorganized Sector, May 2008

beneficiaries while the burden of these subsidies is increasing. Many MSMEs are in bad health as they do not have their own brands to market. Therefore it is argued that FDI is good.

It is difficult to conclude, as the results of FDI in retail across the countries vary. FDI in China has given a good result. Whereas Thailand with maximum number of family run small shops had a bad experience. In Chile domestic retail chains have become prominent and in Indonesia both foreign and domestic chains share the market. Irrespective of the dominance of local or foreign chains the benefits of modern retail are felt.

2. REVIEW OF LITERATURE

Subhadip Mukherjee (2011), in his paper *An Econometric Analysis on Organized and Unorganized Retail* attempts to know which factors influence market shares using multiple regression analysis. He found that GDP, women's participation rate, foreign investment freedom and the urbanization rate of a country influence the relative share of the organized retail sector positively.

Piyushkumar Sinhala, Sanjay Kumar Kar (2007) in their article "An insight into the growth of new Retail Formats in India" discussed the developments and growth of new retail formats. They observed that much experimentation was going in the industry to identify the best retail format for India. They found that supermarkets and hypermarkets were popular.

Jonathan Reynolds et. al. (2007) in their article "Perspectives on retail format innovation relating theory and practice" gave an overview of retail innovation process and the contemporary understanding of the process. The study explored the long term retail format Lifecycle and compared with recent research that took place in the United Kingdom. The finding was drawn based both primary and secondary data. The primary data was collected by interviewing the retailers. The study concluded that there was no single solution to the problem, as, either experimental, incremental and even accidental processes played the role in innovation.

The research by **Sabastian Morris (2005)**, *Explaining Foreign Direct Investment in Gujarat* A study based on opinion surveys of Persons involved in the Foreign Direct Investment Process, points that infrastructure plays an important role along with other factors like the composition of industries present in the region. He concludes that a positive step of a Government can improve FDI potential.

The article written by **Kenneth C. Gehrt, Ruoh-Nan Yan (2004)** "Situational, consumer, and retailer factors affecting Internet, catalog, and store shopping" argued that the knowledge about consumer preferences and behavior had become obsolete due to the emergence of many new formats. The study considered the situational factors along with consumer characteristics and retailer attributes. The study concluded that the situational factors played a major role in selection of online and catalog retail formats.

Jozefina Simova, Colin M. Clarke-Hill, Terry Robinson (2003) in their article "A longitudinal study of changes in retail formats and merchandise assortment in clothing retailing in the Czech Republic" found that in smaller towns there was no major change in clothing retailing but there was a definite change in larger towns. The study was longitudinal in nature and was conducted between 1994-1999.

Outi Uusitalo (2001) in his article "Consumer perceptions of grocery retail formats and brands" discusses that there is a slow growth in retail sector and it was difficult for retailers to maintain their market shares. There was no heterogeneity in retail formats across the industry as many stores were owned by very few people. But, there a scope for differentiation based on culture. The study was conducted in Finland to examine how consumers perceived grocery retail formats. The primary data was collected to understand the consumer perspective. The study found that Consumers perceived meaningful differences in various store formats, but did not notice store brands separately.

The above reviews give different perspectives of the retail industry and explain how the dynamic retail sector is and India is at the crossroads. A study is undertaken to know how different stakeholders perceive about majority FDI in retail and allowing giants like Wal-Mart, Carrefour, Hold etc. to enter the domestic market.

3. OBJECTIVES OF THE STUDY

The study is undertaken to know whether the perceptions of respondents varied across stakeholders, age, & Income/Business turnover .The selected factors in the study include a variety of products and services, price, world class products, perception regarding competition, impact on small stores, creation of job opportunities, benefit to farmers and finally the efficiency of the supply chain. The following hypotheses are set for the study

1. There is no significance difference between stakeholders with respect to FDI in retail
2. There is no significance difference across the age groups with respect to FDI in retail
3. There is no significance difference with respect to FDI for different income groups.

4. METHODOLOGY

The study makes use of both primary and secondary data. The primary data are collected by interviewing various stakeholders like traditional players, small retailers, employees of organized retailers and the end consumers. After a pilot survey the questionnaire was finalized. For this study the competition means a long term healthy completion among the players it doesn't mean cannibalization or the establishment of monopolies. The classification of firms into high, medium and low is based on their turnover. The business with less than 50 Lac is taken as low income, 50-1cr. as medium and above 1cr. as High. Similarly, individuals with less than 1.9Lac income are considered as low, 1.9 to 2.9 Lac as medium over and above this is taken as higher income. The stakeholders are divided into three broad categories - Unorganized Small retailers, organized modern retailers & customers. The views of managers and employees of modern retailers are treated as views of modern retailers. Since, the interview was held with opinion leaders like secretary, chairman of Agricultural Produce Markets and managers of respective retail outlets. A convenience sample size of 30 is selected taking into consideration of time and geographical constraints. Further the data are analyzed using one way ANOVA to know whether the perceptions varied across the stakeholders, age groups and income groups.

5. FINDINGS AND ANALYSIS

The survey did not find any significant difference between various stakeholders with respect to availability of world class products, competition, the effect on small players and improvement in supply chain efficiency. All the stakeholders felt the same. Whereas, views of the respondents

varied significantly on various factor. The maximum difference was observed with respect to whether FDI is a good proposition and will benefit farmers. (Table No.1)

Table No1 ANOVA for Stakeholders

		Sum of Squares	df	Mean Square	F	Sig.
product variety last 3 yrs	Between Groups	8.964	3	2.988	4.389	.013
	Within Groups	17.702	26	.681		
	Total	26.667	29			
FDI is good proposition	Between Groups	32.364	3	10.788	10.199	.000
	Within Groups	27.502	26	1.058		
	Total	59.867	29			
Product varieties and services	Between Groups	13.955	3	4.652	6.362	.002
	Within Groups	19.011	26	.731		
	Total	32.967	29			
effect on price	Between Groups	15.264	3	5.088	5.147	.006
	Within Groups	25.702	26	.989		
	Total	40.967	29			
availability of world class product	Between Groups	4.692	3	1.564	2.498	.082
	Within Groups	16.275	26	.626		
	Total	20.967	29			
competition	Between Groups	8.930	3	2.977	2.274	.104
	Within Groups	34.036	26	1.309		
	Total	42.967	29			
effect on small players	Between Groups	4.421	3	1.474	1.163	.343
	Within Groups	32.945	26	1.267		
	Total	37.367	29			
job opportunity	Between Groups	16.083	3	5.361	5.986	.003
	Within Groups	23.284	26	.896		
	Total	39.367	29			
benefits farmers	Between Groups	28.789	3	9.596	11.335	.000
	Within Groups	22.011	26	.847		
	Total	50.800	29			
supply chain efficiency	Between Groups	6.885	3	2.295	2.899	.054
	Within Groups	20.582	26	.792		
	Total	27.467	29			

Source: Primary Data ,SPSS output.

There is a significant difference across age groups with respect to change in product variety in the last three years only (Table No.2).All other factors considered for the study is viewed same by all age groups.

Table No. 2 ANOVA for Age

		Sum of Squares	df	Mean Square	F	Sig.
product variety last 3 yrs	Between Groups	10.476	3	3.492	5.608	.004
	Within Groups	16.190	26	.623		
	Total	26.667	29			
FDI is good proposition	Between Groups	8.771	3	2.924	1.488	.241
	Within Groups	51.095	26	1.965		
	Total	59.867	29			
Product varieties and services	Between Groups	5.550	3	1.850	1.754	.181
	Within Groups	27.417	26	1.054		
	Total	32.967	29			
effect on price	Between Groups	6.836	3	2.279	1.736	.184
	Within Groups	34.131	26	1.313		
	Total	40.967	29			
availability of world class product	Between Groups	3.836	3	1.279	1.941	.148
	Within Groups	17.131	26	.659		
	Total	20.967	29			
competition	Between Groups	4.705	3	1.568	1.066	.381
	Within Groups	38.262	26	1.472		
	Total	42.967	29			
effect on small players	Between Groups	8.188	3	2.729	2.432	.088
	Within Groups	29.179	26	1.122		
	Total	37.367	29			
job opportunity	Between Groups	5.521	3	1.840	1.414	.261
	Within Groups	33.845	26	1.302		
	Total	39.367	29			
benefits farmers	Between Groups	12.502	3	4.167	2.829	.058
	Within Groups	38.298	26	1.473		
	Total	50.800	29			
supply chain efficiency	Between Groups	5.121	3	1.707	1.986	.141
	Within Groups	22.345	26	.859		
	Total	27.467	29			

Source: Primary Data, SPSS output.

Across the income groups there is a change in perception with respect to only two variables - change in product variety in last three years and benefit to farmers (Table No.3).

Table No. 3 ANOVA for Income

		Sum of Squares	df	Mean Square	F	Sig.
product variety last 3 yrs	Between Groups	8.648	2	4.324	6.479	.005
	Within Groups	18.019	27	.667		
	Total	26.667	29			
FDI is good proposition	Between Groups	2.262	2	.131	.059	.942
	Within Groups	59.604	27	2.208		
	Total	59.867	29			
Product varieties and services	Between Groups	.467	2	.233	.194	.825
	Within Groups	32.500	27	1.204		
	Total	32.967	29			
effect on price	Between Groups	2.389	2	1.195	.836	.444
	Within Groups	38.578	27	1.429		
	Total	40.967	29			
availability of world class product	Between Groups	2.293	2	1.146	1.658	.209
	Within Groups	18.674	27	.692		
	Total	20.967	29			
competition	Between Groups	.595	2	.298	.190	.828
	Within Groups	42.372	27	1.569		
	Total	42.967	29			
effect on small players	Between Groups	2.714	2	1.357	1.057	.361
	Within Groups	34.652	27	1.283		
	Total	37.367	29			
job opportunity	Between Groups	.214	2	.107	.074	.929
	Within Groups	39.152	27	1.450		
	Total	39.367	29			
benefits farmers	Between Groups	10.781	2	5.391	3.637	.040
	Within Groups	40.019	27	1.482		
	Total	50.800	29			
supply chain efficiency	Between Groups	.622	2	.311	.313	.734
	Within Groups	26.845	27	.994		
	Total	27.467	29			

Source: Primary Data, SPSS output.

6. CONCLUSION

The study found that the views of various stakeholders differed significantly across income and age groups for increased availability of varieties of products in last three years. However with respect to all other variables considered for study views did not differ across all the three categories namely age, income, stakeholders. The views of the customers on FDI in retail are mixed. Once again validating the fact India is truly a country of diversity be it culture or FDI in retail.

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Employees' Satisfaction Towards E-HRM In Organizations

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Abstract

Electronic HRM is increasingly gaining importance within working organizations and many of its adherents assume and express its advantages. It also refers to the processing and transmission of digitized information used in HRM, including text, sound and visual images, from one computer to another. E-HRM is a way of implementing HR strategies, policies, and practices in organizations through a directed and conscious support of and with the full use of web-technology-based channels. The word 'implementing' in this context has a broad meaning, such as making something work, putting something into practice, or having something realized. E-HRM hence, is a concept - a way of 'doing' HRM. . Scientific support, however, is scarce and there is a lack of clarity regarding the contribution of e-HRM to HRM effectiveness. Efficiency, service delivery and standardisation goals are commonly realised. Some evidence of a transformational impact of e-HRM was found, as HR staff has more time and information to support the organisation in achieving its business strategy. Technology has recently developed in a way that enables e-HR to make a mark, especially with the introduction of corporate intranets and web-enabled HRIS. The nature of the development path, however, varies considerably from one organisation to another organisation.

Keywords: *Electronic HRM (E-HRM), Virtual HRM, Web-based HRM, Human resource information system.*

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1. DEFINING E-HRM

The processing and transmission of digitalized HR information is called electronic human resource management (e-HRM). Information technology is vastly changing the way HR departments handle record keeping and information sharing. Employees can gain information through self-service. **E-HRM** is the planning, implementation and application of information technology for both networking and supporting at least two individual or collective actors in their shared performing of HR activities.

E-HRM is neither same as HRIS (Human Resource Information System) which refers to ICT systems used within HR departments nor is it the same as V-HRM or Virtual HRM - which is defined by **Lepak and Snell** as "...a network-based structure built on partnerships and typically mediated by information technologies to help the organization acquire, develop, and deploy intellectual capital [1]. " e-HRM is introduced to improve efficiency, service delivery, standardization and organisational image, and to empower managers and transform HR into a more strategic function.

E-HRM is in essence, the devolution of HR functions have been done for the purpose of management and employees. They access these functions typically via intranet or other web-technology channels[2]. The empowerment of managers and employees to perform certain chosen HR functions relieves the HR department of these tasks, allowing HR staff to focus less on the operational and more on the strategic elements of HR, and thus, allowing organisations to lower HR department staffing levels as the administrative burden is automatically lightened. It is anticipated that, as E-HRM develops and becomes more entrenched in business culture, these changes will become more apparent, but they have yet to be manifested to a significant degree. A CIPD 2007 survey states that "The initial research indicates that much-commented-on development such as shared services, outsourcing and e-HR have had relatively little impact on costs or staff numbers.

Employees' satisfaction is necessary for smooth working of an organisation. Without this, peaceful running of an organisation is not possible. If some changes are done in the organisation and employees are dissatisfied with it then the results of those changes are not in favour of the organisation. The technology-assisted model of HRM is often begun as an efficiency program, but it soon evolves into a major source of competitive advantage. In addition, while some human resources management departments utilize a few virtual HRM applications, others strive to reengineer, automate and integrate nearly all of their HRM functions.

E- HRM costs lower and therefore improves efficiency by:

- ✓ Reducing paperwork and streamlining work flow,
- ✓ Automating redundant HRM tasks,
- ✓ Empowering employees to embrace a self- service HRM delivery system,
- ✓ Keeping the company workflow fully informed about all important HR compliance issues and corporate events,
- ✓ Speeding up the response time of HRM systems,
- ✓ Ensuring that more informed decisions are made,
- ✓ Improving time management.

2. GENERAL REVIEW

At first we demystify the phenomenon E-HRM by raising the following items:

- ✓ The state of HRM in an organization
- ✓ The E-HRM goal
- ✓ E-HRM types
- ✓ E-HRM outcomes

3. THE STATE OF HRM IN AN ORGANIZATION

E-HRM is a way of implementing HR strategies, policies, and practices in organizations through a conscious and directed support of and/or with the full use of web-based channels. E-HRM is a concept -a way of 'doing' HRM. The fact is that E-HRM can transform the nature of HRM strategies, policies and practices. The literature on E-HRM is growing, including a book edited by **Gueutal and Stone** in which, mainly American scholars present a good overview of E-HRM research to date, and try to bridge the gap with E-HRM practice. Researchers are searching for relevant and adequate theory that can fully grasp the concept of E-HRM, and frequently present fragmented empirical evidence, particularly on E-HRM sub-fields such as e-recruitment and e-learning, the so-called "early bird" areas where web technology was first adopted [3].

4. E-HRM GOALS

What are the goals that drive stakeholders for deciding about E-HRM? Based upon a scan of professionally-oriented and academic journals, we can draw three types of goals:

- ✓ Improving the strategic orientation of HRM,
- ✓ Cost reduction/efficiency gains, and
- ✓ Client service improvement/facilitating management and employees.

Some of the empirical findings add globalization to these goals, seeing it as an E-HRM driving force in large international organizations. However, findings also show that these goals are not clearly defined in practice which means that E-HRM is mostly directed towards cost reductions and efficiency increases in HR services, rather than aiming to improve the strategic orientation of HRM. Through recent studies it was found that in nearly half of the companies with a fully integrated HRIS, HR was not viewed as a strategic partner.

5. E-HRM TYPES

The current literature distinguishes three types of E-HRM:

- ✓ Operational E-HRM,
- ✓ Relational E-HRM, and
- ✓ Transformational E-HRM

Within all the three types of HRM, choices have to be made in terms of which HRM activities will be offered face-to-face, and which will be offered through web-based HR.

For the operational type of HRM, the issue amounts to a choice between asking employees to keep their own personal data up-to-date through an HR website or to have an administrative force in place to do this for them. In relational type of HRM, there is a choice between supporting recruitment and selection through a web-based application or using a paper-based approach.

Lastly, in terms of transformational HRM, it is possible to create a change-ready workforce through an integrated set of web-based tools that enables the workforce to develop in line with the company's strategic choices.

E-HRM types tend to be mixed, establishing a good basis for E-HRM at the operational level seems to be an essential prerequisite for relational and transformational E-HRM; and this requires changes in the tasks of HR professionals (less paper-based administration, more e-communications with employees, acquiring skills for operating IT).

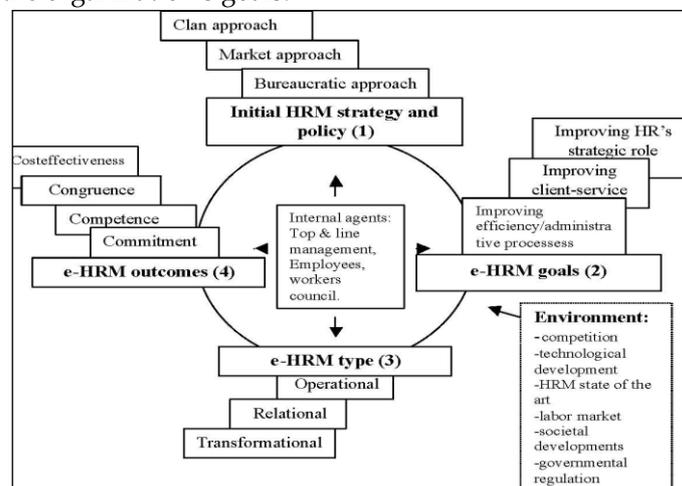
Further, that there is a “gap” between E-HRM in a technical sense (the available functionality) and its use and adoption by employees and line managers. What has shown up clearly is that a company with HRM policies and practices which are of the bureaucratic type cannot just jump to a transformational type of E-HRM.

6. E-HRM OUTCOMES

There are four distinguish four possibilities:

- ✓ High commitment
- ✓ High competence
- ✓ Cost effectiveness
- ✓ Higher congruence

These outcomes may change the state of HRM in an organization, or through individuals and/or groups within an organization actually result in a new HRM state. This completely closes the circle. With the addition of the E-HRM outcomes, the building blocks which are needed to finalize our E-HRM model have been identified (As per the Figure below). Literature suggests that the various goals of E-HRM and the different types of E-HRM are expected to result in outcomes including more efficient HRM processes, a higher level of service delivery and a better strategic contribution. Such outcomes can be formulated in one concept, which can be termed as HRM effectiveness. E-HRM is expected to contribute to the effectiveness of HRM, which consequently could help achieve the organization’s goals.



7. Achievement of e-HRM goals

The possible goals for e-HRM have been listed - efficiency, service delivery, strategic orientation, manager empowerment and standardisation. Scholars have agreed that e-HRM leads to

considerable changes (Gueutal and Stone, 2005; Strohmeier and Kabst, 2009) but have rarely examined the outcomes of e-HRM compared to the initial goals for e-HRM introduction. We might presume that e-HRM systems, developed for efficiency gains, for improvements in service delivery or for a more strategic orientation for HR, would achieve outcomes related to efficiency, service delivery and a strategic orientation respectively.

However, there may be situations when goals are not realised, so intended outcomes are not achieved, or when unintended outcomes are experienced [3]. The fact that e-HRM systems introduced to achieve a particular goal will automatically lead to that outcome may be simplistic and unrealistic, as might be the idea that e-HRM will always lead to the same outcomes for the HRM function. Despite these suggestions, the situations under which e-HRM may satisfy efficiency, effectiveness or strategic objectives have not generally been investigated.

This article will provide an initial exploratory investigation of the factors that might affect whether goals of e-HRM use are translated into outcomes.

Following the framework of the stated goals identified, a structured examination of organisational goals for using e-HRM has been provided, the outcomes that are actually realised as a result of e-HRM use and the factors that affect this. The questions are:

- ✓ What are the goals stated by organisations when introducing e-HRM?
- ✓ What are the actual outcomes experienced by organisations as a result of the introduction of e-HRM?
- ✓ What factors affect the realisation of stated goals for e-HRM?

8. Methodology

As HRM is a highly organisational specific activity, I have adopted a qualitative case study methodology in ten organisations. While it was not possible to fully represent the population of organisations through ten case studies, we have selected a range of organisations so that e-HRM could be examined in a number of different contexts. Organisations were selected who had introduced e-HRM over a year before from a range of industry sectors, at different stages in e-HRM implementation and with different e-HRM systems and experiences. The final sample was dependent on the agreement of every organisation to take part, so to this extent a convenience sample was used.

The ten case studies was a sufficient number of organisations to explore a range of goals and outcomes of e-HRM in a qualitative study. The case studies consisted of visits between May 2012 and October 2012, where interviews with senior HR practitioners (including those responsible for the introduction of e-HRM) and HR users of e-HRM, as well as managers and employees where they were direct users of the system were held, and related documentation gathered as appropriate to the case. Conversational interviews such as those used in the study are appropriate for case studies of e-HRM use. The number of interviewees for each case study was dictated by the advice of HR Manager, the organisational structure, end users of e-HRM and availability of interviewees. In SkyM (name of the Organisation not disclosed) focus groups with employees were conducted to enable to talk to more employees. In total, 50 interviews and five focus groups were undertaken. An interview protocol was developed based upon the e-HRM literature and discussions.

For HR managers, this contained a series of questions about the reasons for introduction of e-HRM, its implementation and the impact that it had within the organisation. For managers and employees, the interviews focused on their use of the system and the impact that e-HRM has had on them and on their perceptions of the HRM function. In addition, a number of questions about the organisation and HR structure were asked. These protocols were first circulated to three HR practitioners and changes were made based upon their feedback.

Interviews were not recorded, due to interviewee's confidentiality. Detailed notes were taken and checked with interviewees for accuracy.

9. RESULTS

Efficiency or operational effectiveness was the most commonly mentioned goal for introducing e-HRM, appearing in all ten case study organisations. The nature of planned efficiencies varied among organisations. Organisations introduced e-HRM to reduce headcount within the HR function, to improve cost effectiveness, remove the use of paper in HR processes or to improve the speed of processes [4].

Nine organisations had realised efficiency savings as a result of introducing e-HRM. Some organisations had reduced their HR headcount as a result of using e-HRM, but these reductions were relatively small. Organisations had also experienced direct cost reductions and claimed to have achieved faster HR processes, though many had not measured these changes.

In most organisations, the automation of processes and the direct entry of information and data by managers removed the need for duplicate keying of data by the HR administration team resulting that the amount of time needed for transactions was reduced considerably.

Eight organisations had goals for improving service delivery. Seven organisations provided evidence that service delivery goals were being realised. Improved accuracy of the information contained in HR systems was achieved by removing duplicate keying of data, users had more easy access to information or training material and there was improved accuracy and availability of data for use in valuable management decision-making. The introduction of e-HRM had significantly reduced the transactional work of the HR administration teams in organisations allowing the HR function time to work on more complex or value added tasks, and to spend more time advising managers. The resourcing team was more client-focused and proactive in recruitment, recruitment administrators' had been re-named 'recruitment advisors' to reflect this and the processes were more transparent.

Six organisations had goals for manager empowerment through the development of management capability to conduct HR activities, such as recruitment, appraisal, performance management and updating information. However, only three organisations provided evidence that this empowerment was being realised. Only four of the case study organisations had aimed to increase the strategic orientation of the HR function, although these organisations had not defined this as the execution of business strategy. The actual impact of e-HRM was lesser clear, although seven organisations described outcomes that could be described as increasing the strategic orientation of the HR function.

10. CONCLUSION

From the above analysis it can be concluded that respondents from different organisations have different opinion towards all the Factors like faster Communication, Improvements, Benefits, Employee Management, Time Efficiency and Client Oriented. Respondents of different age groups have almost same opinion towards faster Communication, Employee Management and Time Efficiency while they have different opinion towards Improvements, Benefits, and Client Oriented. E-HRM outcomes are mainly related to efficiency, service delivery and standardization, relational outcomes and potential improvements in organisational image.

The realisation of improved efficiency and effectiveness is dependent on the design and implementation of the system and increased effectiveness and involvement in delivering the business strategy may depend on appropriate redeployment and up-skilling of HR staff.

This study may be limited by the inclusion of a number of organisations which had implemented e-HRM technology relatively recently as the impact of e-HRM might become greater over time. Our organisations use of e-HRM mainly focused on the use of relatively basic e-HRM functionality. The impact of e-HRM may be particularly great in large organisations where the number of employees is such that the automation of processes is cost effective. Further research into the impact of e-HRM in smaller organisations is needed. The realisation of improved efficiency and effectiveness is dependent on the design and implementation of the system and increased effectiveness in delivering the business strategy may depend on appropriate redeployment and up-skilling of HR staff [5].

11. SUGGESTIONS

- ✓ E-HRM is client oriented which means that if clients are happy with it then employees are automatically satisfied.
- ✓ Administrative burden can be reduced by implementing e-HRM thus the employees will feel satisfied.
- ✓ Today time management is must for everyone and e-HRM helps in Time Management.
- ✓ As e-HRM supports multi-language thus can overcome cross-cultural barriers.
- ✓ Employees have to take more and more part in online discussions of the organisation so that they feel recognized in the organisation.
- ✓ E-HRM enjoys complete transparency in the system. No information can be retained as secret in the organization with the help of e-HRM.
- ✓ Employees have to self managed 'employee management'.

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Inflow of FDI in Banking Sector

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Abstract

Foreign direct investment is the investment made by a foreign individual or company in productive capacity of another country. It is the movement of capital across national frontiers in a manner that grants the investor to control over the acquired asset.

Inflow of Foreign investment is the main economic activity for the development of country. There are two basic types of foreign investment.

- 1.) Foreign direct investment
- 2.) Foreign portfolio investment

This abstract is based on the foreign direct investment in banking industry in India. Banking sector is the main sector of a country. Because over all development of the country is fully dependent on the growth of banking sector. Banking sector creates the infrastructure development as well as economical development.

The performance of foreign banks in India and compare the foreign bank to the Indian domestic banks whether public banks or private banks. There are various angles in which analyze the performance of foreign banks like according to the investment, growth, market share, profitability etc. On the basis of all these angles researcher is analyzing the performance of foreign banks in India. The banking industry in India seems to be unaffected from the global financial crises which started from U.S in the last quarter of 2008. Despite the fallout and nationalization of banks across developed economies, banks in India seems to be on the strong fundamental base and seems to be well insulated from the financial turbulence emerging from the western economies. The Indian banking industry is well placed as compare to their banking industries western counterparts which are depending upon government bailout and stimulus packages.

The strong economic growth in the past, low defaulter ratio, absence of complex financial products, regular intervention by central bank, proactive adjustment of monetary policy and so called close banking culture have favored the banking industry in India in recent global financial turmoilance.

The RBI, which is the regulator of the banking sector, had a strong case for issuing elaborate guidelines on bank ownership to ensure diversification. Those reasons retain their relevance even today. So there is no case for altering them, especially if the evidence suggests that accessing foreign equity, if needed, to enhance the capital of banks is possible within the current regulatory framework.

Keywords: Foreign direct investment, Indian banking industry, Foreign portfolio investment

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1. INTRODUCTION

Inflow of Foreign investment is the main economic activity for the development of country. Foreign direct investment is the investment made by a foreign individual or company in productive capacity of another country. It is the movement of capital across national frontiers in a manner that grants the investor control over the acquired asset. The paper is analyzing the foreign direct investment in banking industry of India. Banking sector is the main sector of a country. Because over all development of the country is fully dependent on the growth of banking sector. Banking sector creates the infrastructure development as well as economical development.

In the present work the main objective of this paper is to analyze the banking sector with the growth perspective of foreign banks investment as FDI. In research, the performance of foreign banks in India and compare the foreign bank to the Indian domestic banks whether public banks or private banks. There are various angles to analyze the performance of foreign banks like according to the investment, growth, market share, profitability etc. On the basis of all these angles we are analyzing the performance of foreign banks in India.

Foreign Direct Investment as seen as an important source of non-debt inflows, and is increasing being sought as a vehicle for technology flows and as a means of attaining competitive efficiency by creating a meaningful network of global interconnections.

FDI plays a vital role in the economy because it does not only provide opportunities to host countries to enhance their economic development but also opens new vistas to home countries to optimize their earnings by employing their ideal resources.

India has sought to increase inflows of FDI with a much liberal policy since 1991 after decade's cautious attitude. The 1990's have witnessed a sustained rise in annual inflows in India. Basically, opening of the economy after 1991 does not live much choice but to attract the foreign investment, as an engine of dynamic growth especially in view of fast paced movement of the world forward Liberalization, Privatization and Globalization.

Foreign bank or its wholly owned subsidiary regulated by a financial sector regulator in the host country can now invest up to 100% in an Indian private sector bank. This option of 100% FDI will be only available to a regulated wholly owned subsidiary of a foreign bank and not any investment companies. Other foreign investors can invest up to 74% in an Indian private sector bank, through direct or portfolio investment. The Government has also permitted foreign banks to set up their wholly owned subsidiaries in India. The government, however, has not taken any decision on raising voting rights beyond the present 10% cap to the extent of shareholding. The new FDI norms will not apply to PSU banks, where the FDI ceiling is still capped at 20%. Foreign investment in private banks with a joint venture or subsidiary in the insurance sector will be monitored by RBI and the IRDA to ensure that the 26 percent equity cap applicable for the insurance sector is not be reached.

All entities making FDI in private sector banks will be mandatory required to have credit rating. The increase in foreign investment limit in the banking sector to 74% includes portfolio investment, foreign institutional investors and non-resident Indians (NRIs), IPOs, private placement, ADRs or GDRs and acquisition of shares from the existing shareholders. This will be the cap for any increase through an investment subsidiary route as in the case of HSBC-UTI deal.

The decision on foreign investment in the banking sector, the most radical since the one in 1991 to allow new private sector banks, is likely to open the doors to a host for mergers and acquisitions. The move is expected to also augment the capital needs of the private bank. The structure of the Indian economy has undergone considerable changes in the last decade. These include increasing importance of external trade and of external capital flows. The service sector has become a major part of the economy with GDP share of over 50 per cent and the country becoming an important hub for exporting IT services. The share of merchandise trade to GDP increased to over 35 per cent in 2007-08 from 23.7 per cent in 2003-04. If the trade in services is included, the trade ratio is 47 per cent of GDP.

The rapid growth of the economy from 2003- 04 to 2007-08 also made India an attractive destination for foreign capital inflows and net capital Inflows that were 1.9 per cent of GDP in 2000-01 increased to 9.2 per cent in 2007-08. Foreign portfolio investment added buoyancy to the Indian capital markets and Indian corporate began aggressive acquisition spree overseas, which was reflected in the high volume of outbound direct investment flows.

Now a day, foreign commercial and investment banks have quietly begun picking up public sector bank's bond issues. Bankers said that the funds were coming into these bonds; some of the foreign banks were also using the banks' bonds as an arbitrage opportunity in view of the increasing liquidity.

The present scenario looks more closely at the paradigm of exponential growth and laments that India's role as an engine for global growth has been limited by the still relatively closed nature of its economy.

The Banking Sector Today

<p style="text-align: center;">Depth</p> <ul style="list-style-type: none"> ● Countrywide coverage ● Large number of players ● Increasingly sophisticated financial markets 	<p style="text-align: center;">Diversification</p> <ul style="list-style-type: none"> ● Emergence of integrated players ● Diversifying capital deployment ● Leveraging synergies
<p style="text-align: center;">Technology</p> <ul style="list-style-type: none"> ● Increasing use of technology in operations ● Poised to expand and deepen technology usage 	<p style="text-align: center;">Regulation</p> <ul style="list-style-type: none"> ● Robust regulatory system aligned to international standards ● Efficient monetary management

GUIDELINES FOR FDI IN BANKING

According to the guidelines for FDI in the banking sector, Indian operations by foreign banks can be executed by any one of the following three channels -

1. Branches in India
2. Wholly owned subsidiaries.
3. Other subsidiaries.

Banks are "special" as they not only accept and deploy large amount of uncollateralized public funds in fiduciary capacity, but they also leverage such funds through credit creation. The banks are also important for smooth functioning of the payment system. In view of the above, legal prescriptions for ownership and governance of banks laid down in Banking Regulation Act, 1949 have been supplemented by regulatory prescriptions issued by RBI from time to time.

FORM OF INVESTMENT MADE BY FOREIGN COMPANY

A foreign company planning to set up business operations in India has the following options:

- Joint Ventures
- As an office of a foreign entity through
- Liaison Office / Representative Office
- Project Office
- Branch Office
- Wholly owned subsidiaries

TYPES OF FDI

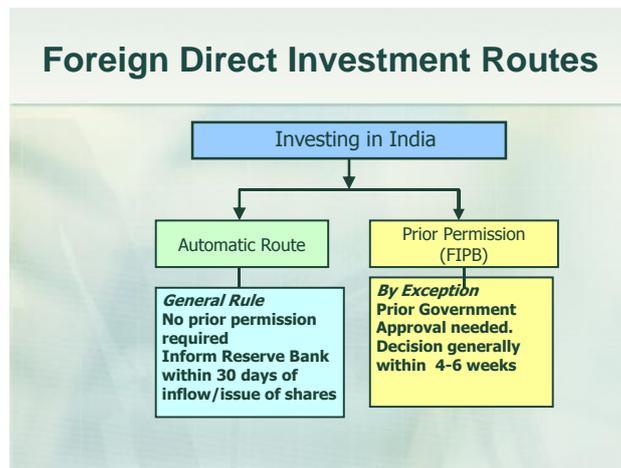
There are two basic types of foreign investment.

- Foreign direct investment
- Foreign portfolio investment

WAYS TO INVESTMENT MADE BY FDI

Foreign direct investment is done in two ways:

- **GREENFIELD INVESTMENT:** It is the direct investment in new facilities or the expansion of existing facilities. It is the principal mode of investing in developing countries.
- **MERGERS AND ACQUISITION:** It occurs when a transfer of existing assets from local firms takes place.



LIMITS OF FDI IN BANKING SECTOR

1. LIMITS OF FDI IN PRIVATE SECTOR BANKS

- (a) FDI up to 49 per cent from all sources will be permitted in private sector banks on the automatic route.
- (b) For the purpose of determining the ceiling of 49 per cent FDI under the "automatic route" in respect of private sector banks, the following category of shares will be included IPOs; private placements; ADRs/GDRs; and acquisition of shares from existing shareholders.
- (c) However, as per government guidelines, issue of fresh shares under the automatic route is not available to those foreign investors who have a financial or technical collaboration in the same or allied field. This category of investors requires the Foreign Investment Promotion Board approval.

2. LIMITS OF FDI IN PUBLIC SECTOR

Limit for FDI in public sector banks In the case of nationalised banks as well as SBI and its associate banks, the overall statutory limit of 20 per cent as FDI and portfolio investment will continue.

Voting rights of foreign investors

In the case of private sector banks, no person holding shares, in respect of any share held by him, shall exercise voting rights in excess of 10 per cent of the total voting rights of all shareholders.

Budget announcements

Further, the Finance Minister has made the following announcements in the budget 2002.

* It has been decided to give an option to foreign banks to either operate as branches of their parent banks or to set up subsidiaries. A foreign bank will have to choose one of the two options. It has also been decided to relax the maximum ceiling of voting rights of 10 per cent for such subsidiaries.

* New FII portfolio investments will not be subject to the sectoral limits of FDI except in specific sectors. Guidelines in this regard will be issued separately.

Earlier, it had been interpreted that FII investments in private sector banks could be made up to 49 per cent of equity, at the same level as FDI limit. However, after the Finance Minister's announcement one has to wait and see as to the level that FII investment will be allowed in this sector.

Interesting possibilities

With FDI investments of up to 49 per cent of equity and supported by substantial FII investments, foreign banks can control nearly the entire equity of taken over private sector banks. If this is the intention of the Government/RBI, then what happens to branch restrictions applicable to foreign banks? We may then witness a dual policy of foreign banks with branches not being allowed to open new branches, while foreign banks controlling private sector banks being allowed to operate all over the country.

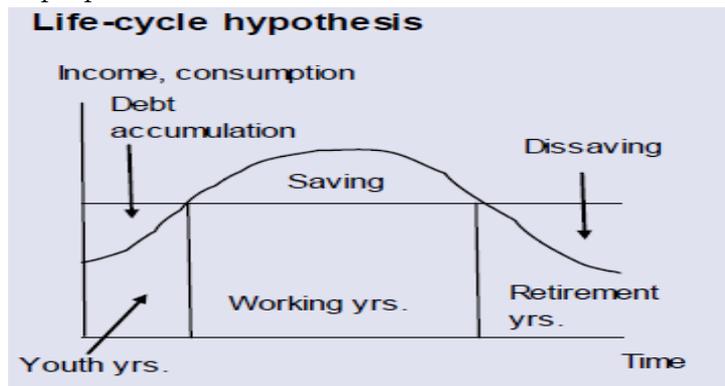
In case foreign banks convert their branch operations in India into a subsidiary, then in the normal course the new legal entity should be treated as a domestic company and not a foreign

company. In addition to the issue of differential taxation, would such a conversion enable more freedom in geographical expansion.

WHY FOREIGN BANKS ARE INVESTING IN INDIA

1. GROWING HOUSEHOLD SAVINGS

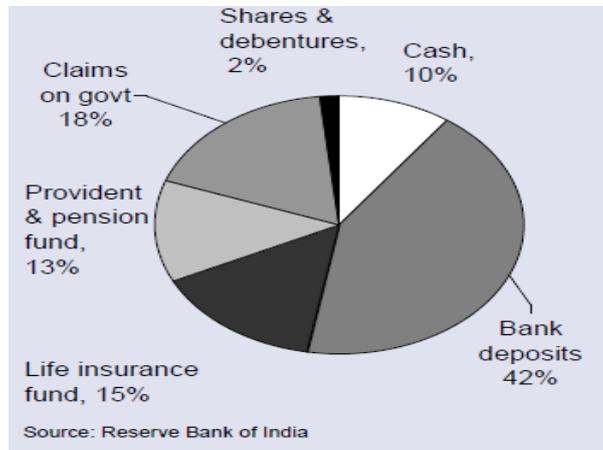
The young structure of the Indian population means that a huge cohort will enter the working years phase in the next decade or so. The size of this group has been estimated at 40% of India's population, or 266m people.



According to the life-cycle hypothesis¹⁵, this should bring about a very sizeable increase in household savings (see chart). Taking the past five years as reference, household savings could pick up to at least 30% of GDP by 2020 from the current level of 22.6%.

2. INVESTMENT MADE BY INDIAN HOUSEHOLD

Thus far, investments made by households have characteristically been conservative and poorly diversified. Of the household domestic savings in 2009, roughly 54% of the total went into physical assets, while the balance was invested in financial instruments. The lion's share of the latter was accounted for by bank deposits, followed at a distance by government bonds. Investment in equities, either through direct ownership or via mutual fund purchases, was muted (see chart).

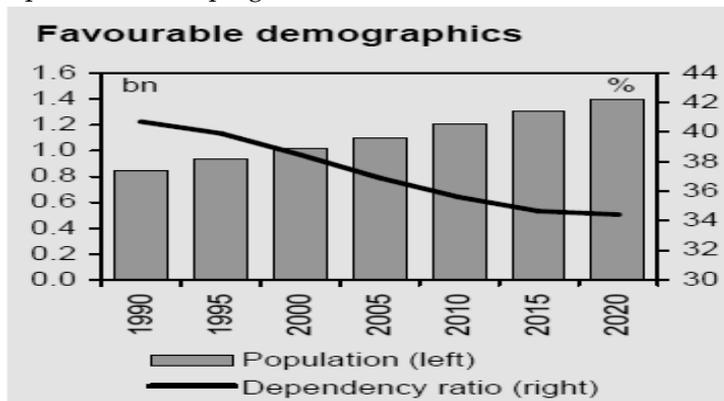


However, recent trends indicate growing ownership – albeit at a gradual pace – of mutual funds by households, suggesting their willingness to venture into other asset classes that offer higher expected returns in the future. Given India’s relatively young population, a lower risk aversion leading to increasing demand for non-traditional investment products is to be expected. Adding to that a rising income level for this population group, and a defined-contribution pension reform in the making, the scope for expansion in investment services appears large going forward.

FACTORS WHICH MAKE INDIA A HOT DESTINATION FOR FDI

1. POPULATION AND DEMOGRAPHIC TRENDS

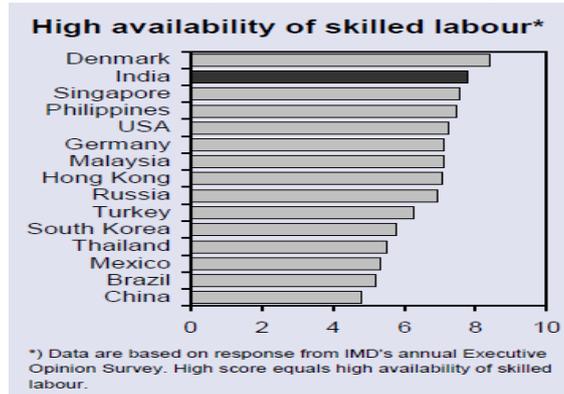
India has a population of just below 1.2 billion today, the 2nd largest in the world after China, increasing at roughly 1.5% per year. Our model shows that while the growth rate is expected to moderate to around 1.3% by 2020, India will still have the 2nd fastest population growth in our sample of 34 developed and developing economies.



Importantly, India has a young population. As of 2009, roughly 33% of its population was below the age of 15 while only around 5% was above the retirement age of 65. This implies that over the next 10 to 15 years a big portion of the country’s population will be within the working age

2. HUMAN CAPITAL

However, economic growth does not depend on population growth alone. The quality of labour input plays a critical role in unleashing the productive capacities and technical progress that ultimately lead to higher growth. In this light, India still has a long way to go.

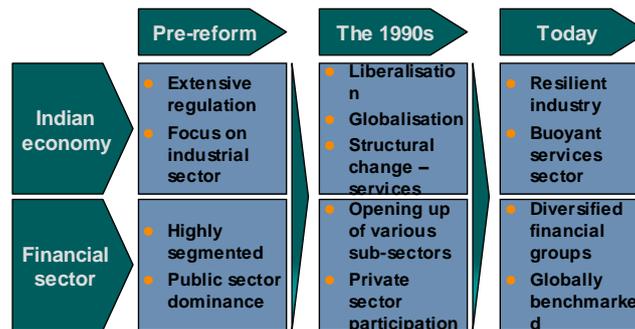


3. EXPECTED GROWTH CHANGES IN CONSUMPTION AND SAVINGS PATTERNS

India's projected growth trajectory, together with demographic developments, will have a critical influence on consumption and savings patterns in the next few years.

This substantial rise in per capita income, coupled with the sheer size of the Indian population, will give a tremendous impulse to the rise of a mass-consumption market. Moreover, due to structural changes in income distribution that has occurred over the past decade, a sizeable fraction of the poorest segments of the population has migrated to a higher income class, implying a larger potential consumption capacity. Not surprisingly, this effect has been more pronounced in urban than in rural areas

IMPACT of FOREIGN BANKS



..financial sector mirroring macro-economic change

NEW FDI NORMS FOR BANKING SECTOR

The new foreign direct investment (FDI) guidelines may be revised with respect to the banking sector to avoid adverse fallout for Indian banks with majority foreign equity.

Under the new regime any downstream investment by a firm with more than 50 per cent foreign equity will be considered as FDI. Thus, banks like ICICI Bank, which have more than 50 per cent foreign equity, will be treated as foreign-owned but Indian-controlled entities and any downstream investment by them will be subject to FDI restrictions. The Reserve Bank of India had recently pointed out to the finance ministry that the press notes, released by the Department of Industrial Policy and Promotion (DIPP) in February 2009, could impact seven Indian private sector banks.

According to the provisions of these press notes, ICICI Bank, ING Vysya, YES Bank, HDFC Bank, Development Credit Bank, IndusInd Bank and Federal Bank are foreign-owned Indian-controlled banks, the central bank observed. As a result, their downstream investments will have to conform to restrictions applicable to the FDI route.

DIPP feels that since banking is a regulated sector, it may need some additional provisions on FDI. "The issue will be examined, followed by inter-ministerial consultations between DIPP, Department of Financial Services, Department of Economic Affairs and even the RBI. If there is a consensus in these discussions that specific relaxations need to be provided to the banking sector, they would be carried out," said a government official. The new regulations will be applicable only after they are notified under the Foreign Exchange Management Act (FEMA). However, this process will take time due to inter-ministerial consultations. ICICI Bank has written to DIPP, stating its current shareholding pattern, and asking for a clarification on its status. "DIPP has not received any other communication from other banks," the official added.

The industry department maintains that the new foreign investment guidelines are one of the most comprehensive and ensure foreigners do not get control of Indian firms in sensitive sectors, which have FDI limits. "Concepts like ownership and control, which were incorporated in the FDI policy for the first time, ensure this. These definitions were finalised after consulting legislation like the Companies Act, lawyers and industry experts," the official said.

RBI, in its observations on the FDI policy, had also stated that the new FDI norms could lead to "de-facto" capital account convertibility, which is restricted at the moment. Moreover, the DEA also expressed similar views on the new press notes and maintained that they would lead to breach of sectoral caps.

DIPP maintains that the new FDI guidelines were finalised after inter-ministerial consultations and approved by the Union Cabinet, after the nod of a Group of Ministers headed by Finance Minister Pranab Mukherjee.

BENEFITS FROM FDI TO INDIAN BANKING SECTOR

FDI in banking sector can solve various problems of the overall banking sector. Such as –

- i) Innovative Financial Products
- ii) Technical Developments in the Foreign Markets
- iii) Problem of Inefficient Management

- iv) Non-performing Assets
- v) Financial Instability
- vi) Poor Capitalization
- vii) Changing Financial Market Conditions

If we consider the root cause of these problems, the reason is low-capital base and all the problems is the outcome of the transactions carried over in a bank without a substantial capital base. In a nutshell, we can say that, as the FDI is a non-debt inflow, which will directly solve the problem of capital base.

3. CONCLUSION

Foreign direct investment is the investment made by a foreign individual or company in productive capacity of another country. It is the movement of capital across national frontiers in a manner that grants the investor control over the acquired asset. Foreign Investment is made in two ways that is foreign direct investment and foreign portfolio investment. Foreign investment is done as joint venture, project offices, branch offices and wholesale subsidiaries. In the present research work the main objective is to analyze the banking sector with the growth perspective of foreign banks investment as FDI. Large population, availability of human capital and growth in consumption and saving pattern made India a hot distinction for FDI. Public banks gain profitability due to foreign banks is 24.20 %and commercial banks is 17.50%. India has acquired innovative technology due to foreign banks and large amount of people employed by these banks. The effect of entry of private and foreign banks on the efficiency of the public or domestic banks has been demonstrated empirically. Especially the presence of the foreign banks has been shown to be very effective in efficiency improvements in the emerging market economies. Before the 1991 era, public sector banks had completely monopoly due to government regulation and they were not measured for such parameters and thus never cared much. The big improvement came due to the entry of foreign banks and various private sector banks which matched the global players and this focus by other players forced public sector banks to look into their backyard to improve their profitability. Although there have been much improvements in term of efficiencies in the public and domestic private banks, foreign banks still have the highest efficiency levels. This may be attributed to the priority sector lending and various other restrictions on the public sector banks and also less number of branches for foreign banks lead to smaller size and thus better control. The profitability of the foreign banks has been much higher consistently.

The foreign banks had definitely put a positive impact on the domestic banks but the desire to acquire market and high competition resulted in product offerings which were very complex in nature and also the exposure to different sectors was highly skewed. This meant that such banks would come under pressure at the first signs of trouble in the economy or a particular sector to which they were over-exposed. This was proved true in the recent global meltdown when the banks across the world were facing difficulties due to their unrestrained behavior whereas the Indian public sector banks had not too much of difficulty.

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Brand Consciousness on Personal Care Products among Adults with Special Reference to Chennai City

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Abstract

The consumer who is resourceful and clever makes a crucial decision of buying a particular brand of product among so many offered to him. Many factors weigh with this decision-making. Consumers differ widely in their tastes, preferences, their family background, economic and social status, income and age. They buy different brands of articles and food items for daily consumption and for future use. The present study is to find out the brand loyalty and purchasing decision for the personal care products and to measure the satisfaction level towards the brands and the factors there in. The Research Design which is used in this study is "descriptive research design". The information relating to profile of the company has been gathered from various journals, books and other secondary sources. The internet, the richest sources of information has contributed largely to the secondary data collection. Convenience sampling is used in this study. The study is conducted considering the prevailing condition, which are subjected to change in future. The above study revealed the awareness level about the personal care products among the respondents, factors influencing the purchasing decision, brand loyalty and the satisfaction.

Keywords: Descriptive Research Design, Brand Consciousness, Brand Image, Brand Loyalty

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1. INTRODUCTION

Consumer behavior is as perplexing and intriguing as the availability of products of great variety at his disposal today. The myriad number of companies with an ever increasing number of products and even sometimes advertisements to back them, offer the consumer rich choices. Business aims to make profit through sale or service. The important aspect in consumer business is to retain the consumers to a given company or a product. That is why sometimes the advertisement makes the image of a brand or product bigger than the company or the business house. It is deliberate tactics on the part of the company to allow the product or brand to outgrow the image of the company. This activity of projecting a brand and making it a household success is the order of the day, more so in the articles of day to day consumption, like soap, toothpaste, talcum powder, blade, cooking oil, hair oil and beverages. The consumer who is resourceful and clever makes a crucial decision of buying a particular brand of product among so many offered to him. Many factors weigh with this decision-making. Once satisfied with a brand of product, he stays put with this product for reasons best known only to him. This aspect of clinging on to a particular brand is said to be brand loyalty! But after his association with a particular product for a short tentative period, if he opts for another product he may be said to be a Brand Switcher. It is intriguing as to why a buyer selects a particular brand among many similar brands available in the market while making a purchase. In the field of marketing, manufacturers and researchers are fascinated by studies to find out:

- i. What percentage share of the market a particular brand holds?
- ii. Why some brands flourish in the market while others fail?
- iii. What strategies are adopted to compete with other brands?
- iv. What methods can be used to improve the sales turnover?

Consumers differ widely in their tastes, preferences, their family background, economic and social status, income and age. They buy different brands of articles and food items for daily consumption and for future use. The study of marketing is very interesting because purchase of different products or items poses in the minds of the consumers, challenging and daunting decisions to be made. This involves aspects such as purchase situations, need arousal and the number of brands available for a product. It is very important, therefore, that a marketer bears in mind the intricate consumer behavior and tries to identify the methods of satisfying them.

Manufacturers adopt branding to differentiate their products or services. Branding of products help in building or projecting a product image, quality, company image and also brand loyalty among the users. It is now evident that branding of a product and identification of the product through its brand name becomes absolutely essential in the modern marketing management.

"A brand is a symbol, a word or a group of word or a letter or a design or a combination of any or some of these to denote the goods or services of particular seller and to differentiate them from those of others making similar type of product."

Brand name is that part of the brand which can be pronounced or said or uttered. Every business house is striving hard to create a relationship between its brand name and its consumer. For example Johnson and Johnson claim that their products create warmth and motherhood in the minds of consumers and Dettol soap assures a 100% germ free bath.

Branding helps a consumer to recognize his or her selection of brand among the many similar brands for a product. It gives a separate identity to the product. Brand names like 'Raymonds', 'Old Spice' give men a feeling of superiority. Many men insist on wearing the label 'Park Avenue' as part of their costume which is manufactured as ready to wear gents' collection of the company Raymonds. Branding not only helps consumers identify the product but also acts as a powerful instrument of demand creation and demand retention.

Well-established brand names like 'Godrej', 'Coco Cola', and 'Dunlop' have a separate brand identity of their own. A well-established brand has a clear brand personality in the consumers' mind. Brand names and brand images, thus, created in the minds of consumers, stimulate repurchase of the branded articles and ultimately lead to brand loyalty.

Brand loyalty means, the positive attitude created in the minds of consumers towards a particular brand of a product leading to repeated purchase of the same. In fact, this is the concept that many companies are trying hard to establish. Past studies have revealed that, the higher the percentage of market share, the higher will be the number of brand loyal consumers. It, therefore, becomes the aim of every major company to keep the percentage of its loyal consumers at a higher level. Higher loyalty denotes the company's larger market share. The percentage of loyal consumers also should be increasing year after year. A fall in the percentage of loyal consumers reflects that rival companies are gaining, which ultimately affects the sales and market turnover. The present day consumer is said to enjoy sovereignty in the market. If well-known Firms do not safeguard the relative high position they have achieved over the years with the high percentage of loyalists and high market share, they will soon find themselves plummeting down to a low market share. This has happened to many leading Firms in the past. Instances of brand switching have been on the rise especially in the case of low-priced frequently purchased consumer products. This is mainly due to the advancement in high technology and interference of foreign Firms in collaboration with Indian companies. These Firms come out with low-priced new consumer products which leave on the upcoming Firms a telling blow from which some of them never recover.

Brand loyalty is a phenomenon which is fascinating. It has kindled the interest of both academicians and marketers especially in the West. Hundreds of studies concerning brand loyalty have been conducted throughout the world, most of them in the United States of America. It is rather very surprising to note that investigation of this very interesting aspect has not picked up momentum in this country. Of late, some major firms in the country have started realizing the importance of brand loyalty in marketing and have begun to give serious thought to its existence and the impact it produces on the market system on the whole.

In the West, this concept was wide open for deliberations and discussions, way back in the 1960's. There are few concepts in marketing which have so strong an impact on the marketing strategy of a company as brand loyalty. In India, people in most cities and towns have become brand conscious. The existence of brand loyalty among educated folks is a true phenomenon. The impact of advertising may not reach the masses to make them brand conscious, as the literacy level and the economic conditions prevailing in the country is low. Apart from this, the Indian consumer also experiences unfavourable conditions like irregular supply and out-of-stock situation. Despite these drawbacks, it is true that the Indian market especially among the

educated and city and town dwelling folks has become a major area for analyzing brand loyalty. On this ground the study of "brand loyalty" and "brand switching" in edible oil among educated housewives in Tamil Nadu has been undertaken.

In towns and cities of Tamil Nadu various brands of consumer goods are available. These goods may be found in almost every street, market place and co-operative super markets. Products like consumer durable are also advertised widely through different media like the television, radio, newspapers, magazines, cut-outs, displays, window displays and cinemas. Therefore, consumers are in the known of the existence of various products and brands. This atmosphere and knowledge ability of consumers relating to the availability of many consumer brands is necessary for studying the concept of brand loyalty and brand switching.

2. MEANING OF PERSONAL CARE PRODUCTS

Personal care products include the FMCG, which are fast moving in nature. It means the goods are frequently purchased by the consumers and use these products for their day to day to day life. The scale of the products is very fast compared to other products. Personal care products are broadly classified as Skin care products, Hair care products, Oral care products, Health care products. The researcher has selected the Skin care and Hair care products for the following study. This study includes four personal care products such as Toilet soap, Face cream, Hair oil and Shampoo.

The last few years had been a slog for the Indian Fast Moving Consumer Goods (FMCG) Industry especially the personal care products. But when Hindustan Lever Limited (HLL), the poster boy of this industry, posted a healthy double digit growth in both its top line as well as bottom line, it must have come as a great relief to the industry.

A host of factors have driven the growth of the sector in recent times. A robust economic growth, rising rural consumption and power pricing are some of the major factors behind the revival in fortune. The demand is not only coming from the urban areas but also from the rural areas with an increase in the rural buying power.

3. INNOVATION HOLDS THE KEY

Of late, the companies have begun to realize that if they have to beat the competition and gain an edge over competitors; innovation has to be the main weapon in their armory. And this innovation should not necessarily be confined to only products; it could be in other areas as well, like distribution. "Power Branding" is another strategy initiated by firms like HLL where the focus is on core products. Experts suggest that as margins head south-ward it makes sense for companies to concentrate on high value brands, which fetch higher margins and enjoy high brand recall among consumers rather than cross-subsidizing brands that fit into either "Dog" or "Question Mark" category of BCG Matrix.

4. REVIEW OF LITERATURE

Recent study or research on brand consciousness takes into account the real purchases attempted. **Jagadish N Sheth's** definition on brand loyalty is based on the factor analytic approach which relates to the frequency of purchases of a brand to patterns of these purchases. The consumer

behavior regarding the selection of one's favorite brand and its non-availability was examined by **Scott M Cunningham**. He also analyzed purchasing behavior regarding the number of brands purchased, and the percentage of money spent on most frequently purchased brands by using a brand-loyalty score. Relationship between brand loyalty and certain personality measures were observed in the Edwards test.

James M Carman was able to measure brand loyalty in some specific purchase made by consumers of certain brands during a set period of time. Brand consciousness is closely associated with the consumers' shopping pattern and the amount of money and time spent by consumers in shopping. There is also a close relationship between the amount spent on purchases, the brand last purchased, inter-purchase time and store loyalty.

Joseph W Newman and Richard A Werbal found that there exist a close relationship between brand loyalty and the satisfaction derived after using the particular brand purchased.

Edgar A Pessemier's approach to brand switching behavior was based on the price factor. He emphasized the fact that price increase in the most preferred brand, relative to the price of the other brands, is essential to induce brand switching behavior in consumers.

The role of advertisements in shaping one's image and perception of brands is well known. Many researchers have attempted to study the role of advertisement on brand loyalty. A successful advertisement must be able to transfer its distinctive image and appeal over to the brand. Simon tried to analyze the effect of advertising on brand sales.

5. STATEMENT OF THE PROBLEM

Today adults are extremely aware of the various brands in the market and are conscious of the product they use/consume. They pick and choose carefully according to their needs, style, preference etc. They only make final purchasing decision for the whole family. Today's adults are found to dominate the decision on cosmetics, personal care products, groceries and appliances. This is because they communicate and mingle with different classes of people and receive much information about the product and brands. Adults today are very keen about the brands as it also determine the personality indirectly. They are also exposed to many TV commercials, banners, advertisements, billboards, logos and product promotions. Through this study the researcher wishes to provide valuable insights to the marketer on the level of brand consciousness among adults. Further, the researcher also wishes to study what the consumer actually looking for in a branded product. By partnering in this ground breaking project, the researcher wishes to add the understanding of the consumer, particularly about the factors in purchasing decision.

6. OBJECTIVES OF THE STUDY

The following are the specific objectives of the study.

1. To study the level of brand consciousness among adults in Chennai city.
2. To study the awareness level, regarding the personal care products among adults in Chennai city.
3. To examine the brand loyalty and purchasing decision for the personal care products.
4. To measure the satisfaction level towards the brands and the factors there in.

7. SCOPE OF THE STUDY

Various studies had been conducted among the adults in various aspect including FMCG. Very few attempts were made on personal care products targeting the adults. Hence the researcher makes an attempt to study brand consciousness among adults in east part of Chennai. The current study is a overall effort to measure the brand awareness, purchasing decision, loyalty towards the brand and satisfaction level for a particular brand.

8. METHODOLOGY

A Research cannot be conducted abruptly. The researcher has to proceed systematically in the already planned direction with the help of number of steps in sequence. To make the research systemized, the researcher has to adopt specified methods. The method adopted by the researcher for completing the project is called Research Methodology. In other words Research Methodology is simply the plan for a research, which explains in detail how data is to be collected, analyzed and interpreted. A research design is purely and simply the framework or plan for a study that guides the collection and analysis of data. A research Design is a blueprint that is followed in completing study. The Research Design which is used in this study is "descriptive research design".

The descriptive study can be used to establish priorities in studying the complete explanation of the phenomenon. It helps in finding the problem in terms of problem definition and helps in clarifying concepts. The research instrument employed in this study is a "Structured Questionnaire". Structured Questionnaire are those questionnaire in which there are definite, concrete and predetermined questions relating to the aspect, for which the researcher collects the data. The questions are presented with exactly same wording and in the same order to all the respondents. The structured questionnaires that were framed and designed consist of close ended, rating and ranking questions and multiple choices questions.

9. TOOLS FOR DATA COLLECTION

Primary data are collected a fresh and for the first time and, thus, happened to be original in character. Primary data is nothing but the data directly collected from the people by the researcher. Primary data may pertain to demographic, socio-economic characteristics of the customers, attitudes and opinion of people, their awareness and knowledge and other similar aspect. In this study primary data collection method is adopted to a great extend in arriving at a result. The information relating to profile of the company has been gathered from various journals, books and other secondary sources. The internet, the richest sources of information has contributed largely to the secondary data collection.

10. SAMPLING SELECTION

Convenience sampling is used in this study. It is used when population elements are selected for inclusion in the sample based on the ease of access. Example, a fixed number of Shops was selected and interviews were conducted with the customers. At times this procedure may give biased results particularly when the population is not homogeneous. Pertaining to the limitation of the study, and in consultation with the company guide and the project guide, the sample size was taken 250 out of which only 240 were answered by the customers. The collected data are

analyzed through Chi-square test, One-way ANOVA, Pearson Correlation, Correlation analysis and Independent t-test.

11. LIMITATIONS OF THE STUDY

The study has the following constraints:

1. The samples cannot be generalized to the entire universe.
2. The study is conducted considering the prevailing condition, which are subjected to change in future.
3. There is a chance for the study to continue in future also.
4. Also a Less co-operation from the respondents.

12. ANALYSIS AND INTERPRETATION OF DATA

Every research studies the economic characteristics of the respondents which play a vital role. So, the study is not an exceptional one the socio-economic characteristics definitely influence the level of brand consciousness of any type of consumers. The researcher is very eager to know the socio economic conditions of the respondents like age, gender, income, education, occupation and the size of the family.

12.1 GENDER OF THE RESPONDENTS

Gender influences brand consciousness among the adults. The brand awareness, purchase decision, loyalty and the satisfaction level are influenced by the gender factor.

TABLE 1: Gender of the Respondents

Gender	Number of Respondents	Percentage	Valid Percentage	Cumulative Percent
Male	114	47.5	47.5	47.5
Female	126	52.5	52.5	100.0
Total	240	100.0	100.0	-

Source: Calculated from Primary Data

The table 1 reveals that 47.5% of the respondents belong to male category and the remaining 52.5% of the respondents belong to female category. Personal care products taken in this study is used by both the gender.

12.2 OCCUPATION OF THE RESPONDENTS

Occupation is one of the determinants of purchasing decision of the every consumer. Based upon their occupation the level of brand consciousness will differ. So the researcher attempts to know the occupation of the respondents.

TABLE 2: Occupational Status of the Respondents

Occupation	Number of Respondents	Percentage	Valid Percentage	Cumulative Percent
Students	60	25.0	25.0	25.0
Professionals	108	45.0	45.0	70.0
Housewives	21	8.8	8.8	78.8
Others	51	21.3	21.3	100.0
Total	240	100.0	100.0	-

Source: Calculated from Primary Data

It is revealed that 45% of the respondents are professionals, 25% belong to student category, 21% are from other groups and the remaining 8% is contributed by house wives. The personal care products used in this study is used by all the categories of the above occupation.

12.3 EDUCATIONAL QUALIFICATION OF THE RESPONDENTS

Education qualification of an individual plays a vital role in the buying behavior of any goods and sales. Based on their educational level, the level of brand consciousness will differ.

TABLE 3: Education of the Respondents

Educational Qualification	Number of Respondents	Percentage	Valid Percentage	Cumulative Percent
Upto HSC	54	22.5	22.5	22.5
Under Graduate	84	35.0	35.0	57.5
Post Graduate	72	30.0	30.0	87.5
Others	30	12.5	12.5	100.0
Total	240	100.0	100.0	-

Source: Calculated from Primary Data

It is inferred that most of the respondents (35%) covered in this study belong to the educational category of under graduation followed post graduation category (30%), about 22.5% belong to higher secondary education and the rest (12.5%) are from other category.

12.4 MONTHLY INCOME OF THE RESPONDENTS

The purchasing power of the consumer will be greatly influenced by the income level. More income group attracts to purchase the costlier product to maintain their status. And less income group mostly buy the cheaper product because of their less purchasing power.

TABLE 4: Monthly Income Of The Respondents

Monthly Income	Number of Respondents	Percentage	Valid Percentage	Cumulative Percent
Below Rs.10,000	36	15.0	15.0	15.0
Rs.10,000 – Rs.20,000	27	11.3	11.3	26.3
Rs.20,000 – Rs.40,000	102	42.5	42.5	68.8
Above Rs.40,000	75	31.3	31.3	100.0
Total	240	100.0	100.0	-

Source: Calculated from Primary Data

The study shows that most of the respondents (42.5%) belong to the income group of Rs.20,000 – Rs.40,000, 31.3% have an income above Rs.40,000 followed by 15% below the Rs.10,000 category and the rest 11.3% have an income ranging between Rs.10,000 – Rs.20,000.

TABLE 5: Relationship Between Income and The Purchasing Decision on Various Products

Null Hypothesis: There is no significant relation between the income and purchase decision made on different products

	Value	Degrees of Freedom	Asymp. Sig. (2 - Sided)
Pearson Chi-square	63.224	6	.000
Likelihood Ratio	64.508	6	.000

Linear-by-Linear Association	46.086	1	.000
Number of Valid Cases	240	-	-

Source: Calculated from Primary Data

It is inferred that most of the respondents who give importance to purchase personal care products fall under the income group of Rs.40,000 and above followed by 63 respondents in the income group Rs.20,000 – Rs.40,000, while 33 of them give importance to clothes in the same group. Since the significant value is .000, which is less than .05, the null hypothesis is rejected. And hence it is found that there is a significant relation between the income and purchase decision made on different products

TABLE 6: Income with Average Amount Spent

Monthly Income	Average Amount Spent			Total
	Below Rs.500	Rs.500 – Rs.1000	Above Rs.1000	
Upto Rs.10,000	12	18	6	36
Rs.10,000 to Rs.20,000	12	12	3	27
Rs.20,000 to Rs.40,000	18	27	27	102
Above Rs.40,000	57	21	27	75
Total	99	78	63	240

Source: Calculated from Primary Data

Null Hypothesis: *The average amount spent for personal care products is independent of the income.*

	Income	Average Amount Spent
Chi-square	60.900	14.925
Degrees of Freedom	3	2
Asymp. Sig.	.000	.001

It is inferred that most of the respondents fall under the income group of Rs.20,000 - Rs.40,000 spend an average amount of Rs.500 – Rs.1000 on personal care products followed by 27 respondents in the income group above Rs.40,000 spending less than Rs.500 on an average. Since the significant value is .001, which is less than .05, the null hypothesis is rejected. It is found that the average amount spent for personal care products is highly dependent on the income of the respondents.

TABLE 7: Relationship Between the Average Amount Spent on the Personal Care Products and the Frequency of Purchasing

Null Hypothesis: *There is no significant relationship between the average amount spend on personal care product and the frequency of purchase*

	Value	Degrees of Freedom	Asymp. Sig. (2 - Sided)
Pearson Chi-square	9.429	3	.045
Likelihood Ratio	9.499	4	.050
Linear-by-Linear Association	.018	1	.894
N of Valid Cases	240	-	-

Source: Calculated from Primary Data

The study shows that the frequency of purchasing is an impact of repeated purchase which is a result of brand satisfaction of the respondents. Since the significant value is .045, which is less

than .05, the null hypothesis is rejected, which means that there exist a significant relation between the average amount spent with the frequency of purchase. So it is concluded that the frequency of purchase will influence the average amount spent by the respondents.

TABLE 8: Relationship Between Gender and the Purchase of Branded Personal Care Products

Null Hypothesis: *Gender is independent of purchasing branded personal care products.*

	Value	Degrees of Freedom	Asymp. Sig. (2 - Sided)
Pearson Chi-square	.064	1	.800
Continuity Correction	.004	1	.948
Likelihood Ratio	.064	1	.800
Fisher's Exact Test	-	-	-
Linear-by-Linear Association	.064	1	.800
N of Valid Cases	240	-	-

Source: Calculated from Primary Data

It is inferred that 83% of the respondents are affected by brands while purchasing personal care products and it is also found that gender is not related with the purchase of branded personal care product. Since the significant value is .800, which is higher than .05, the null hypothesis is accepted. So it is clear from the study that gender does not influence the purchase of branded personal care product. Both the gender prefers to purchase a branded personal care product due to so many positive factors which prevail in the branded products.

TABLE 9: Relationship Between Age and the Purchase of Branded Personal Care Products

Null Hypothesis: *Purchase of branded personal care product is independent of age.*

	Value	Degrees of Freedom	Asymp. Sig. (2 - Sided)
Pearson Chi-Square	2.425	3	.489
Likelihood Ratio	2.217	3	.529
Linear-by-Linear Association	1.120	1	.290
N of Valid Cases	240		

Source: Calculated from Primary Data

Age is one of the important factors which influence the purchasing decision, brand loyalty and brand satisfaction and it may differ according to their education, income and occupation. This plays a vital role in brand consciousness among adults in personal care products. Since the significant value is .489, which is higher than .05, the null hypothesis is accepted. So it is inferred from the table that age does not influence purchasing branded personal care products.

TABLE 10: Various Sources of Brand Awareness for Personal Care Products

Awareness Sources	Opinion					Total
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
TV Advertisement	135	48	3	12	42	240
Newspaper & Magazines	15	63	72	75	15	240
Friends & Relatives	9	99	57	56	19	240
Retailers	39	51	60	45	45	240
Sales Promotion	57	90	4	35	54	240
Total	255	351	196	223	175	1200

Source: Calculated from Primary Data (Multiple Responses)

TABLE 11: Independent Samples Test - Gender and Awareness Through TV Advertisements

Null Hypothesis: The awareness of a branded personal care product through television advertisement is independent of gender.

Rank		Levene's Test for Equality of Variances (F)	Sig. .000	t-test for Equality of Means (t)	Degrees of Freedom	Sig. (2- tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Diff. (Lower)	Upper
		Eq.variances assumed	40.118	.000	4.223	238	.000	.81	.192	.432
Eq. variances not assumed			4.155	202.459	.000	.81	.195	.425	1.194	

Source: Calculated from Primary Data

It is inferred from the study that most of the respondents strongly agree that the awareness about the branded personal care product is through television advertisement, followed by the awareness through the retailers. The awareness level is created through the retailers when the respondents make the purchasing decision in the retail outlets. It is inferred that advertisement through television created a strong brand awareness which is followed by other sales promotion activities among the respondents. It is also found that there is a high degree of difference in the awareness of a brand through TV advertisements among the gender.

TABLE 12: Age and Advertisements Through TV Advertisements

Null Hypothesis: There is no significant relationship between age and brand awareness through television advertisement.

	Value	Degrees of Freedom	Asymp. Sig. (2 - Sided)
Pearson Chi-square	55.972	12	.000
Likelihood Ratio	69.703	12	.000
Linear-by-Linear Association	25.677	1	.000
N of Valid Cases	240	-	-

Source: Calculated from Primary Data

Television plays a vital role in creating awareness among the consumers. It reaches all kind of people irrespective of their education, income and age. The test has been carried out to find if there exists any significant relation between brand awareness through TV advertisement with different age group. Since the significant value is .000, which is higher than .05, the null hypothesis is accepted. That is, it is accepted that brand awareness through television advertisement is dependent of age.

Table 13: Level Of Brand Awareness for Personal Care Products

Factors	Opinion					Total
	Least	Rare	Occasional	Often	Mostly	
Free Gifts & Offers	6	9	81	93	51	240
Knowledge of Other Brands	3	45	45	87	60	240
Knowledge About Ingredients	18	42	93	18	69	240
Ability to Distinguish the Performance	21	54	10	71	54	210
Total	48	150	229	269	234	930

Source: Calculated from Primary Data (Multiple Responses)

Table 14: Education and Knowledge about Ingredients of the Personal Care Product

Null Hypothesis: There is no dependency between the knowledge about the ingredients of personal care products with education.

	Value	Degrees of Freedom	Asymp. Sig. (2 - Sided)
Pearson Chi-square	57.942	12	.000
Likelihood Ratio	61.685	12	.000
Linear-by-Linear Association	1.937	1	.164
N of Valid Cases	240	-	-

Source: Calculated from Primary Data

It is inferred that most of the respondents, i.e., about 69, were aware of the ingredients that are used in their branded personal care product, while 60 respondents are aware of other brands produced by the same manufacturer, which infers that they contribute towards the awareness about the branded personal care product. It is found that most of the respondents strongly agree that they are aware of the ingredients of their personal care product. And it is also found from the chi-square analysis, that there exists a strong relation between the education level and the Knowledge about Ingredients of the Personal Care Product because the significant value .000 is less than .05, which means that the null hypothesis is rejected.

Table 15: Age and Ability to Distinguish Between Brands

	Value	Degrees of Freedom	Asymp. Sig. (2 - Sided)
Pearson Chi-square	8.573	9	.478
Likelihood Ratio	8.597	9	.475
Linear-by-Linear Association	.060	1	.807
N of Valid Cases	240	-	-

Source: Calculated from Primary Data

Distinguishing between brands plays a vital role in purchase decision-making. That is, in today's competitive market, consumers have a choice in purchasing different brands available in the market, because he is the boss. This interested the researcher to make an analysis on the above with the age factor. However, the age may influence the ability to differentiate the brand available in the market. From the analysis, it is inferred that the ability to distinguish the performance of various brands is independent of age, since the significant value is .475 which is greater than .05, which means that null hypothesis is accepted.

TABLE 16: Frequency Analysis for Factors Influencing the Purchase of Branded Personal Care Products

Factors	Opinion					Total
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Price	31	34	15	66	94	240
Quality	189	39	4	3	5	240
Medical Implication	15	42	21	75	81	234
Brand Image	21	33	120	66	6	246
Purpose	114	33	60	21	12	240
Total	370	181	220	231	198	1200

Source: Calculated from Primary Data (Multiple Responses)

TABLE 17: Average Amount Spent on the Personal Care Product and Quality of The Brand
Null Hypothesis: *The average amount spent on branded personal care product is independent of quality.*

	Value	Degrees of Freedom	Asymp. Sig. (2 - Sided)
Pearson Chi-square	12.519	6	0.041
Likelihood Ratio	16.083	6	.013
Linear-by-Linear Association	.053	1	.818
No. of Valid Cases	240	-	-

Source: Calculated from Primary Data

It is inferred that most of the respondents strongly agree that quality is the most influencing factor for the purchase of branded personal care products, which is followed by 114 respondents stating purpose as their influencing factor. The other factors which contributes in the purchasing decisions are in the order of price with 31 respondents, brand image with 21 and medical implication with the rest. Most of the respondents agree that they are influenced by the quality of the brand and it is inferred that there is a significant relationship between the qualities of the brand with the average amount spent on the personal care product.

TABLE 18: Influence of Purpose of Purchase of Personal Care Brand with the Average Amount Spent on Them

Null Hypothesis: *The average amount spent on the branded personal care products is independent of the purpose of purchase of the personal care product.*

	Value	Degrees of Freedom	Asymp. Sig. (2 - Sided)
Pearson Chi-square	20.351	8	.009
Likelihood Ratio	27.317	8	.001
Linear-by-Linear Association	5.375	1	.020
No. of Valid Cases	240	-	-

Source: Calculated from Primary Data

It is inferred that 47.5% of the respondents are influenced by the purpose of the personal care product. Since the significant value .009 is less than .05, the null hypothesis is rejected. This shows that there exists a significant relation between the average amounts spent on personal care product with the purpose of the purchase.

TABLE 19: Factors Influencing the Purchasing Decision of Personal Care Products

Factors	Opinion					Total
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Novelty	100	132	6	30	12	280
Availability	24	68	10	66	72	240
Offers and Gifts	45	69	87	27	12	240
Estimation of Quality	123	78	24	12	3	240
Influence of Family & Friends	60	65	30	30	15	200
Total	352	412	157	165	114	1200

Source: Calculated from Primary Data (Multiple Responses)

TABLE 20: Gender and Purchase Decision Based on the Novelty of the Personal Care Product

Null Hypothesis: *Purchasing decision based on the novelty of a brand is independent of gender.*

	Value	Degrees of Freedom	Asymp. Sig. (2 - Sided)
Pearson Chi-square	2.096	3	.553
Likelihood Ratio	2.098	3	.552
Linear-by-Linear Association	.998	1	.318
No. of Valid Cases	240	-	-

Source: Calculated from Primary Data

It is inferred that the estimation of quality plays a vital role in purchasing decision of the personal care products, followed by the factor novelty of the branded personal care product. The other influencing factors are in the order as offers and gifts provided by the manufacturer, influence of friends and relatives through their word of mouth and the availability of the product in the preferred shop. It is found that 55% of the respondents agree that novelty of the product plays a vital role in purchasing personal care products. Since the significant value is .553, which is greater than .05, the null hypothesis is accepted. So it is inferred that purchasing decision based on the novelty of the brand is independent of gender.

TABLE 21: Education and Influence of Estimation of Quality in Purchasing Decision

Null Hypothesis: *Education does not play a vital role in estimating the quality of a personal care product brand before purchasing.*

	Value	Degrees of Freedom	Asymp. Sig. (2 - Sided)
Pearson Chi-square	29.596	12	.003
Likelihood Ratio	31.397	12	.002
Linear-by-Linear Association	1.017	1	.313
No. of Valid Cases	240	-	-

Source: Calculated from Primary Data

Most of the respondents strongly agree that estimation of quality of a brand is essential in purchasing a personal care product. Since the significant value is .003, which is less than .05, the null hypothesis is rejected and hence it is inferred that education play a vital role in estimating the quality of a branded personal care product before purchasing.

TABLE 22: Factors Influencing Brand Loyalty Towards Personal Care Products

Factors	Opinion					Total
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Product Performance	141	60	3	15	21	240
Attitude of Customer About a Brand	33	65	40	84	18	240
Feel of Pride	15	27	15	108	75	240
Frequency of Purchase	6	9	30	78	117	240
Total	195	161	88	285	231	960

Source: Calculated from Primary Data (Multiple Responses)

TABLE 23: Influence of Product Performance in Brand Loyalty Among Different Age Groups**Null Hypothesis:** Product performance does not influence brand loyalty among different age groups.

	Value	Degrees of Freedom	Asymp. Sig. (2 - Sided)
Pearson Chi-square	15.020	9	.090
Likelihood Ratio	14.881	9	.094
Linear-by-Linear Association	.014	1	.907
No. of Valid Cases	240	-	-

Source: Calculated from Primary Data

It is found that product performance is the most influencing factor towards brand loyalty for a personal care product. And this is followed by the attitude of the customers about the brand, feel of pride about the brand and the frequency of purchase of the product. Most of the respondents are influenced by product performance for their brand loyalty and it is also inferred that product performance does not influence brand loyalty among different age groups. Since the significant value is .090, which is greater than .05, the null hypothesis is accepted and hence it is inferred that product performance does not influence brand loyalty among different age groups

TABLE 24: Influence of Quality in Brand Shift and Age**Null Hypothesis:** Gender is independent of brand shift due to change in the quality of the personal care product.

	Value	Degrees of Freedom	Asymp. Sig. (2 - Sided)
Pearson Chi-square	.000	1	.982
Continuity Correction	.000	1	1.000
Likelihood Ratio	.000	1	.982
Linear-by-Linear Association	.000	1	.982
No. of Valid Cases	240	-	-

Source: Calculated from Primary Data

It is inferred that 35% of the respondents have shifted their brands and it is also found that gender is independent of brand shift due to change in the quality of personal care products. Since the significant value is .982, which is greater than .05, the null hypothesis is accepted and hence it is inferred that Gender is independent of brand shift due to change in the quality of the personal care product.

TABLE 25: Correlations Analysis - Influence of Purpose Satisfaction Towards Brand Loyalty With the Age

		Age	Satisfaction
Age	Pearson Correlation	1	.096
	Sig. (2 - tailed)	-	.138
	N	240	240
Satisfaction	Pearson Correlation	.096	1
	Sig. (2 - tailed)	.138	-
	N	240	240

Source: Calculated from Primary Data

The purpose of purchasing a particular brand of personal care product, if satisfied will lead to the frequent purchasing of that brand which is an indication of brand loyalty towards that particular brand, irrespective of age. Here the researcher tries to find if there exists any significant

relationship between the age and the purpose satisfaction towards brand loyalty. The study shows that there is no strong relation between the age and the purpose of purchasing a personal care product towards brand loyalty.

TABLE 26: Significance of the Income Towards Brand Satisfaction

Null Hypothesis: *There exists no significant difference between the income and the brand satisfaction.*

		Sum of Squares	Degrees of Freedom	Mean Square	F	Sig.
Satisfaction	Between Gp.	9.440	3	3.147	4.253	.000
	Within Gp.	144.123	236	.611		
	Total	153.563	239	-		
Quality of Brand	Between Gp.	3.070	3	1.023	.853	.466
	Within Gp.	283.093	236	1.200		
	Total	286.162	239	-		
Price to Quality	Between Gp.	10.142	3	3.381	3.118	.027
	Within Gp.	255.920	236	1.084		
	Total	266.063	239	-		
Performance Discrimination	Between Gp.	52.706	3	17.569	13.292	.002
	Within Gp.	311.944	236	1.322		
	Total	364.650	239	-		
Recommend Personal Care Products	Between Gp.	5.507	3	1.836	1.653	.178
	Within Gp.	262.093	236	1.111		
	Total	267.600	239	-		

Source: Calculated from Primary Data

From the above table it is inferred that factors which influences the satisfaction level towards a brand are purpose satisfaction of the personal care product, quality, price which is proportionate to the quality, performance discrimination between the brands and the willingness to recommend the brand to others. Since the significant values are less than .05, it is inferred from the table that there is a significant difference between different income groups with the purpose satisfaction of the brand, performance discrimination and price proportionate to quality which leads to brand satisfaction while quality of the brand and the willingness to recommend the brand to others are not significant with income level of the respondents.

TABLE 27: Significance of Education Towards Brand Satisfaction

Null Hypothesis: *There is no significant difference among different educational category towards the brand satisfaction.*

		Sum of Squares	Degrees of Freedom	Mean Square	F	Sig.
Satisfaction	Between Gp.	2.745	3	.915	1.432	.234
	Within Gp.	150.818	236	.639		
	Total	153.562	239	-		
Quality of Brand	Between Gp.	35.868	3	11.956	11.273	.000
	Within Gp.	250.294	236	1.061		
	Total	286.163	239	-		
Price to Quality	Between Gp.	2.691	3	.897	.804	.493
	Within Gp.	263.371	236	1.116		
	Total	266.062	239	-		

Performance Discrimination	Between Gp.	7.856	3	2.619	1.732	.161
	Within Gp.	356.794	236	1.512		
	Total	364.650	239			
Recommend Personal Care Products	Between Gp.	3.692	3	1.231	1.100	.350
	Within Gp.	263.908	236	1.118		
	Total	267.600	239			

Source: Calculated from Primary Data

Education plays a vital role in choosing a quality brand and the ability to distinguish the performance of their brand for an effective brand satisfaction. From the table it is found that the significant value for the quality of the brand is .000, hence it is inferred that the null hypothesis is rejected and it shows that there is a significant difference between education level and quality of the brand which act as a factor for brand satisfaction, while the other factors such a purpose of purchase, price proportionate to quality, discrimination from other brands and willingness to recommend the brand to others are not significant as the significant values are greater than .05. Hence null hypothesis is accepted and it is inferred that there is no significant relationship between the educational level and the level of satisfaction.

13. SUGGESTIONS

1. Most of the respondents are influenced by the quality of the personal care products. So the personal care product company's could improve the quality continuously so as to dominate the market.
2. The companies can adopt a pricing policy that is proportionate to the quality in order to increase the satisfaction level.
3. Advertisement is the only window which can open up the knowledge of a product to the consumers. To create brand consciousness among the consumers the level of awareness has to be increased. Since television is the most reachable media, companies can concentrate advertising through this media.
4. As the respondents are keen about the ingredients, the personal care product companies can add additional information about their products in various dimensions.
5. The companies could try implementing innovativeness in their products so that they can satisfy the consumers who look for novelty in their products.
6. Company's brand image has to be improved to increase the brand loyalty among consumers.
7. Most of the respondents adhere to a particular brand for a period of 6 months to 1 year. The companies can focus on this segment to make them loyal to their brand.
8. The companies could also check the availability of the brand frequently, so that they don't run out of the market.
9. The product has to satisfy the purpose of buying so that the brand satisfaction could be easily attained.

14. CONCLUSION



Consumer is the king; producer has to manufacture the goods and services according to the preference of the consumer who is considered to be a Boss. The consumer satisfaction achieves not only the survival of the product but also would lead to become a market leader. So before manufacturing the product, the manufacturer has to understand the need and preference of the consumer through various sources. The above study revealed the awareness level about the personal care products among the respondents, factors influencing the purchasing decision, brand loyalty and the satisfaction.

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A Study on Consumer Perception Towards the Neem Products with Special Reference to Sivakasi Taluk

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Abstract

Consumers are not having the awareness about the neem products its utility and unique features. Hence, they do not purchase neem product. As a result there is, lesser market scope for the marketers of neem products. This makes a cause for poor production. Also, the needs of consumers towards the usage of the products are many. They need neem as multi- purpose products. But, neem products do not give the benefits as desired by consumers. Regarding the production of neem products the producers are facing the problem of procuring finance, followed by marketing quality management, purchase of raw materials and labour.

Sivakasi is the area in which the researcher deals with the perception of the customers towards the neem products, namely, neem oil, soap, medicines. In order to analyze the attitude of the customers of neem products and potential customers 100 respondents were administered with a well structured schedule.

Key words: multi- purpose products, quality management, credit management, medicinal properties.

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1. INTRODUCTION

“INDRA” the king of Gods, was returning to his kingdom with the pot of “Amirtham” (the divine nectar) which he had recovered from the devils after a hard-fought battle. May be, he was tired may be careless or may be, he did it purposely for a few drops of the pot’s contents split over a neem tree. From that day onwards the neem tree had virtuous qualities for curing diseases. Of course, this is mythology. However, neem is a wonderful tree for millions of Indians who use its parts for various uses in: health care, medicines and agriculture. And this is no myth.

Neem tree is native to India and Myanmar. Neem history dates back to Harappa Mohen-Jodaro civilizations in India where the medicinal properties and its use in household things began. India was number one in importing the medicine. When Julius Caesar established the Roman Empire, a public complaint was issued by Pliny the Elder against the volume of export and drainage of Roman gold to India owing to this. So when the early explorers came to India for trade, they compiled all the Indian medicines and brought back to their countries. Neem leaves make very good fodder containing 12-18% crude protein and hence is preferred by goats and sheep. Neem gives wood, medicines, lubricants, gums, fertilizers, and pesticides. The neem oil is effective in treatment of leprosy, stomach, ulcer, worm, infection, rheumatism, and skin diseases face creams, hair lotion, medicated soaps, tooth paste, disinfectants and contraceptives etc.. Neem leaves mixed grains to repel insects and pests, leaves placed in books and woolen materials are repel sermin. The compound extracted from neem bark and seed is equivalent to quinine in its anti malarial activity. The paper analyzed that the consumers perception towards the neem products in Sivakasi taluk.

2. STATEMENT OF THE PROBLEM

Consumers are not having the awareness about the neem products its utility and unique features. Hence, they do not purchase more. As a result, there is lesser market scope for the marketers of neem products. This makes a cause for poor production. Also the needs of consumers towards the usage of the products are many. They need neem as multi- purpose products. But neem products do not give the benefits like this. Regarding the production of neem products, the producers are facing the problem of procuring finance, followed by marketing quality management, purchase of raw materials and labour. Finance is the life blood of any business organization.

The banker does not know the significance of neem product producing industry. Also, the problem of credit management is due to shortage of finance. So, most of the consumers and potential consumers are not having the awareness about neem products, since their consumption is lower. The products are also not up to the expectation of the customers; the marketing of the products faces several problems. The neem seeds may not be available throughout the year. There is also a chance of diminishing the quality of neem oil due to lower quality neem needs. Hence, there is a problem in quality management and procurement of raw materials.

In the case of manufacturing of soap the irritating smell of neem oil and other chemicals during production and irritating effect of fire, the laborers hesitate to work in the factory. The absence of job security, offering of lower wages for the work and lack of offering monetary motivation to the workers also cause them not to work with the sense of dedication and devotion. This makes the

technical's labourers absent themselves. Hence, the labour problem occurs in the manufacturing of soap units

3. SCOPE OF THE STUDY

The products from neem are many viz., neem oil, husk, soap, insecticides, fungicides, medicines, wooden furniture, tooth paste and tooth powder etc., The present study has been made to analyse the customer perception towards the neem oil, soap and medicines (for human being in Sivakasi taluk.

3.1 OBJECTIVES OF THE STUDY

The study has been undertaken with the following objectives.

1. To know the historical background of the neem products
2. To identify the problems and to solve them.
3. To know the growth and prospective of Neem Products in Sivakasi Taluk
4. To analyse the opinion of the customers towards neem products.
5. To offer suitable suggestions based upon the findings of the present study.

3.2 HYPOTHESES

The analysis of the study has been preceded with the following set of hypotheses.

1. Educational status of the customers influences the level of awareness about neem products.
2. An association prevails between the purpose of consuming neem oil and types of customers.
3. Relationship exists between the place of purchase and the type of customers.

3.3 METHODOLOGY

The study is descriptive and analytical in nature. Primary data have been collected and the research problem and interview schedule have been formulated and administered suitably.

3.4 SAMPLING DESIGN

There is no record anywhere to know the population who use neem products as customers. However the researcher visited all the places in Sivakasi taluk and identified various customers who use neem products for interviewing them. Since the population of customers and potential customers are infinite, purposive sampling technique has been made by contacting 100 respondents to represent the population.

4. LIMITATIONS OF THE STUDY

The study is subjected to the following limitations:

1. It gives incorrect recording and also be the respondents faulty perception, faculty memory inability to articulate etc.,
2. The study was only for limited sample and not for the whole population.
3. The size of the sample preferred for contacting the customers is low due to the time and cost. However, an earnest attempt has been the sample as a representative of all the places.

4. The next limitation of the study relates to qualitative nature of the responses which are measurable by scoring or ranking or assigning weights, this measurements is limited to the analysis of the data.
5. Since, the sizeable number of respondents is not maintaining accounts systematically the turnover details collected may have unavoidable, inherent errors like lack of consistency among various sample and uniformity of data. However, the researcher took utmost care to obtain data from the respondents correctly.

6. ANALYSIS AND INTERPRETATION

Sivakasi is the area in which the researcher deals with the perception of the customers towards the neem products, namely, neem oil, soap, medicines. In order to analyze the attitude of the customers of neem products and potential customers 100 respondents were administered with a well structured schedule.

6.1. AGE WISE CLASSIFICATION

In order to study the age group of the respondents in the study area, the following table shows the group of consumers.

TABLE 1: Age-wise Analysis

S.NO	AGE	RESPONDENTS	PERCENTAGE
1	Less than10	13	13.0
2	11 to 20	16	16.0
3	20 to 30	21	21.0
4	30 to 40	15	15.0
5	40 to 50	18	18.0
6	50 to 60	7	7.0
7	Above 60	10	10.0
Total		100	100

Source: Primary Data

It is well known fact from the above table that out of 100 respondents, 13 respondents (13 per cent) are in the age group of less than10 years, 16 respondents (16 per cent) are in the age group of 11 to 20 years, 21 respondents (21 per cent) are in the age group of 20 to 30 years, 15 respondents (15 per cent) are in the age group of 30 to 40 years, 18 respondents (18 per cent) are in the age group of 40 to 50 years. 7 respondents (7 per cent) are in the age group of 50 to 60 years and 10 respondents (10per cent) are in the age group of above 60 years.

Inference:

So, it can be clearly inferred that nearly (21 per cent) of the respondents belong to the age group of 30 to 40 years.

6.2. QUALIFICATIONS OF THE RESPONDENTS:

For the purpose of customer evaluation the researcher has studied the educational level of respondents and it is given in table 2.

TABLE 2: Qualifications of the Respondents

S.NO	QUALIFICATIONS	RESPONDENTS	PER CENTAGE
1	Illiterate	13	13.0
2	Primary school level	29	29.0
3	Higher secondary level	18	18.0
4	Under graduate	10	10.0
5	Post graduate	19	19.0
6	Professional	7	7.0
7	Others specify	4	4.0
Total		100	100.0

Source: Primary Data

It is inferred that out of 100 respondents, 29 percent of the respondents are primary school level, 18 per cent of the respondents are higher school level, 10 per cent of the respondents are at under graduate, 9 per cent of the respondents are at post graduate and 7 per cent of the respondents are at professional and the remaining 13 per cent are illiterate. Majority of the respondents are with primary school level literacy.

6.3. MARITAL STATUS OF THE RESPONDENTS:

The respondents of the study were analyzed in regard to their marital status and the result has been quantified in the following table.

TABLE 3: Martial Status of the Respondents

S.NO	MARTIAL	RESPONDENTS	PER CENTAGE
1	Unmarried	34	34.0
2	Married	49	49.0
3	Divorced	6	6.0
4	Separated	6	6.0
5	Widowed	5	5.0
Total		100	100.0

Source: Primary Data

Table 3 explains that out of 100 respondents, 34 (34 per cent) respondents are unmarried; 49 respondents (49 per cent) are married; 6 respondents (6 per cent) are divorced; 6 respondents (6 per cent) are separated and the remaining 5 (5 per cent) respondents are widowed. It is a lucid study that majority of the respondents are married.

6.4. CROSS TABULATION BETWEEN THE OPINION OF BEING AN INCOME EARNER AND AWARENESS ABOUT THE NEEM PRODUCTS

TABLE 4: Cross Tabulation between the Opinion of Being an Income Earner and Awareness about the Neem Products

S.NO	PARTICULARS	AWARE ABOUT THE NEEM PRODUCT		TOTAL
1	Yes	51	12	63
2	No	27	10	37
Total		78	22	100

Source: primary data

Among the 78 respondents who are aware of the neem products 51 are income earners and the rest of the 27 respondent's non income earners. Among the 78 respondents of them are not aware of the neem products, 12 were income earners and the rest of the 10 respondent's non income earners.

Chi-Square Test

	VALUE	DF	SIG.
Pearson Chi-Square	.865	1	.352
Continuity Correction(a)	.462	1	.497
Likelihood Ratio	.850	1	.357
Fisher's Exact Test			
Linear-by-Linear Association	.856	1	.355
N of Valid Cases	100		

Hypothesis: H₀ – There is no association between the opinion of being an earning member and awareness about the neem product at 5%.

The significance of Chi-Square is more than 0.05, the null hypothesis is accepted and it is concluded that there is no association between the opinion of being an earning member and awareness about the neem product at 5%.

6.5. AWARE ABOUT THE NEEM PRODUCT

After becoming aware of the products, the customers will take the purchase decision in the following table.

TABLE 5: Aware About the Neem Products

S.NO	PARTICULARS	RESPONDENTS	PER CENTAGE
1	Yes	78	78.0
2	No	22	22.0
Total		100	100.0

Source: Primary Data

Table 5 explains that out of 100 respondents 78 (78 per cent) respondents are aware the neem products and 22 (22 percent) respondents are not aware the neem products.

6.6. Consumption of Neem Products:

An attempt has been made to know how many customers aware of neem products is explained in the following table.

TABLE 6: Consumption of Neem Products

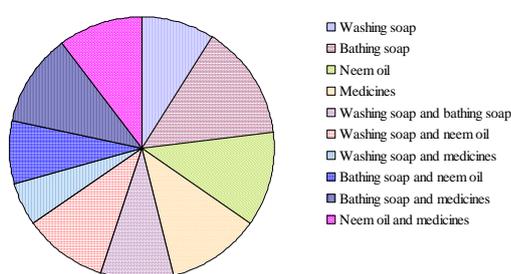
S.NO	CONSUMPTION	RESPONDENTS	PER CENTAGE
1	Washing soap	7	08.97
2	Bathing soap	11	14.10
3	Neem oil	9	11.54
4	Medicines	9	11.59
5	Washing soap and bathing soap	7	08.97
6	Washing soap and neem oil	8	10.26

7	Washing soap and medicines	4	05.13
8	Bathing soap and neem oil	6	07.69
9	Bathing soap and medicines	9	11.59
10	Neem oil and medicines	8	10.26
Total		78	100.0

Source: Primary Data

It is clear from the above table 6 that the majority of the consumers have awared of the neem products. The above information are displayed in figure.1

FIGURE 1
CONSUMPTION OF NEEM PRODUCTS



6.7. The Products Buy Which Personally Use

The product used among respondents, the following table exhibits the neem products which are personally used by the respondents:

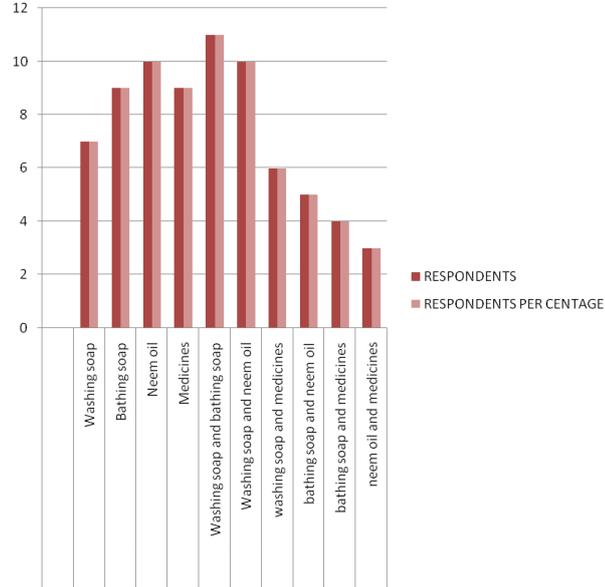
TABLE 7: The Products Which Personally Used by Respondents

S.NO	PARTICULARS	RESPONDENTS	PER CENTAGE
1	Washing soap	7	9.46
2	Bathing soap	9	12.17
3	Neem oil	10	7.80
4	Medicines	9	12.17
5	Washing soap and bathing soap	11	14.87
6	Washing soap and neem oil	10	7.80
7	Washing soap and medicines	6	8.17
8	Bathing soap and neem oil	5	6.76
9	Bathing soap and medicines	4	5.41
10	Neem oil and medicines	3	4.05
Total		74	100.0

Source: Primary Data

It is noted from the above table that the majority of the respondents are buying the neem products for their personal use. The above information is displayed in figure 2.

FIGURE 2: THE PRODUCTS WHICH PERSONALLY USED RESPONDENTS



6.8. MEDIUM FOR CREATING AWARENESS:

Advertisement makes people to have awareness, interest, desire and intention to purchase the products. A further attempt has been made to know which medium is followed by customers for conveying messages. The following table presents the response of customers about the effective medium.

TABLE 8: Medium for Disseminating Awareness

S.NO	MEDIUM	RESPONDENTS	PERCENTAGE
1	Television	34	34.0
2	Film Advertisement	18	18.0
3	Point of Purchase Advertisement	7	7.0
4	Display of the shop	10	10.0
5	Printed advertisement on the wall	8	8.0
6	Radio	11	11.0
7	Press	6	6.0
8	Wall poster	6	6.0
Total		100	100.0

Source: Primary Data

It is clear from the above table 8 that most of the respondents (34 per cent) are using Television, Film advertisement (18 per cent), Point of purchase advertisement (7 per cent), Display of the shop (10 per cent), Printed advertisement on the wall (8 per cent), Radio (11 per cent), Press (6 per cent) and Wall poster (6 per cent).

6.9. ANOVA BETWEEN AGE OF THE RESPONDENTS AND FACTORS PROMPT TO BUYING NEEM PRODUCTS FROM THE PARTICULAR SHOP

TABLE 9: Factors Prompt to Buy Neem Products From a Particular Shop

Factors prompt	Source of variation	Sum of squares	Df	Mean square	F	Sig.
Proximity	Between Groups	18.603	6	3.100	1.177	.325#
	Within Groups	244.957	93	2.634		
	Total	263.560	99			
Credit facilities	Between Groups	4.127	6	.688	.229	.966#
	Within Groups	279.873	93	3.009		
	Total	284.000	99			
Reliability	Between Groups	6.402	6	1.067	.328	.920#
	Within Groups	302.158	93	3.249		
	Total	308.560	99			
Reasonable price	Between Groups	4.693	6	.782	.240	.962#
	Within Groups	303.547	93	3.264		
	Total	308.240	99			
Better treatment	Between Groups	23.343	6	3.890	1.438	.209#
	Within Groups	251.647	93	2.706		
	Total	274.990	99			
Self services	Between Groups	8.430	6	1.405	.545	.772#
	Within Groups	239.570	93	2.576		
	Total	248.000	99			

H_0 accepted at 5%

Hypothesis: H_0 - The factors that prompt to buy neem products from a particular shop do not vary with the age of the respondents at 5%.

The significance of 'F' is more than 0.05 for the factors Proximity, Credit facilities, Reliability, Reasonable price, better treatment, and self services. So, the null hypothesis is accepted and it is concluded that for the factors such as Proximity, Credit facilities, Reliability, Reasonable price, better treatment, and self services do not vary with the education of the respondents at 5%.

6.10. SOURCES OF NEEM PRODUCTS

The respondents of the study were from method of purchase namely, sarvodya shop, siddha store and others are presented in table 10

TABLE 10: Sources of Neem Products

S.NO	PURCHASE	RESPONDENTS	PER CENTAGE
1	Sarvodya Shop	63	63.0
2	Siddha store	35	35.0
3	Both	2	2.0
Total		100	100.0

Source: Primary Data



It is inferred from the above table shows that out of 100 respondents, 63 respondents (63 per cent) are purchasing sarvodya shop, 35 respondents (35 per cent) are purchasing siddha store and 2 respondents (2 per cent) are purchasing both. The majority of the consumers are purchasing neem products in the sarvodaya shop.

6.11. USE OF BATHING MATERIAL

The respondents of the study were from use of neem products namely, soap, shampoo, shikakai etc., The following table reveals the opinion of the consumers are using the neem products as bathing material.

TABLE 11: Use of Bathing Material

S.NO	USE	RESPONDENTS	PERCENTAGE
1	Soap	42	42.0
2	Shampoo	26	26.0
3	Shikakai	29	29.0
4	Others	3	3.0
Total		100	100.0

Source: Primary Data

Table 11 explains that the neem products specially bathing materials are used in the study area. The above information are displayed in figure.3

FIGURE 3

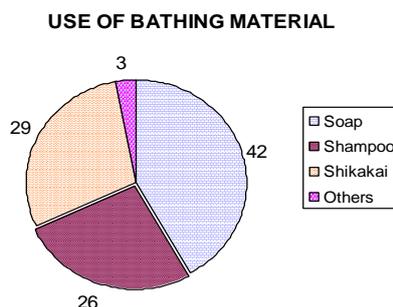


TABLE 12: Factor Analysis

Factor analysis		Not at all influenced	Not much	Influenced	Fairly influenced	Highly influenced
Guidelines of doctors	Count	24	28	15	14	19
	%	24.0%	28.0%	15.0%	14.0%	19.0%
Convenient purchases	Count	18	29	14	17	22
	%	18.0%	29.0%	14.0%	17.0%	22.0%
Previous experience on curative effects	Count	20	26	17	15	22
	%	20.0%	26.0%	17.0%	15.0%	22.0%
Economy	Count	17	29	15	15	24
	%	17.0%	29.0%	15.0%	15.0%	24.0%
Instant effect	Count	18	32	13	12	25

	%	18.0%	32.0%	13.0%	12.0%	25.0%
Botherisatainn about side effect	Count	17	34	12	12	25
	%	17.0%	34.0%	12.0%	12.0%	25.0%
Expiry date of the medicine	Count	16	30	16	11	27
	%	16.0%	30.0%	16.0%	11.0%	27.0%
Chemical content of the medicine	Count	23	28	12	15	22
	%	23.0%	28.0%	12.0%	15.0%	22.0%
Quality of the medicine	Count	18	30	14	15	23
	%	18.0%	30.0%	14.0%	15.0%	23.0%
Price of the medicine	Count	14	37	17	12	20
	%	14.0%	37.0%	17.0%	12.0%	20.0%
Popular of the medicine	Count	13	35	16	10	26
	%	13.0%	35.0%	16.0%	10.0%	26.0%
Past experience of the company	Count	15	32	18	12	23
	%	15.0%	32.0%	18.0%	12.0%	23.0%
Information from the consumed persons	Count	21	32	16	12	19
	%	21.0%	32.0%	16.0%	12.0%	19.0%
Consistence provide by the company	Count	18	34	17	10	21
	%	18.0%	34.0%	17.0%	10.0%	21.0%

TABLE 13: Descriptive Statistics

PARTICULARS	MEAN	STD. DEVIATION	ANALYSIS N
Guidelines of doctors	2.7600	1.45032	100
Convenient purchases	2.9600	1.44194	100
Previous experience on curative effects	2.9300	1.45126	100
Economy	3.0000	1.44949	100
Instant effect	2.9400	1.47587	100
Botherisataion about side effect	2.9400	1.46901	100
Expiry date of the medicine	3.0300	1.46649	100
Chemical content of the medicine	2.8500	1.49325	100
Quality of the medicine	2.9500	1.45210	100
Price of the medicine	2.8700	1.36074	100
Popular of the medicine	3.0100	1.42485	100
Past experience of the company	2.9600	1.40648	100
Information from the consumed persons	2.7600	1.41507	100
Consistence provide by the company	2.8200	1.40978	100

Factor analysis of variables considered before buying medicines

The opinions about the 14 variables considered before buying medicines were subjected to factor analysis to ascertain the important ones. As a first step Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test of Sphericity were conducted and the results are show in the table below.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.802
Bartlett's Test of Sphericity	Approx. Chi-Square	115.271
	df	91
	Sig.	.044

Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) is .802. This means the sample size is adequate. Bartlett test of Sphericity is a statistical test for the presence of correlations among the variables and it clearly shows that the test static chi-square is significant as it is less than 0.05.

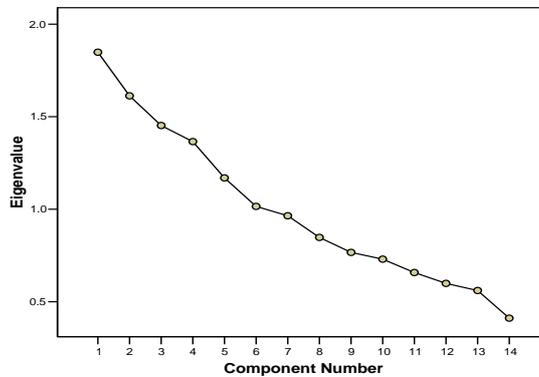
TABLE 14: Total Variance Explained

COMPONENT	ROTATION SUMS OF SQUARED LOADINGS		
	TOTAL	% OF VARIANCE	CUMULATIVE %
1	1.631	21.653	21.653
2	1.600	21.432	43.085
3	1.410	10.074	53.158
4	1.386	9.902	63.060
5	1.234	8.817	71.878
6	1.200	8.571	80.449

The factors Extracted by Principal Component Analysis Method are able to explain 80.449% of variance.

CHART 1

Scree Plot



The below framed table shows that 6 factor components were extracted as the points have Eigen values more than 1.

TABLE 15: Rotated Component Matrix

	COMPONENT					
	FACTOR 1	FACTOR 2	FACTOR 3	FACTOR 4	FACTOR 5	FACTOR 6
Economy	.771	.077	-.094	.045	.103	-.113

Information from the consumed persons	-.565	.266	.064	.122	.306	.094
Chemical content of the medicine	.480	-.133	.205	-.086	.045	.445
Quality of the medicine	.226	.691	-.052	.086	.075	-.121
Expiry date of the medicine	.281	.682	-.049	.147	.092	.009
Price of the medicine	-.176	.583	.001	-.274	.149	-.333
Botherisataion about side effect	.114	.000	.807	-.055	.117	.119
Convenient purchases	.212	-.025	-.797	-.019	.048	.200
Previous experience on curative effects	-.033	.158	.136	.696	-.204	-.251
Guidelines of doctors	-.101	-.132	-.035	.636	.225	-.385
Past experience of the company	-.051	.351	.155	.589	-.287	.065
Popular of the medicine	-.256	-.201	-.091	-.102	-.708	.105
Consistence provide by the company	-.374	-.126	.008	.055	.633	.104
Instant effect	-.221	.051	-.110	.080	.009	.750

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. A Rotation converged in 3 iterations.

TABLE 15.1: Variables Loaded on Factor One- Economy

Variables loaded	Factor loading
Economy	.771
Information from the consumers	-.565
Chemical content of the medicine	.480

Factor one is loaded by 3 variables. The factor is named as Economy.

TABLE 15.2: Variables Loaded on Factor Two- Quality

Variables loaded	Factor loading
Quality of the medicine	.691
Expiry date of the medicine	.682
Price of the medicine	.583

Factor two is loaded by 3 variables. The factor is named as quality and expiry date.

TABLE 15.3: Variables Loaded on Factor Three- Side Effect

Variables loaded	Factor loading
Botherisataion about side effect	.807
Convenient purchases	.797

Factor three is loaded by 2 variables. The factor is named as bothering about side effect.

TABLE 15.4: Variables Loaded on Factor Four- Curative Effects

Variables loaded	Factor loading
Previous experience on curative effects	.696
Guidelines of doctors	.636
Past experience of the company	.589

Factor four is loaded by 3 variables. The factor is named as experience on curative effects and Guidelines of doctors.

TABLE 15.5: Variables Loaded on Factor Five-Popular

Variables loaded	Factor loading
Popularity of the medicine	.708
Consistency of the product	.633

Factor five is loaded by 2 variables. The factor is named as Popularity of the medicine.

TABLE 15.6: Variables Loaded on Factor Six- Instant Effect.

Variables loaded	Factor loading
Instant effect	.750

Factor six is loaded by 1 variable. The factor is named as Instant effect.

Satisfaction of Neem Products

The respondents of the study were from satisfaction in the given table below.

TABLE 16: Satisfaction of Respondents

S.NO	SATISFACTION	RESPONDENTS	PER CENTAGE
1	Yes	97	97.0
2	No	3	3.0
Total		100	100.0

Source: Primary Data

It is well known from the above table that out of 100 respondents, 97 (97 per cent) respondents are satisfied with the use of neem products and 3 (3 per cent) of the respondents are not satisfied in using the neem products.

7. SUGGESTIONS

After having detailed analyses, the researcher decided to offer the following suggestions.

Plantation of neem trees

It is suggested that more number of neem trees should be grown on the roadsides by the road maintenance department and social organizations. Farmers may also be educated to plant neem trees in their uncultivated land. "Grow more Trees" campaign may be intensified to increase the neem tree population. In order to make neem medicines more popular they may be produced just like chocolates further innovation in neem medicines should be a continuous process.

It is suggested that the soap manufactures may produce neem soaps with the following modifications.

1. Regarding the color of the washing soap, blue color is most preferable than yellow colour.
2. As far as the odour of the washing soap is concerned, lemon is preferable. The bathing soap may have jasmine smell, rose smell and sandal smell.
3. The existing large size washing bar soap may be produced in handy size so that it can be conveniently used by the users.
4. In the case of shape, the washing soap should be rectangular shape and the bathing soap may

be oval, round, square and rectangular shape.

5. It is necessary to the manufactures producing the detergents foam in hard water also in order to cater to the needs of the people living in hard water area.
6. The soaps may also be supplied to the customers in an attractive package.
7. The soap manufactures must produce more varieties to cover different market segments.
8. Since there is more demand for neem oil produced by sarvodaya sangh, necessary steps may be undertaken to increase the production.
9. It is essential to establish neem based pesticide units and herbal shampoo units in Sivakasi taluk. There by the potentials of neem trees in the taluk can be fully exploited.
10. The Government should take initiate steps to remove the tax burden to the manufactures for the benefits of the customers.
11. The manufacturers should give more advertisement in TV and News papers for the purpose of increasing the sales.
12. The doctors should give advice to the public for the use of neem Products for their health.

8. CONCLUSION

Neem is like a 'Kalpagatharu' a gift of god. In fact, this is a wonderful tree and its products bring miracles in every phase of our life. In order to tap up the markets potentials, the required messages on the use of neem products are to be disseminated through mass media like television in an attractive manner. At the dawn of the twenty first century the attitude and needs of people may vary to a large extent. To satisfy the needs of the customers, manufacturing a variety of standardized products are very important in our life. Apart from the traditional neem products, the modern neem products like nail polish, hair oil and herbal shampoo are to be manufactured as per the standard set by the ISI. Being a medicinal tree, innovation, modification and diversification of medicines to cure dreadful diseases like cancer and AIDS must be encouraged. Hence, we have to co-ordinate efforts of producers and government by creating awareness among the customers, offering of more need based varieties of products and attention by the government are the needs of this hour to prove it to be remarkable and renewable.

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Programme for promotion of Village Industry and MSE Cluster - Rural Industry Service Centre (RISC) -A Key Driver for Development of Khadi and Village industry and MSE

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Abstract

Worldwide, village micro and small enterprises (MSEs) have been accepted as the engine of economic growth and for promoting equitable development. In India, village and MSEs play a pivotal role in the overall industrial economy of the country. It is estimated that in terms of value, the sector accounts for about 39 per cent of the manufacturing output and around 33 per cent of the total exports of the country. In recent years, the village and MSE sector has consistently a registered higher growth rate compared to the overall industrial sector. The major advantage of the sector is its employment potential at low capital cost. As per available statistics, this sector employs about 31 million persons spread over 12.8 million enterprises and the labour intensity in the village and MSE. This sector is estimated to be almost four times higher than the large enterprises. In India, the funding of micro enterprises is aligned with SHGs. Programme for promotion of village Industry Cluster-Rural Industry Service Centre (RISC) really a key for the development of Khadi and village industry. The author in this paper indicates the various facts regarding RICS.

Keywords: Micro and Small Enterprises (MSEs), khadi and cottage industries, village industries, Rural Industry Service Centre (RISC).

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1. INTRODUCTION

India is predominantly a country of villages. The majority of her population resides in villages. Agriculture and allied activities constitute their major occupation. However, the replacement of agriculture and craftsman production by the superimposed colonial mode of production destroyed the occupational structure of India. The destruction of agriculture and domestic industries is the root cause of the socio-economic crisis confronting the nation. The number of unemployed is increasing every year.

With a view to reduce the problem of unemployment, to eradicate poverty and to improve the living standard of people, the planners have implemented various strategies through Five Year Plans. However, these programmes do not solve the real problem of India, i.e., mass poverty. Because the strategies so far implemented are development oriented rather than human centered, human welfare is of least concern. In this regard, the development strategy as visualized by the Father of the Nation seems to be the need of the hour.

Mahatma Gandhi wrote, "there is no doubt in my mind that in a country like ours, teeming with millions of unemployed, something is needed to keep their hands and feet engaged in order that they may earn an honest living. It is for them that khadi and cottage industries are needed"¹ In a county like India where capital is scarce and labour is abundant, the strongest argument along the lines of employment can be put forward through village industries. "In view of the meagerness of capital resources, there is no possibility in the short run, for creating much employment through the factory industries... Now consider the household or cottage industries. They require very little capital".²

In India, the cause-of village industries was initiated by Mahatma Gandhi. To him village industry is a way of life rather than a means of life. "The idea behind village industries scheme is that we should look to the villages for the supply of our daily need."³ He realised that: village economy cannot be complete without the essential village industries, such as hand-grinding, hand-pounding, soap making, paper making, match making, tanning, oil pressing etc. Given the demand, there is no doubt that most of our wants can be supplied from our villages. When we have become village minded, we will not want imitations of the West or machine made products but we will develop a true national taste in keeping with the vision of a new India in which pauperism, starvation and idleness will be unknown .⁴

2. DEFINITION OF VILLAGE INDUSTRY

Since the present study is on the programme for promotion of village industry Cluster-Rural Industry Centre (RISC)-A key for development of Khadi and village industry. It is necessary to discuss the conceptual definitions of the terms 'small scale industries', 'cottage and village industries' and 'tiny sector'.

"How is a small-business defined? This perfectly normal question does not have a precise answer. It depends upon who provides the definition". "Small firm could not be adequately defined in terms of employment assets, turnover, output or any other arbitrary single quantity, nor would the same definition be appropriate throughout any economy".⁶

In India, industries are broadly classified into four; large scale, medium size, small scale and tiny and cottage industries.

"Industries having an investment of Rs.5 crores or more are considered as large, those having an investment of Rs.35 lakhs to Rs. 5 crores are referred to as medium sized. Those industries having an investment upto Rs.35 lakhs in plant and machinery are termed as small scale⁷ and "all industries with a capital investment of Rs.2 lakhs in plant and machinery and located in rural areas and towns with a population of less than 50,000 are included in tiny sector".¹ There is no well marked distinction between tiny sector and village industries according to this definition. Hence the definition given by Khadi and Village Industries Commission is accepted for the present study. The Khadi and Village Industries Commission defined village industries as "any industry located in a rural area which produce any goods or renders any service with or without the use of power and in which the fixed capital investment in plant and machinery and land and building per head of an artisan or worker does not exceed 15,000 rupees".⁹

3. VILLAGE INDUSTRIES ARE AS FOLLOWS:

- | | |
|-------------------------------|--------------------------------|
| (i) village oil industry | (6) leather industry |
| (2) soap-making with neem oil | (7) woollen blankets |
| (3) paddy husking | (8) high-grade hand-made paper |
| (4) palm gur industry | (9) bee-keeping, and |
| (5) gur and khandsari | (10) cottage match industry. |

4. RURAL INDUSTRY SERVICE CENTRE (RISC)

"Rural Industry Service Centre (RISC) is the Common Facility Unit which aims to provide infrastructural support and necessary services to the local units to upgrade their production capacity, skill upgradation and market promotion."

The Rural Industry Service Centre (RISC) covers one of the following services

- A. Provide testing facilities by establishing laboratory to ensure quality of the products.
- B. Provide improved machinery/equipment to be utilised as common utility facilities by the nearby unites /artisans to enhance production capacity or value addition of the product
- C. Provide attractive and appropriate packaging facilities and machineries to the local unities / artisans for better marketing of their products.

5. OBJECTIVES OF RISC

- To provide backward forward linkages to Khadi & V.I. activities in a cluster.
- To provide services like raw material support, skill up-gradation, training, Quality Control, Testing facilities, marketing promotion, design & product development in order to strengthen the rural clusters.

6. IN ADDITION OF THE ABOVE FACILITIES RISC CAN ALSO CATER TO FOLLOWING SERVICES

- Provide training facilities to upgrade artisan's skill in order to increase their earnings.
- Provide new design or new product, diversified product in consultation with experts /agencies for a value addition of rural manufacturing units.
- Provide raw material support, which mainly depend on seasonal procurement.
- Prepare product catalogue.

8. IMPLEMENTING AGENCIES

- KVIC and State KVIBs.
- National level / State level Khadi and V.I. Federations
- Khadi and V.I. Institutions affiliated to KVIC and KVIBs.
- NGO who have already worked in implementation of programme relating to development of rural artisans in activities excluding the negative list of KVIC with financial assistance at least for 3 projects from any Ministry of State / Central Government, CAPART, NABARD and UN agencies.

9. INDUSTRIES COVERED UNDER RISC

- Khadi & Poly Vastra post weaving value addition facilities.
- Herbal products: Cosmetics and Medicines.
- Edible Oil,
- Detergents & Soaps.
- Honey
- Hand Made Paper
- Food processing
- Bio-Fertilizer / Bio-Pesticides / Bio Manure
- Pottery
- Leather
- Woodwork
- All other V.I. except those which are in the negative list.

10. FINANCIAL PATTERN

i. For activity up to Rs.25.00 lakhs

	NE States	Other areas
a. KVIC's Share	80%	75%
b. Own Contribution	20%	25%

ii. For activity up to Rs 5.00 lakhs

Financial Pattern	NE States	Other areas
a. KVIC's Share	90%	75%
b. Own Contribution or Loan from Bank/ Financial Institutions	10%	25%

In case of North Eastern States 90% of project cost will be provided by KVIC upto a project cost of Rs.5.00 lakhs.

Norms of financial assistance

i. For activity up to Rs.25.00 lakhs

1	Skill Upgradation & training and/ or Product catalogue (Providing Training Skill up-gradation etc. to be taken up well in advance)	Maximum 5% of Project cost
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2	Pre operative & Post Commissioning Expenses	Maximum 5% of Project cost.
3	Building/Infrastructure (Implementing Agency should have own land, in case of implementing agency having its own readily available building, the cost would be restricted to 15% of the project cost) subject valuation by appropriate authority.	Maximum 15% of project cost
4	Plant & Machinery for manufacturing and or testing facilities and packaging (Cost of machinery is to be released to machinery manufacturer/ supplier as per agreement who is having proper registration, with sales tax No. affiliation to Association/ Federation.	Minimum 50% of project cost
5	Raw material /new design, product Diversification, etc.	Maximum 25% of project cost.

(Land cost should be included in the project cost)

i. For activity up to Rs 5.00 lakhs

The financial assistance should follow the norms below:

a	Building/Infrastructure	Maximum 15% of project cost
b	Plant & Machinery for manufacturing and or testing facilities and packaging	Minimum 50% of project cost
c	Raw material /new design, product Diversification, etc.	Maximum 25% of project cost.
d	Skill upgradation & training and/ or Product catalogue	Maximum 10% of Project cost.

However, a, c, d can be reduced depending upon requirements as the case may be.

11. PROCEDURE FOR FINANCIAL ASSISTANCE

i. Appraisal committee at State/Div offices for activity up to Rs.25.00 lakhs

The project proposals to set up Rural Industry Service Centre (RISC) upto Rs. 25 lakhs will be scrutinized and recommend by a Committee constituted for the purpose at State / Div. level, consisting of following members for sanction:

i)	Director (Industry) of concerned State Govt. or his representative not below the rank of Additional Director.	Member
ii)	CEO of concerned State KVI Board KVI Board	Member
iii)	Representative of Leading Bank in the State / Division	Member
iv)	Representative of NABARD	Member
v)	Secretary of KVI Institution having highest turn over in the State	Member
vi)	Representative of S & T interface in or closest to the State	Member
vii)	State Director, KVIC	Member

12. TERMS AND REFERENCES

- The Committee will evaluate capability of the organisation to implement
- The Committee will examine commercial & technical viability of the project.
- Evaluate and monitor the execution of programme in the Rural Industry Service Centre (RISC)

13. TECHNICAL FEASIBILITY

Feasibility of the Project may be studied by the technical interface of KVIC/Engineering College/ Agriculture College, University/ Polytechnic. The cost of feasibility study may be included in pre operative expenses or an expert with appropriate technical credentials.

14. MODE OF SANCTION

Once the project up to Rs. 25.00 lakhs has been technically appraised and remarks by the Appraisal Committee, at State level, the State Director will forward the same with his comments to the concerned Programme Director at head office who will place the same for approval by SFC Khadi or VI as the case may be.

15. RELEASE OF FUNDS

Releases will be made by the Commission in 3 equal installments after the utilizes institution its own proportionate contribution of the sanctioned amount of the project.

1	Skill Upgradation & training and/or Product catalogue Institution should acquire required training for staff operation of project/prepare product catalogue etc. from own contribution.	Maximum 10% of Project cost
2	Pre operative & Post Commissioning Expenses. Institution make expenditure towards cost of preparation of project report etc. contingency, conveyance, Miscellaneous expenditure etc. from own contribution.	Maximum 5% of Project cost
3	Building/Infrastructure (Implementing Agency should have own land, in case of implementing agency having its own readily available building, the cost would be restricted to 15% of the project cost) subject valuation by appropriate authority.	Maximum 15% of project cost
4	Plant & Machinery for manufacturing and or testing facilities and packaging (Cost of machinery is to be released to machinery manufacturer/ supplier as per agreement who is having proper registration, with sales tax No. affiliation to Association/ Federation.	Minimum 50% of project cost
5	Raw material /new design, product Diversification, etc.	Maximum 25% of project cost.

Note

1. Inter-change of percentage in respect of (1) to (4) is allowed in exceptional cases

as per the recommendation of the State/Divisional by appraisal Committee.
2. 1st installment will be released on the basis of feasibility report of the field official and subsequent installment on the basis of utilisation certificate duly inspected by the field official of the State/Divisional office concerned and on satisfaction of the State /Divisional Director.

15. OPERATIONAL MODALITIES

- For the purpose of establishing Rural Industry Service Centre (RISC), it may be ensured that the number of artisans / Village Industries units benefited shall not be less than 125 individual artisans or 25 REGP units / VI Institutions / Societies for projects upto Rs.25.00 lakhs.

The implementing agency / Organisation should have its own land where the Rural Industry Service Centre (RISC) will be established.

The period of setting up of the project should not be more than 6 months.

After submission of the proposal by the implementing agency to set up Rural Industry Service Centre (RISC),with technical feasibility as per the guidelines above and place the proposal with his recommendations before State Level Committee.

- The funds shall be released based on the progress of work report received periodically from State / Divisional Director and based on activities of the project and also within a specific time frame for timely completion of the project.
- The State / Divisional Director of the concerned state where the project is located shall ensure monitoring and evaluation and timely completion of project.
- After obtaining approval by the State Level Committee for setting up of project State / Divisional Director will intimate to concerned Industry Programme Directors at Central Office of the Commission.

16. MONITORING

- State/Divisional Office of the Commission will conduct periodical inspection of the project to ensure that the project is functioning in accordance with the modalities of the RISC.
- Industry/Programme Director concern will conduct inspection once the project is fully established and into operation.
- The Directorate of VIC will arrange to conduct the physical verification of the project after one year from the date of its functioning.

ii. Sanctioning Authority for activity up to Rs 5.00 lakhs

The project proposals to set up Rural Industry Service Centre (RISC) upto Rs. 5 lakhs will be appraised and sanctioned by a Committee constituted for the purpose at State / Regional level, consisting of following members :

i) Director Industry of concerned State Govt. or his representative not below the rank of Additional Director	Member
ii) CEO of concerned State KVI Board	Member

iii) Representative of Lead Bank in the State / Region	Member
iv) Representative of NABARD	Member
v) Secretary of KVI Institution having highest turnover in the State	Member
vi) State/Regional Director, KVIC	Member/Convenor

16. TERMS AND REFERENCES

1. The Committee will evaluate capability of the organisation to implement
2. The Committee will examine commercial viability of the project.
3. Accord approval upto project of Rs. 5 lakhs
4. Evaluate and monitor the execution of programme in the Rural Industry Service Centre (RISC)

17. RELEASE OF FUND

After Committee approved the proposal, the funds will be released in 2 installments by State/Regional Directors. The first installment will be 50% of the amount share of KVIC for the project. The second and last installment will be released only after amount released by KVIC and 50% of the share of the organisation is utilized.

18. Operationalisation and programme implementation

- For the purpose of establishing Rural Industry Service Centre (RISC), it may be ensured that the number of artisans / Village Industries units shall not be less than 25 individual artisans or 5 REGP units / VI Institutions / Societies for projects upto Rs.5.00 lakhs.
- The implementing agency / Organisation should have its own land where the Rural Industry Service Centre (RISC) will be established.
- The period of setting of project should not be more than 6 months.
- After submission of the proposal by the implementing agency to set up Rural Industry Service Centre (RISC), State / Regional Director shall conduct technical feasibility and place the proposal with his recommendations before State Level Committee. Technical feasibility may done either by DIC or by State Office or State Board.
- The funds shall be released based on the progress of work report received periodically from State / Regional Director and based on activities of the project and also within a specific time frame for timely completion of the project.
- The State / Regional Director of the concerned state where the project is located shall ensure monitoring and evaluation and timely completion of project.
- After obtaining approval by the State Level Committee for setting up of project State/Regional Director will intimate to concerned Industry Programme Directors at Central Office of the Commission.

20. STAGES OF PROGRAMME IMPLEMENTATION (FOR ACTIVITIES UPTO RS 5 AND 25 LAKHS)

- Identification of the cluster.
- Selection of a Cluster Development Agency.
- Technical feasibility by an expert or an agency with expertise.

- Project formulation.
- Approval of the project and release of funds.
- Monitoring and Evaluation.

In 2007, the Ministry of Agro and Rural Industries and the Ministry of Small Scale Industries were merged into the single entity-the Ministry of Micro, Small and Medium Enterprises. Worldwide, micro and small enterprises (MSEs) have been accepted as the engine of economic growth and for promoting equitable development. In India, MSEs play a pivotal role in the overall industrial economy of the country. It is estimated that in terms of value, the sector accounts for about 39 per cent of the manufacturing output and around 33 per cent of the total exports of the country. In recent years, the MSE sector has consistently a registered higher growth rate compared to the overall industrial sector. The major advantage of the sector is its employment potential at low capital cost. As per available statistics, this sector employs about 31 million persons spread over 12.8 million enterprises and the labour intensity in the MSE sector is estimated to be almost four times higher than the large enterprises. In India, the funding of micro enterprises is aligned with SHGs.

21. SWOT ANALYSIS OF VILLAGE, MICRO AND SMALL ENTERPRISES:

A. Strengths:

- Large untapped domestic market
- Low cost manufacturing
- Availability of Trained Scientific Personnel
- Raw material available in sufficient quantity
- Existence of Technical Institutes
- Well developed Infrastructural facilities
- Presence of number of Financial Institutions, Banks etc.

B. Weakness:

- Characterised by low margins
- Low investment in R & D
- Imports started coming in
- Finance available at high rate of interest
- Trust level very low
- Poor testing facilities
- Poor coordination with Govt. bodies and other related Organisations

C. Opportunities:

- Possibility of establishing Common Testing Laboratory
- Globalisation can ensure tremendous market potential
- Enterprise can join hands together for overseas market, brand building and participation in trade fairs.
- New Drug Price Control Order – exempting drugs from falling under DPCO for a period of 15 years, provided the drug is developed through indigenous R & D and is patented under the Indian Patent Act, 1970.

D. Threats:

- China threat – capacity to deliver huge quantity at low price
- Competition is increasing
- Investment in Plant & Machinery will increase in order to fulfill the norms of ‘Schedule M’ of Drugs and Cosmetic Actir respective of assured market
 - Burden of Taxes increasing day by day
 - Product Patent Law will be made compulsory

ACTION PLAN:

The development of cluster will mostly depend upon the level of trust being built amongst the core cluster actors and the stakeholders. Also, the core cluster actors and the stakeholders are required to devote a lot of time for its development. Small consortiums/networks are to be formed. The business linkages are to be strengthened. Based on the needs and interest shown by the Bulk Drug Manufacturers located at Thane Belapur belt the following action may be taken up for the development of the cluster:

A) Training programmers to be organized for:

- 1) Personnel Management
- 2) Financial Management
- 3) Marketing Management

Village, Micro, small and medium enterprises is perhaps the most crucial link between India’s economic growth and socio-economic transformation. This sector contributes about 8 per cent of the country’s GDP, 45 per cent of the manufactured output and 40 per cent of the total exports. This is a key driver of our country’s industrial growth as it comprises about 36 million enterprises that generate over 6,000 products and employ over 80 million persons.

The village and MSME sector is characterized by its heterogeneity. It is diverse in terms of size, technology level, location, and product range that spans from grass-root village industries to sophisticated units producing auto components, micro-processors, electronic components and electro-medical devices. As village and MSME units have a high degree of geographic dispersion, their development assumes great significance for an equitable and inclusive growth which is the ultimate objective of our economy.

The challenges to the village and MSME sector in India are many. This sector has great potential to be a true agent of socio-economic change. But for that, we must direct our efforts at increasing the competitiveness of this sector by enhancing the availability of institutional credit, promoting innovation and technology, providing adequate industrial infrastructure, meeting the demands for skill development and capacity building, and strengthening market support.

To extend an enabling infrastructure for MSME units, reliance on industrial clusters has been found prudent in many countries. By providing shared access to amenities like testing centres, utilities, roads, security, effluent treatment, training of workers, and marketing, clusters can provide substantial benefits in terms of technology absorption, efficiency enhancement and growth for these units.

The Cluster Development Programme of the Government has been active in building capacity, upgrading infrastructure and setting up common facility centres. We are confident of this scheme fulfilling its objective of bringing sustainable growth to this sector.

The National Manufacturing Policy, 2011 has envisaged the setting up of dedicated National Investment and Manufacturing Zones to bring together modern infrastructure, technology, skill development centres, and state-of-the-art connectivity to become the nuclei of manufacturing growth. We expect the manufacturing MSME units to take full advantage of this initiative.

The growth potential of the village and MSME units should not be impeded by lack of access to financial resources. There is a need to increase the reach and coverage of financial institutions by expanding branch network to locations near industrial clusters.

Our Capital Market is an important resource-raising medium for our business. The Small and Medium Enterprises Exchange platform launched by the National Stock Exchange and the BSE would allow small and medium enterprises to access the capital market to raise necessary resources. This will also help diversify risk in these enterprises by widening the investor base.

The potential of knowledge-based industries in India is very high. To facilitate their growth, increased access to alternative sources of capital like private equity, venture capital and angel funds should be made possible.

It is gratifying to note that our efforts at easing the flow of credit to the village and MSME sector have continued unabated. The Union Budget 2013-14 has envisaged doubling the refinance capacity of the Small Industries Development Bank of India to Rs. 10,000 crore per year, and setting up a Rs. 500 crore corpus with the Bank to facilitate up-scaling of factoring services. We are also happy to note that the India Microfinance Equity Fund, which was set up in 2011-12 with a budgetary support of Rs. 100 crore to assist micro finance institutions by provision of equity, is being allocated an additional amount of Rs. 100 crore.

Our future progress will be determined largely by the level of technology that will drive our economy. Innovation and technology provides the competitive edge that our industrial sector at large and the MSME sector in particular should not be deprived of.

We must aim at developing relevant technologies to re-engineer manufacturing processes, reduce costs, improve turnaround time and enhance product quality. For that, the industry and academic and research institutions should collaborate to identify and find solutions to existing technology gaps.

Tool Rooms and Technology Development Centers have been found useful in providing technology and design support to MSME units. There is a need to replicate such efforts. We are therefore pleased to note that 15 such centers are being set up during the Twelfth Plan period at a cost of Rs. 2,200 crore.

This decade is the decade of innovation. Our drive towards innovation must benefit the bottom of the socio-economic pyramid. There are many cutting edge innovations that, due to lack of technological and commercial support, remain denied of development into marketable products.

Institutional mentoring of grass root innovators would go a long way in taking the benefits of technology closer to the people. I am hopeful that the 'India Inclusive Innovation Fund' being envisaged would create a new class of entrepreneurs by building an economic model around the needs and problems of the poor.

The demographic profile of our nation is likely to change in the times to come. By 2025, two-third Indians will be in the working age bracket. This is both a challenge and an opportunity. We have to

gainfully employ our working population to ensure that their contribution to national progress is unearthed to the fullest extent.

To stimulate employment creation, healthy industrial relations and capacity building mechanisms are a must. Our strategies must focus on up-gradation of our technical institutes, both in terms of quality and quantity, setting up of more technical institutes to cater to the increasing demand, and skill development of our manpower to equip them with the relevant expertise and knowhow.

The legal entitlements for our country's workforce must be aimed at greater employment generation. Our labour laws should be able to address the contemporary business models and reflect the pragmatic rights and obligations of the employer and the employee.

Our MSME units can prosper only if there is a concerted effort at widening the market for their products. On account of the scale of operation, most of these units are not capable of individual initiative in marketing, brand building and promotion.

The Public Procurement Policy for Micro and Small Enterprises 2012, which mandates Central Government Ministries and Public Sector Undertakings to procure at least 20 per cent of their annual purchases from the micro and small enterprises, would address the marketing concerns of this sector to a great extent. But more importantly, market development assistance - trade fairs, packaging technology, bar coding and standardization- should be strengthened through the joint efforts of the Government and industry associations.

Close to 95 per cent of the MSME units are micro enterprises that employ around 69 per cent of the total MSME workforce. Most of the micro enterprises operate in the unorganized sector and require substantive support for their growth.

The categorization of village and MSME units on the single criteria of investment in plant and machinery or equipment - ceiling of Rs. 10 crore, Rs. 5 crore and Rs. 25 lakh for medium, small and micro enterprises respectively in manufacturing sector and Rs. 5 crore, Rs. 2 crore and Rs. 10 lakh for these classes of units in services sector - is perhaps necessary to channelize the requisite dose of incentives. But we must be watchful that this does not disincentives firms from growing beyond the threshold.

Growth of firms is best achieved if allowed to grow unfettered. Perhaps, a calibrated approach to the growth of our village and MSME units may be prudent for the long term.

The private sector must be active participants in the process of rejuvenating the MSME sector. Their partnership in creating a friendly business environment, especially by skill development, product promotion, and technology development, will pave the way for our MSME units to compete successfully with the best in the world. Apart from that the programme for promotion of village Industry Cluster-Rural Industry Service Centre (RISC) is really a key driver for development of Khadi and village industry.

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Redefining Capitalism: Questions on Future and Survival

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Abstract

The current world wide recession has once again shaken the root of capitalism and its long run survival. In the past century, most progressive economists believed that capitalism is the only form of economy that could be more stable and survive forever but the recent trends and trauma in most economies have changed the notions of economists, policy makers and the governments. This paper gives an insight into the root cause of economic and societal problems generated due to failures of premises of capitalism. It further tries to suggest the ways and the changes that can help to overcome the problems and making capitalism more meaningful and stable in the present socio-economic conditions and making it more efficient.

Keywords: Capitalism, Socio-economic conditions, neoliberals

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1. INTRODUCTION

Most of us may not remember the early traumas which the economies around the globe had suffered in early and mid of 20th century but we are very much aware and actively discuss the recent economic set back. The frequent turnaround of economic activities in spite of several strong and deliberate measures by governments, policy makers and innovative models suggested by economists around the globe could not protect the economies from getting affected in a period of less than three years. We don't say that capitalism is based on totally wrong premises and there was something fundamentally misperceived in its very beginning but certainly there is something not going well at the current century with the advent of new theories in Social Science, Paradigm shift and Advancement in Science and Technology. We are not certainly assured of the stability of this System when there is a substantial change in Socio-Economic priorities, advent of new Business Models, expanding size of Business firms and intense competition among them, dismantling barriers between nations with the view of economic and strategic benefits. The socialist critics may condemn the very essential assumptions of capitalism that create ever expanding gap in distribution of incomes and wealth, domination of handful of rich over majority proletariat class but the reality is not very much rosy from the perspective of a welfare economist.

The economic defense of capitalism is premised on the ubiquity of competitive markets, providing for the rational allocation of scarce resources and justifying the existing distribution of incomes. The political defense of capitalism is that economic power is diffused and cannot be aggregated in such a manner as to have undue influence over the democratic state. Both of these core claims for capitalism are demolished if monopoly, rather than competition, is the rule. The modern capitalistic world led by globalization rather creating a competitive market for everyone, it is fundamentally leading to an oligopolistic market form with major market share in the hands of few large firms who dictate the terms and price for the consumers and thus accumulating huge wealth, Creating a wide gap between poor and rich, causing stagnant situation in economy and so on. According to the reports, the inequality in distribution of Income and Wealth is not reducing; instead the relative gap is widening (**Anand and Segal, 2008**)

Under competitive conditions, investment will, as a rule, be greater than under conditions of monopoly, where the dominant firms generally seek to slow down and carefully regulate the expansion of output and investment so as to maintain high prices and profit margins – and have considerable power to do so. Hence, monopoly can be a strong force contributing to economic stagnation, everything else being equal. With the United States and most of the world economy (notwithstanding the economic rise of Asia) stuck in an era of secular stagnation and crisis unlike anything seen since the 1930s – while U.S. corporations are sitting on around \$2 trillion in cash – the issue of monopoly power naturally returns to the surface.

Understanding Keynesian Economics of Capitalism, free market in capitalism is of worth when competitive forces bring meaningful benefits to everyone either producers or consumers. This directly points out Keynes's expectation that the economic problem (and the material problem in

general) might be solved in a hundred years. On the one hand, the economic problem—the existence of hunger and inequality—is perpetuated and in many ways made worse by capitalism itself. On the other hand, the pretense that “foul is fair”, advocated by Keynes, is resulting in a rapid deterioration of the material conditions of existence. It is now rational, as Jared Diamond explains in his new book ‘*Collapse*’ to consider the possibility of the ecological collapse of global capitalist society, in ways analogous to earlier ecological collapses of civilizations.

In short, in a world where everything has been turned over to the market, that is, to capital accumulation and earning huge profit at the cost of welfare of mass, the fundamental problems dividing and endangering human society and the planet are bound to worsen.

As we have already discussed, in the past century, capitalist mode of production represented a great advance over all of the preceding ones, however problematical and indeed destructive this historical advance in the end turned out—and had to turn out—to be. By breaking the long prevailing but constraining direct link between human use and production, and replacing it with the commodity relation, capital opened up the dynamically unfolding possibilities of apparently irresistible expansion to which—from the standpoint of the capital system and of its willing personifications—there could be no conceivable limits. For the paradoxical and ultimately quite untenable inner determination of capital’s productive system is that its commodified products “*are non-use-values for their owners and use-values for their non-owners. Consequently they must all change hands.... Hence commodities must be realised as values before they can be realised as use-values.*”

Quoting Karl Marx- the end of capitalism would see four features, all of which are in place now.

1. The rate of profit would fall, reducing the motive to invest and producing slower growth and bigger recessions. Although observed, past profit rates are high, companies’ reluctance to invest and the low valuations on shares suggest that bosses and shareholders anticipate very low future profit rates.
2. Low returns on real assets would lead to speculative bubbles and swindles and hence financial crises. To some extent, the banking and euro area debt crises are the results of the dearth of real investment opportunities arising from the fall in (expected) profits. This lack of investment, combined with high Asian savings drove bond yields down. That led to the growth of mortgage securities, as banks tried to synthesize securities to meet demand for them, and encouraged governments to borrow. In this way, the seeds of the financial crises were sown by the fundamental crisis of real profitability.
3. Increased inequality would exacerbate economies’ propensity for crises, by creating a mass of people too poor to buy the goods which capitalism produced. This has not quite happened. But, as IMF research has argued, inequality has had a very similar destabilizing effect. It led to the build-up of debt which contributed to the banking crisis. The financial crises in 1990s in South East Asian Countries and European debt crises in 2010-11 are the major examples of inequitable distribution of income and wealth.

4. By its end, capitalism would cease to be a means for developing the economy's productive forces and become instead a barrier to their development. The current world economic scenario has brought the circumstances proving Marx's prediction of capitalistic economies to some extent and the uncertainties prevailing can further deepen the roots of problems of capitalism.

What we see today is the self-contradictory inner determination of the system, which imposes the ruthless submission of human need to the alienating necessity of capital expansion, is what removes the possibility of overall rational control from this dynamic productive order. It brings with itself perilous and potentially catastrophic consequences in the longer run, transforming in due course a great *positive power* of earlier quite unimaginable economic development into a *devastating negativity*, in the total absence of the necessary reproductive restraint.

The widening and deepening of capitalism, which many economists claim as globalization, has had traumatic impacts on workers. Sped up by what has been called *neoliberalism* (basically, the political program of modern global capital), the growing penetration of capitalist production and consumption relationships around the globe has literally pitched workers from pillar to post. For example, the North American Free Trade Agreement (NAFTA) has forced hundreds of thousands of Mexican peasants and wage workers to abandon their home country and migrate to the United States. Similarly, government austerity and "free market" programs—curbing food and health subsidies to the poor, closing and selling state enterprises, suppression of worker and peasant protests, and the like—in countries like India and China have deprived many workers of what security they had attained and pushed peasants from their land into cities.

2. THE MAJOR SETBACKS OF CAPITALISM

The first problem is the financial turbulence that has gripped the economy of the United States and other major economies and has had widespread effects. It is a crisis that further discredits mainstream Anglo-American economics. Although economists are not at unanimous whether this is purely the problem of capitalism or socio-political crises, but the impacts are far reaching and enrooted in the core of human society and can be further considered as a systemic failure. Most importantly, a party formation capable of explaining how such crises are inherent in the nature of the functioning of capitalism and of inspiring a socialist alternative would have to mobilize a movement of the sort that ended apartheid in South Africa. Without the last, even a deep and painful crisis will be, at best, only the occasion for reforming and not abolishing capitalism.

A second crisis is that of few powerful nations-led corporate imperialism, which has been discredited both in terms of its regime-change-wars-of-choice and the increasingly effective resistance to the international financial and trade regime we know as the Washington Consensus. Because of the incalculable harm neoliberalism has done, and continues to do, it is now ideologically on the defensive. It is not merely a political crisis but an economic set back emerged from political agenda of some of the countries leading to cynicism of capitalistic economies.

A third point of crisis is the rise of new centers of power in what had been the peripheries of the capitalist system and the tensions this has unleashed, providing room to maneuver for countries wishing to break with the United States.

A fourth area of crisis has to do with resource usage, the uneven distribution of the necessities of life, and a growth paradigm that is no longer sustainable. Here grassroots social movements in South Africa and elsewhere are leading actors in resisting privatizations and the imposition of a hyper-individualism that brings disaster for the most oppressed and exploited.

How much damage the current financial meltdown will cause remains to be seen, but the harm is already extensive. At the level of systemic crisis an important issue relates not just to the economic costs and the way rescue operations are premised on tax payer bailout, but whether financial capitalism can sustain itself. **Martin Wolf**, the *Financial Times* senior economic columnist, writes about capitalism “mutating” from “mid-20th century managerial capitalism into global financial capitalism.” **John Bellamy Foster**, editor of *Monthly Review*, argues “that although the system has changed as a result of financialization. Financialization has resulted in a new hybrid phase of the monopoly stage of capitalism that might be termed ‘monopoly-finance capital.’” Finance has been able to restructure productive capitalism, the economy that actually produces real goods and services people consume. In a new way it appropriates more and more of the surplus created in the processes of production, not only in the core, but in what has been the periphery of the world system.

Taken as a whole the corporate profits of the financial sector of the U.S. economy in 2004 were \$300 billion, compared to \$534 billion for all non-financial domestic industries, or about 40 percent of all domestic corporate profits. They had been less than 2 percent of total domestic corporate profits forty years earlier, a remarkable indication of the growth of financialization in the U.S. political economy. The contribution of profits of financial sector increased to \$553 billion in 2010 and it was about 3.8 percent of US GDP. This was both an economic and a political development, as the financial sector gained leverage over the rest of the economy, in effect gaining the power to dictate priorities to debtors, vulnerable corporations, and governments. As its power grew, it could demand greater deregulation, allowing it to grow still further and endangering the stability of the larger economic system.

In the light of above discussion, it is very much apparent that Financial sector plays very important role in capitalism and is vulnerable to any crises that can push the economy into a critical situation which may be called as depression or chronic recession. The Euro zone crisis of 2012 is the latest example and proof of sensitivity of Banking and financial sectors. The Debt crisis of major banks of Euro Countries especially Greece, Irelands, Spain and later Portugal and Italy created an alarming situation for the other countries of Europe and other parts of the globe about the lenient and easy credit conditions that may further cause a collapse of Countries Economies.

The European sovereign debt crisis resulted from a combination of complex factors, including the globalization of Finance, easy and liberal credit policies followed during the period of 2002-2008

that encouraged high risk lending and borrowing practice, the 2007-2012 global financial crisis, international trade imbalances, the real-estate bubbles and its burst especially in US and other parts of Globe, 2008-2012 back to back global recession, liberal fiscal policies and the bail out measures adopted by several Economies to protect the troubled banking industries and bondholders etc.

3. THE CURRENT ISSUES IN CAPITALISM:

Capitalism is by nature a form or method of economic change that continues for an indefinite time but never can be stationary. And this evolutionary character of the capitalist process is not merely due to the fact that economic life goes on in a social and natural environment which changes and by its change alters the data of economic action; this fact is important and these changes (wars, revolutions and so on) often condition industrial change, but they are neither its prime movers nor is this evolutionary character due to a quasi-automatic increase in population and capital or the vagaries of monetary systems of which exactly the same thing holds true

The buzzword “globalization” replaced the previous buzzword “development.” The so-called Washington Consensus preached privatization of state productive enterprises, reduction of state expenditures, opening of the frontiers to uncontrolled entry of commodities and capital, and the orientation to production for export. The prime objectives were to reverse all the gains of the lower strata during the Kondratieff A-period. (The cyclical process of up and downs of economic activities is often called Kondratieff long wave.) The world right sought to reduce all the major costs of production, to destroy the welfare state in all its versions, and to slow down the decline of U.S. power in the world-system. The major crisis that the current system of Capitalism is facing is very apparent in almost every economy of the world today.

Shifting of focus from production arena to financial arena: Discussing the major setbacks that the Capitalism is shifting of its focus from production arena to financial arena. Till mid of twentieth century use of resources for production maximisation was the main focus of capitalists and to sell them in market, but in the later decades of the century the focus had shifted to financial arena and investing therein. The focus in financial arena was the most extensive continuous series of speculative bubbles in the history of the modern world-system, with the greatest level of multiple indebtednesses. This indebtedness could not sustain the Economic growth rate for a longer period.

The other crisis in this system of modern capitalism that can also be called as a structural crisis which the world-system is facing at the present time is Chaos. Economists also believe that Chaos is one of the primary characteristics of a structural crisis of Capitalism. Chaos is not a situation of totally random happenings. According to **Immanuel Wallestein (2011)** it is a situation of rapid and constant fluctuations in all the parameters of the historical system.

Working of Degrowth factors: In spite of gradual growth rate in early decades of twentieth century, the later half of the century has seen a steady or lower growth rate. Later, in the

beginning of twenty first century, Degrowth factors have become more active giving a jerk to most of the economies following capitalism. French Economist and **Professor Serge Latouche** himself wrote in 2003 that “there would be nothing worse than a growth economy without growth. The Barcelona Degrowth Declaration simply pronounced: “So-called anti-crisis measures that seek to boost economic growth will worsen inequalities and environmental conditions in the long-run”

To be sure, when faced with “actual degrowth” in the Great Recession of 2008-2009 and the need for a transition to “sustainable degrowth,” noted ecological economist **Joan Martinez-Alier**, who has recently taken up the degrowth banner, offered the palliative of “a short-run Green Keynesianism or a Green New Deal.” The goal, he said, was to promote economic growth and “contain the rise in unemployment” through public investment in green technology and infrastructure. This was viewed as consistent with the degrowth project, as long as such Green Keynesianism did not “become a doctrine of continuous economic growth.

The widening disparity and gap between poor and the rich: Given the long tenure of capitalism and the unceasing contentions of its adherents, it seems fair to ask if it is true that we are “slouching toward utopia.” (slouching toward utopia,” –the phrase coined by University of California at Berkeley economist **J. Bradford DeLong** – slowly but surely heading toward a world in which everyone will have achieved a U.S.-style middle-class life). Let us look at three things: the extent of poverty and inequality in the richest capitalist economy – that of the United States; the extent of poverty and inequality in the poor countries of the world; and the gap between those countries at the top of the capitalist heap and those at the bottom. According to the OECD survey report 2012, top 0.001 percent population of the world (91,000 people) owns 30 percent of the total world wealth (USD 16.7 trn), next 0.01 percent people (800 thousand) owns 19 percent wealth (USD 10.7 trn), the next 0.1 percent population (8 million) owns 32 percent wealth (USD 17.4 trn) while the bottom 99.9 percent population (6 billion) owns only 19 percent wealth (USD 10.3 trn).

Over the two decades prior to the onset of the global financial crisis, real disposable household incomes increased an average of 1.7% a year in its 34 member countries. However, the gap between rich and poor widened in most nations – the OECD journalist resource (2011-05) entitled “Growing Income Inequality in OECD Countries” states that with the exceptions of only France, Japan and Spain, wages of the 10% best-paid workers have risen relative to those of the 10% least-paid workers and the differential between the top and bottom 10% varies greatly from country to country: “While this ratio is much lower in the Nordic countries and in many continental European countries, it rises to around 14 to 1 in Israel, Turkey and the United States, to a high of 27 to 1 in Chile and Mexico.

At least for last two decades, Capitalism is facing a major realization crisis – an inability to sell the output produced, i.e., to realize, in the form of profits, the surplus value extracted from workers’ labor. Economists call it as Neoliberalism. This Concept of Neoliberalism can be viewed as an attempt initially to solve the stagflation crisis of the 1970s by abandoning the “Keynesian

consensus” of the “golden age” of capitalism (relatively high social welfare spending, strong unions, and labor-management cooperation), via an attack on labor. It succeeded, in that profit rates eventually recovered in the major capitalist economies by the 1990s.

Non Predictable Financial Mechanism: Now, with the collapse of the financial mechanisms that allowed for all the debt, it is unclear how these state policies can overcome the realization crisis. The deregulation of financial markets and the consequent innovations in mortgage-backed securities, collateralized debt obligations (CDO), and credit default swaps facilitated the debt-led growth model. These innovations, combined with the “originate and distribute” model of banking, have multiplied the amount of credit that banks could extend, given the limits of their capital. The premiums earned by the bankers, the commissions of the banks, the high CEO incomes, and the commissions of the rating agencies all created perverse incentives that led to a short-term mindset and ignorance about the risks of this banking model. Even if the risk of default in the subprime credit market was known, it was not perceived as a major issue. Most of these loans were sold to other investors in the form of mortgage-backed securities with high ratings, and in case of default, the houses could be repossessed.

Financial sector profits in many ways displaced profits from actual production. As finance became dominant, the investment behavior of business firms was increasingly shaped by a shareholder-value orientation. A shift in management behavior from “retain and reinvest” to “downsize and distribute” occurred. Remuneration schemes, based on short-term profitability, shifted the orientation of management toward shareholders’ objectives. Unregulated financial markets and the pressure of financial market investors created a bias in favor of asset purchases, as opposed to asset creation

As the debt-led growth model produced high short-term growth and profits, optimism was stimulated and fed on itself, so that risks were more and more under-estimated, even by those who were conservative at the beginning. In a competitive world, even those who see the risks are forced to take risky positions, if they are to keep their jobs as dealers, bankers, or CEOs. Just a couple of weeks before the big collapse in July 2007, the ex-CEO of Citibank, Chuck Prince, said, “When the music stops, in terms of liquidity, things will be complicated. But as long as the music is playing, you’ve got to get up and dance. We’re still dancing” When the shock came, a credit crunch and the collapse of the debt-led growth model was inevitable.

A crisis might conceivably have been averted, at least for a while, if something had been done about the growing inequality in income and wealth that would eventually stifle aggregate demand. But the powerful global elites who have great influence over global policy-making would not agree to this solution. Everyone hoped for a “soft-lending” that would correct the bubbles without touching the distribution issue.

The debt-led consumption model helped generate a current account deficit in the United States that exceeded 6 percent of the Gross Domestic Product. This deficit was financed by the surpluses of developed countries such as Germany and Japan, “emerging economies” such as China and

South Korea, and the oil rich Middle Eastern nations. In Germany and Japan, current account surpluses and the consequent capital outflows to the United States were made possible by wage moderation, which suppressed domestic consumption and fueled exports. This again was an outcome of the crisis of distribution.

The slowdown in global demand, the decline in foreign direct investment (FDI) inflows, portfolio investment outflows, the contraction in remittances, and the credit crash are affecting all the developing countries, but the degree of accumulated imbalances will determine the differences in the depth of the effects among these countries. The Baltic Countries, Hungary, Romania, and Bulgaria, are more exposed than Poland, the Czech Republic, Slovenia, and Slovakia. But even the latter group is suffering from the slowdown in global demand and the decline in FDI inflows.

Market failure and market instability is another major crisis of free market mechanism based capitalistic model. Market failure is a term used by economists to describe the condition where the allocation of goods and services by a market is not efficient. Keynesian economist **Orson Krugman** views this scenario in which individuals' pursuit of self-interest leads to bad results for society as a whole. Lack of perfect information and perfect completion, the situation of market failure occur in present capitalistic model. Economists, who criticize capitalism, believe that market instability as a permanent feature of capitalist economy. Due to the unplanned nature of the system, capitalists produce without knowing in advance what they can sell, while at the same time unleashing huge productive capabilities through industrial organization. While working in a non-predictable and instable market, capitalists cannot involve in a perfect decision.

Looking at the current scenario, Capitalism is facing a major realization crisis, what we can say as an inability to sell the output produced, i.e., to realize, in the form of profits, the surplus value extracted from workers' labor. In the last decade of twentieth century none of us could think of such scenario when it would be difficult for the producers to sell out the output and expanding revenue and profits in the same pace. The Neoliberalism which began in later years of 80s of last decade could recover the growth rate in most capitalistic countries in 90s. Even the social welfare spending was increased by economies and new hope for survival of Capitalism got several new supporters. More and more countries began to adopt the model with modification and changes.

The major Economies tried to protect the success of Capitalism with neoliberalism increasing profits that would help in overcoming the *potential* realization crisis, due to low wages and investment. The dramatic deterioration in wages limited consumption, forcing workers to resort to increased borrowing. The decline in investment in physical capital went hand-in-hand with the growth of so called Casino Economy, in which profits were funneled into speculation in financial assets. In the last two decades, the rapid financialization of the U.S. economy helped to increase demand through various wealth effects and debt-credit stimuli, despite the weakening of the underlying economy. Eventually, however, debt-led growth could not be sustained. Beginning in the summer of 2007, this solution also collapsed, and the capitalist economy has come to face a major systemic crisis, comparable to the Great Depression—except for the unprecedented state

intervention moderating the visible dimensions of the downturn. Now, with the collapse of the financial mechanisms that allowed for all the debt, it is unclear how these state policies can overcome the realization crisis.

The decline in the labor share and stagnant real wages has been a potential source of a realization crisis for the system. Profits can only be realized if there is sufficient effective demand for the goods and services produced. But the decline in the purchasing power of labor has a negative effect on consumption, given that spending out of profit income is relatively lower than that out of wages.

Financial innovations seemed to offer a short-term solution to any realization crisis: debt-led consumption growth. Of course, without the unequal income distribution, the debt-led growth model would not have been necessary. In the United States and in parts of Europe, household debt increased dramatically. The increase in mortgage debt and house prices reinforced one another. Increased housing wealth served as collateral for further debt, and then money from the loans fueled consumption and growth, maintaining high profit rates.

4. OVERCOMING THE PROBLEMS OF CAPITALISM

Frequent jolt from deregulated market has always questioned on the survival of Capitalism. In recent years capitalists more focused on investing in financial market rather in physical assets which could not contribute much in real production but increased returns and profitability. The dramatic change which is being observed today is the declining of labor's bargaining power and reduction in their purchasing power. Consequently, the capitalists amassed huge wealth and majority of population left with low real wages leading realization problems in recent years.

Another dramatic change that has been in practice is the Debt led Consumption Model. Most American and Western Economists who advocate present system of capitalism stressed in the short-term solution of realization crisis with their innovative idea of increasing household consumption debt to increase market demand for consumers goods as well as the demand for the real estate by easy and soft credits that could only provide the short-term solution and shifting the crisis for the future. Unless the real wages of labor increase and the gap in income distribution reduces, Debt led consumption model would fail to bring out the economies from the in-depth crisis of Capitalism. An increase in the real wages will certainly help in solving the realization problem.

Rapid Financialisation of leading Capitalistic Economies has led the emergence of Casino Economy reducing the investment in Physical assets and most Corporate Profits were funneled into speculation in financial Assets. Speculation has led wealth creation and debt led Economic growth which has further widened the inequality of wealth and income. To revive the capitalism, the focus is required to be shifted from speculation based investment in financial assets to productivity based investment in Physical Assets. Speculation in Financial Arena creates hyper optimism that makes the investors, bankers to invest in high risk assets and further creates

problems like Sub-prime crises of US in 2007. It is, thus, a policy matter for banking and financial regulator to control Speculation in Financial Instruments and debt-led consumption growth model.

Michael E. Porter has suggested a good idea of creation of shared Value. Porter believes that to overcome the current economic and financial problem of Capitalism, the system should not only give thrust on economic value creation, but also creating assets that generate benefits for the whole society. The concept of share value can be understood as a model that creates value of assets or expanding the total pool of economic and social value. It is not sharing of already created value by firms as the redistribution approach. In another way, it can be understood as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. It focuses on identifying and expanding the connections between societal and economic progress.

5. CONCLUSION:

Economic activities cannot be seen as completely individual profit motive that provides benefits to a small section of society at the cost of benefits of larger sections of the society. The environmental issues, Corporate Social Responsibilities etc. are to be in the core of policies of Giant Corporations as well as for small firms. Capitalism in present form is suffering from it's own deficiencies. The economists now need to involve their attention to innovative and creative solutions to fix the system. For survival of the system, the big divide between countries and people within a country to be reduced. The present system of Capitalism is suffering from it's own drawbacks which themselves weakening the system and raising a question on it's future survival. Now, the time is for redefining the new boundaries and premises that can bring the system on track again controlling the frequent shocks and degrowth elements.

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User Gratification of a desire Services on TVS two wheeler in Karnataka, a case study in Mysore

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Abstract

User gratification of a desire means user satisfaction or customer satisfaction, Increased competition is forcing business to pay much more attention to satisfying customers, including by providing strong customer service. It may help the reader to notice the role of customer service in the overall context of product or service development and management. We are in business to meet our customer's expectations and to do so in a way that creates a positive and favorable experience for them. This experience is based on consistently meeting their expectations in all we do. This does not mean we will always agree or never have issues.

They focus employees on the importance of fulfilling user's expectations. Furthermore, when these ratings dip they warn of problems that can affect sales and profitability. These metrics quantify an important dynamic.

In researching gratification of a desire firms generally ask users whether their product or service has met or exceeded expectations. Thus, expectations are a key factor behind gratification of a desire. When users have high expectations and the reality falls short, they will be disappointed and will likely rate their experience as less than satisfying. For this reason, a luxury resort, business ideally is continually seeking feedback to improve user gratification of a desire. Their principal use is two fold with in firms, the collection, analysis and dissemination of these data send a message about the importance of tending to users and ensuring that they have a positive experience with the firms goods and services.

In this empirical study I would like to emphasis on A Case study on two wheeler User gratification of a desire Services of T.V.S Ltd in Karnataka.

Keywords: User gratification of a desire Services, trade or profession, surpass, ratings dip.

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1. INTRODUCTION

Without a clear and accurate sense of what needs to be measured and how to collect, analyze and use the data as a strategic weapon to drive the business can be effective in this new trade or profession climate. The problem which firm faces however is exactly how to do all of this and do it well. User gratification of a desire is defined as "the number of users or percentage of total users, whose reported experience with a firm, its products, or its services (ratings) exceeds specified gratification of a desire goals."

They need to understand how to quantify, measure, and track user gratification of a desire. Competitors that are prospering in the new global economy recognize that measuring user gratification of a desire is the key. Only by doing so can they hold on to the users they have and understand how to better attract new users. The competitors who will be successfully recognize that user gratification of a desire is a critical strategic weapon that can bring increased market share and increased profits.

Too many firms rely on outdated and unreliable measures of user gratification of a desire. Plans constructed using user gratification of a desire research results can be designed to target users and processes that are most able to extend profits. They watch sales volume & listen to sales reps describing their user's states of mind. They track and count the frequency of complaints. And they watch aging accounts receivable reports, recognizing that unhappy users pay as late as possible if at all. While these approaches are not completely without value, they are no substitute for a valid, well designed user gratification of a desire survey program.

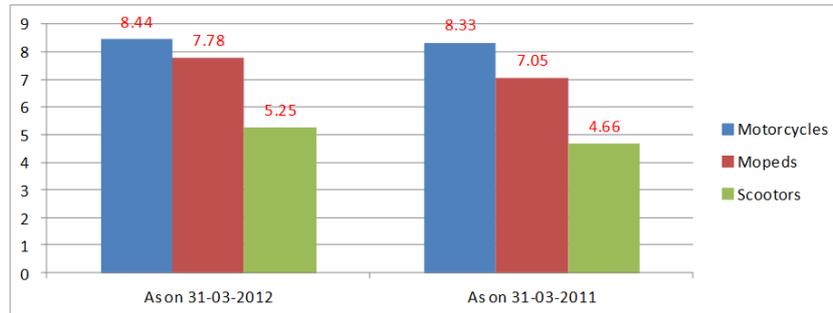
2. BACKGROUND STUDY

TVS it is having Share listed with Madras Stock Exchange Ltd, Chennai, Bombay Stock Exchange Ltd, Mumbai, National Stock Exchange of India Ltd, Mumbai.

Its Registered office in Jayalakshmi Estates, 29,(Old No 8), Haddows Road, Chennai- 600 006, Tamil nadu, it is having factories in 1] Post box No 4, Harita, Hosur- 635 109, Tamil nadu, [2]. Post box no 1, Byathahalli village, Kadakola post, Mysore- 571 311, Karnataka, [3]. Bhatian village, Nalagarh post & Taluk, Solan District -174 101, Himachal Pradesh,

TVS is having subsidiary firm with [1]. Sundaram Auto Componets Ltd, Chennai, [2]. TVS Energy Ltd, Chennai, [3]. TVS Housing Ltd, Chennai, [4]. TVS Wind Energy Ltd Chennai, [5]. TVS Wind Power Ltd Chennai,, [5]. Sundaram Engineering Products Services Ltd, Chennai, [6]. TVS Motor Firms (Europe). Amsterdam, [7]. TVS Motor (Singapore) Pt Ltd, Singapore [8]. TVS Motor Firms Indonesia, Jakarta [8]. Sundaram A trade or profession Development Consulting (Shanghai) Co. Ltd, China

The performance of sales in Lakhs for 31-03-2012 & 31-03-2011is comparing as follows



The Available Modes of TVS are TVS Apache RTR 160, TVS Apache RTR 180 ABS , TVS Jive, TVS Victor, TVS Velocity 160, TVS Rockz, TVS Max 4R, TVS Streak Hybrid, TVS Wego, TVS Nero, TVS Star, TVS Scooty Streak, TVS Flame SR 125, TVS Star City, TVS Scooty pep, TVS Star Sport.

3. LITERATURE REVIEW

In a turbulent commerce environment, in order to sustain the growth and market share, firm need to understand how to satisfy users, since user gratification of a desire is critical for establishing long-term client relationships. User gratification of a desire is a critical issue in the success of any a trade or profession system traditional or online. To understand gratification of a desire, we need to have a clear understanding of what is meant by user gratification of a desire.

1]. **Kotler (2000)** defined customer satisfaction as a person's feeling of pleasure or disappointment resulting from comparing a products' perceived performance (or outcome) in relation to his or her expectations. When users become satisfied about the value that is offered and sometimes their expectation is met and exceeded, can generate many benefits for a firm.

2]. Work done by **Parasuraman, Zeithaml and Berry (Leonard L)** between 1985 and 1988 provides the basis for the measurement of customer satisfaction with a service by using the gap between the user's expectation of performance and their perceived experience of performance. This provides the measurer with a gratification of a desire "gap" which is objective and quantitative in nature.

This research paper is based on the user Gratification of a desire towards the products and services of T.V.S Ltd , because it is the back bone for T.V.S Ltd in facing competition and in future progress. For A trade or profession progress and expansion to serve customer is not the only objective, but keep them satisfied is the most important objective. Satisfied users are the main assets for any firms in their long term future progress.

4. NEED AND IMPORTANCE FOR THE STUDY

New techniques and methods are important for a trade or profession firm for development. For every trade or profession, better services to their user are essential to face the competitors. Attract new users is not only important but also retain old and present users is also important. So there is a need to ascertain the users use regarding the services providing by reputed firm like T.V.S Ltd. With the increase market study there is a cut throat competition among the businessman in the industry. Some of the other major competitors in this area are: Hero Honda, Honda, Bajaj,

Mahindra, Yamaha, Suzuki, Royal Enfield, KTM, Piaggio. The need for user gratification of a desire is necessary for all trade or profession if large or small. The gratification of a desire of the user is an important task. Hence, there is a need for the study.

5. OBJECTIVES OF THE STUDY

1. To study the user gratification of a desire with the usage of two wheelers of T.V.S Ltd
2. To study the impact of different product, pricing and place attributes on two wheeler user gratification of a desire.
3. To study the opinion of the owners of two wheelers regarding pre-sales and after sales services provided by the dealers.

6. HYPOTHESIS FOR THE STUDY

H_0 : There is no significant relationship between products attributes and user gratification of a desire.

H_0 : There is no significant positive relationship between pricing attributes and user gratification of a desire.

H_0 : There is no significant positive relationship between place attributes and user gratification of a desire.

7. SCOPE AND LIMITATIONS OF THE STUDY

Because of time and finance restriction for primary data collection, I have limited myself to users who brought their two wheelers in specified period only.

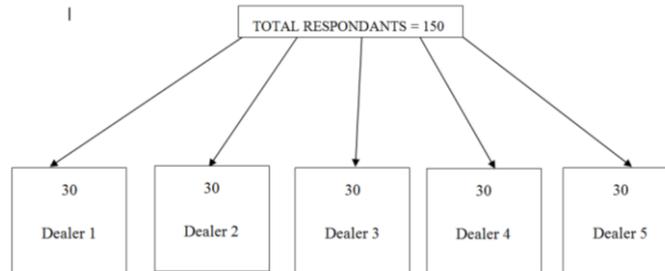
1. The study is confined only to Mysore city in Karnataka.
2. The study is considered among different users of two wheeler users of various T.V.S Ltd.

8. METHODOLOGY

The level of gratification of a desire can also vary, depending on other options, the user can compare the firm's products. Regardless of the scale used, the objective is to measure users' perceived gratification of a desire with their experience of a firm's offerings. It is essential for firms to effectively manage user gratification of a desire. To be able do this, we need accurate measurement of gratification of a desire. The usual measures of user gratification of a desire involve a survey with a set of statements using a Likert technique or scale. The user is asked to evaluate each statement and in term of their perception and expectation of performance of the firm being measured. Their gratification of a desire is generally measured on a five-point scale. For positive statement highest frequency (5) is assigned for "highly satisfied" and lowest frequency (1) for "highly not satisfied. In Mysore city there are 5 main Dealers of T.V.S are

- [1]. Ape Show room, Ilahi Complex, Near Union Bank, B M Bypass Road, Hunsur, Mysore - 571105.
- [2]. Chinnu Automobils #2556, Kantharaj Urs Road, 3rd Cross, K.G. Koppal, Kantharaj Urs Road, Mysore - 570004.

- [3]. Excellent Auto Consultant #3040, Mysore, G. S. Convent Road, Lashkar Mohalla, Mysore - 570001.
- [4]. Sona Motors No.914/1, Ch 18/1, Opp Christ The King Convent, Jhansi Rani Lakshmi Road, Lakshmipuram, MYSORE - 570004.
- [5]. Blue Diamond 1424, Bennki Nawab Street, Near Sri Talkies, Mandi Mohalla, Mysore - 570021

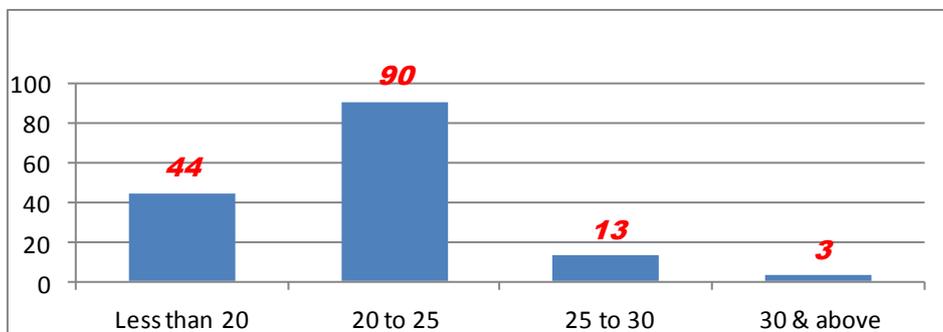


Totally From 150 respondents, 30 respondents from each dealer are selected using simple random sampling technique and analyzed the survey data. We have used the different statistical techniques to get the output through SPSS 16 package. The present exploratory study focuses on the user gratification of a desire from primary data (Questionnaire) and secondary data (The firms, Journals, Websites) towards T.V.S Ltd.

9. DATA ANALYSIS AND INTERPRETATION

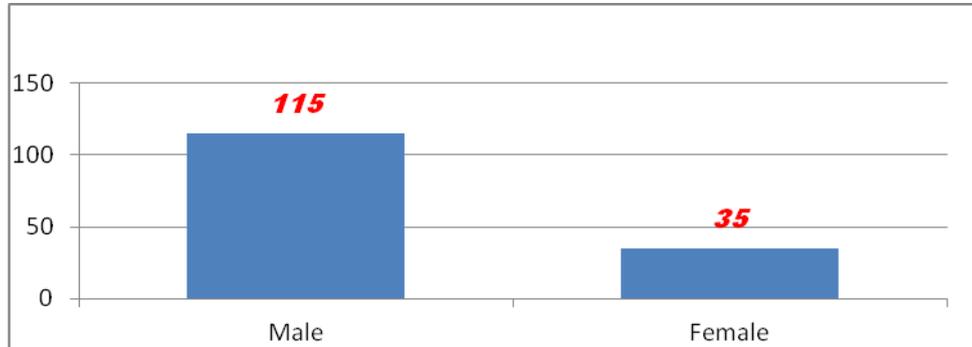
After Data collected through Field Investigation has been analyzed as follows.

Table-1: Age Group of the Respondents



Interpretation: From the data of the samples collected regarding the age of the users, it is clearly understood that nearly 44 of the age group are under below 20 years and highest 90 of the age group under between 20 to 25 years, 13 of the age group are under between 25 to 30 and the rest of them 3 are above the age group of the 30 years.

Table 2:- Gender Group of the Respondents



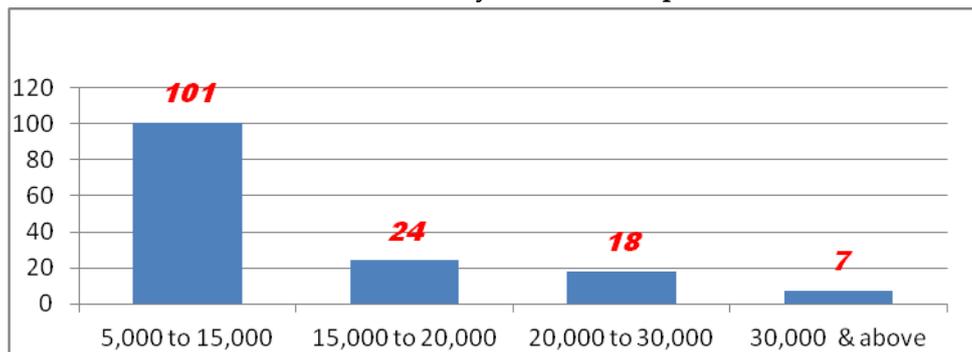
Interpretation: The above table regarding gender of the respondents shows that nearly 115 of the highest respondents are Male and the remaining 35 of respondents are Female.

Table 3:- Occupation of the Respondents



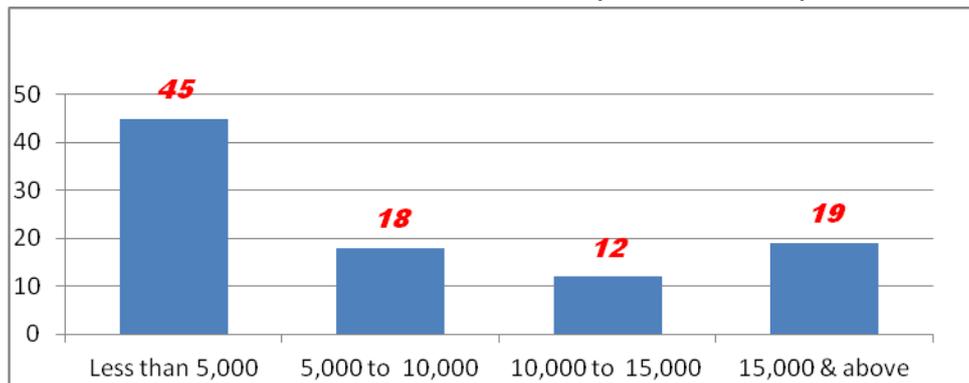
Interpretation: From the samples collected above regarding Occupation, it clearly shows that nearly 89 of the respondents are highest business man, 30 are employees, 10 respondents are professionals, 14 of respondents belong to retired group and the rest of them 7 are students.

Table 4:- Monthly Income in Rupees



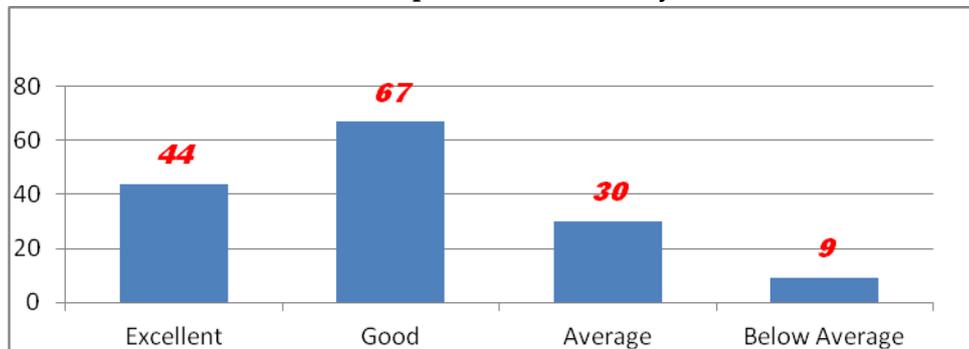
Interpretation: From the samples collected above regarding the income of the users, it is clearly understood that nearly 101 of the users are earning income around 5,000 to Rs.15,000, 24 of the users are earning income between Rs.15,000 to Rs.20,000, 18 are earning income under between Rs.20,000 to Rs.30,000 and the rest of them 7 are earning income more than Rs.30,000.

TABLE 5:- Number of Kilometers {covered till date}



Interpretation: As per the samples collected regarding the kilometers travelled till the date by the vehicle of the two wheeler users, it has been clearly understood that nearly 45 of the vehicles of the users are travelled less than 5,000kms, 18 of the vehicles of the users are travelled between 5,000 to 10,000kms, 12 of the vehicles of the users travelled between 10,000 to 15,000kms and the rest of the vehicles 19 are travelled above the 15,000kms.

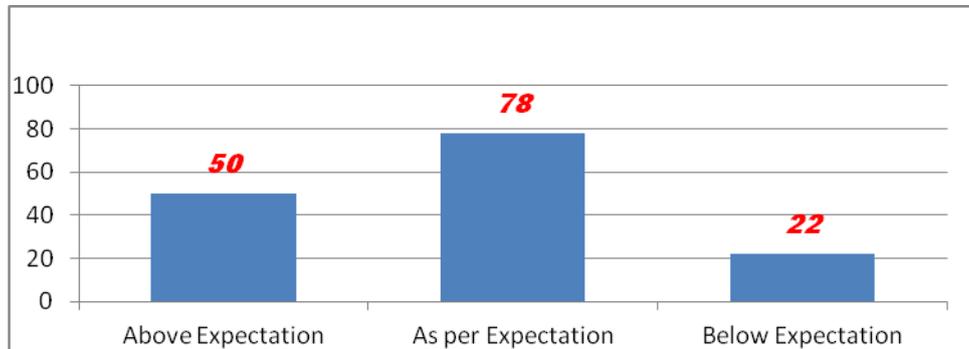
TABLE 6:- Users opinion on services by T.V.S Ltd



Interpretation: As per the samples collected regarding services with the dealer has been identified that 44 of the users feel it is Excellent, 67 of the users feel it is good, 30 of the users feel it is Average, 9 of the users feel it is Below Average.

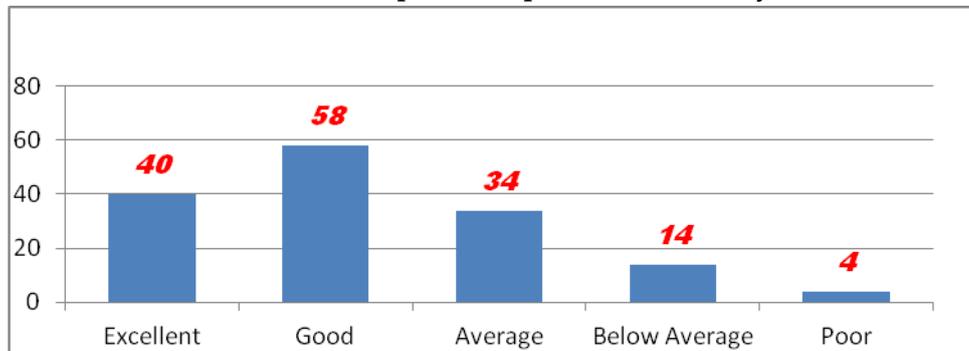
TABLE 7:- Users opinion on T.V.S Ltd offering value for money





Interpretation: The above data regarding the users opinion of the T.V.S Ltd offering value for money shows that 50 of the users feel it is above expectation, 78 of the users feel it is as per expectation and 22 of the users feel it is below expectation.

TABLE 8:- Users opinion on post sale services by Co



Interpretation: As per the samples collected regarding Post-sale services with the dealer has been identified that 40 of the users feel it is Excellent, 58 of the users feel it is good, 34 of the users feel it is Average, 14 of the users feel it is Below Average and 4 of the users feel that the post sale services are poor.

Hypothesis 1: TABLE 9 ANOVA

H₀: There is no significant relationship between Product factors (Look, Second value, Mileage, Driving comfort, Road grip) and two wheeler user gratification of a desire.

H₁: There is significant relationship between Product (Look, Second value, Mileage, Driving comfort, Road grip) and two wheeler user gratification of a desire.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Look	Between Groups	27.612	4	6.903	3.463	.010
	Within Groups	289.028	145	1.993		
	Total	316.640	149			
Second Value	Between Groups	16.194	4	4.048	2.015	.095
	Within Groups	291.306	145	2.009		
	Total	307.500	149			
Mileage	Between Groups	26.325	4	6.581	3.262	.014
	Within Groups	292.508	145	2.017		
	Total	318.833	149			
Driving comfort	Between Groups	27.537	4	6.884	4.267	.003
	Within Groups	233.936	145	1.613		
	Total	261.473	149			
Road grip	Between Groups	18.254	4	4.563	2.492	.046
	Within Groups	265.486	145	1.831		
	Total	283.740	149			

Interpretation: Analysis of variance revealed significant relationship between the Product Factors and user Gratification of a desire, as the p value of all the Product Attributes i.e. mileage [F=3.262, P=.014], driving comfort [F=4.267, P=.003] and road grip [F=2.492, P= .046] are less than .05 and Look [F= 3.463, P= .010], Second value [F=2.015, P=.095] are more than .05 so it shows that there is a equal relationship between the factors

Hypothesis 2: TABLE 10 : ANOVA

H₀ : There is no significant relationship between Price factors (Price, E.M.I, offers, Low interest, No Additional charges,) and user gratification of a desire.

H₂ : There is a significant relationship between Price factors (Price, E.M.I, offers, Low interest, No Additional charges,) and user gratification of a desire.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Price	Between Groups	28.581	4	7.145	5.623	.000
	Within Groups	184.253	145	1.271		
	Total	212.833	149			
E.M.I	Between Groups	33.304	4	8.326	4.729	.001
	Within Groups	255.290	145	1.761		
	Total	288.593	149			
Offers	Between Groups	61.376	4	15.344	8.501	.000
	Within Groups	261.718	145	1.805		
	Total	323.093	149			
Low Intrest	Between Groups	42.122	4	10.530	5.618	.000
	Within Groups	271.771	145	1.874		
	Total	313.893	149			
No Additional Charges	Between Groups	20.348	4	5.087	2.810	.028
	Within Groups	262.485	145	1.810		
	Total	282.833	149			

Interpretation: Analysis of variance revealed significant relationship between the Pricing Factors and user Gratification of a desire, as the p value of the Price [F=5.623, P=.000], E.M.I [F=4.729, P=.001], offers [F=8.501, P= .000], Low interest[F=5.618, P= .000], no additional charges[F=2.810, P=.028], are less than .05. it is significant hence we accept alternative hypothesis.

Hypothesis 3: TABLE 11 : ANOVA

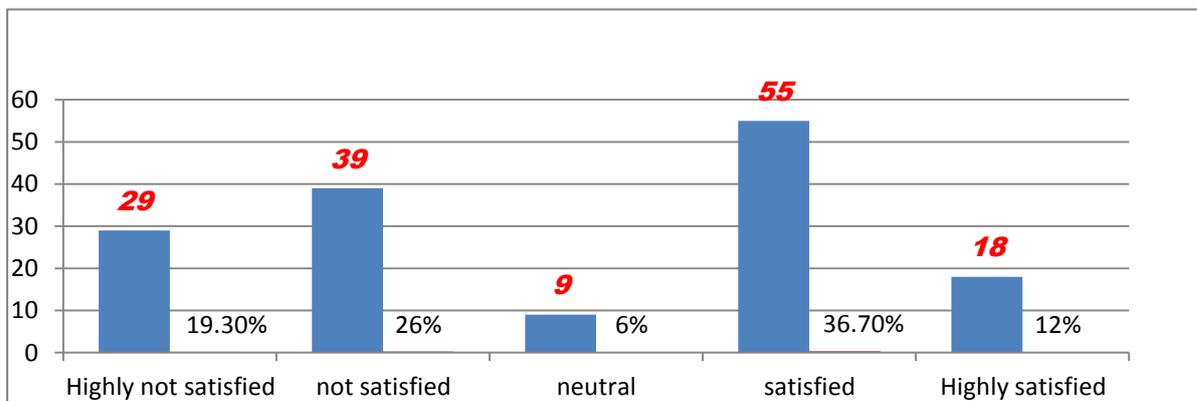
H₀ : There is no significant relationship between Place factors (Nearest to the Show room, Advertisement, Firms brand, Observation and Availability of spare parts) and user gratification of a desire.

H₄ : There is a significant relationship between Place factors (Nearest to the Show room, Advertisement, Firms brand, Observation and Availability of spare parts) and user gratification of a desire.

		Sum of Squares	df	Mean Square	F	Sig.
Nearest to the showroom	Between Groups	22.219	4	5.555	3.471	.010
	Within Groups	232.074	145	1.601		
	Total	254.293	149			
Advertisements	Between Groups	23.423	4	5.856	3.561	.008
	Within Groups	238.417	145	1.644		
	Total	261.840	149			
Company brand	Between Groups	38.552	4	9.638	8.068	.000
	Within Groups	173.208	145	1.195		
	Total	211.760	149			
Observation	Between Groups	38.830	4	9.707	6.235	.000
	Within Groups	225.764	145	1.557		
	Total	264.593	149			

Interpretation: An Anova as the p value of advertisement [F=3.561, P=.08] , firms brand [F=8.068; P= .000], observation [F=6.235, P=.00] are less than .05 but nearest to the showroom [F=3.471, P= .010] are less than .05. it is significant hence we accept alternative hypothesis ,

TABLE 12, Total gratification of a desire in All factors of TVS ltd



Interpretation: Among 150 respondents 55 are overall totally satisfied in All factors, 18 respondents are overall highly satisfied.

10. Summary of Findings

- The majority of the age group of 90 two wheeler users is between 20 and 25 years having highest 60%. as per Table 1
- In the respondents, the male group consist of highest 76.7% and female group consists of lowest 23.3% out of 150 respondents as per Table 2
- As per Table 3 the users belong to 89 a business man are highest 59.3 %.
- The income of most of the highest 101 respondents is between Rs.5,000 to 15,000 having 67.3% as per Table 4
- The majority of 75 respondents have covered 15000 and above kilo meters till date are highest 50 %. as per Table 5
- As per Table 6 the data collected regarding Pre-sale services with the dealer has been identified that majority of 67 respondents feel the pre-sale services are Good (44.7 %) in Mysore.
- The majority of 78 respondents have opined as per Table 7 that T.V.S are in as per expectation in offering value for their money (52%)
- The data collected regarding the Post-Sale services by the dealer in Mysore has identified as per Table 8 that 58 respondents that nearly 38.7 % of the respondents have given their opinion as Good.
- Analysis of Variance [ANOVA] test has conducted to identify the relationship between the various product factors of T.V.S with overall user Gratification of a desire revealed as per Table 9, 10, and 11 that there is a significant relationship between the product, pricing and place factors.
- Nearly 36.70% of the respondents have said that they are happy and satisfied with the Products and Services of T.V.S as per Table 12.

11. CONCLUSION

Statistical Calculations have been complemented with an analysis in order to highlight those attributes where managers need to pay more attention. It is recommended that surveys like these become a regular feature of every firms so that we are able to understand and track changes in user priorities. Automobile companies are growing and depending on Low and middle class population. Through better service to the user, the firms can achieve a rapid progress. TVS Ltd. is the manufacturer of two wheelers, based in India in terms of unit volume sales in a calendar year. T.V.S Ltd. continues to maintain this position till date, From the outcome of the study it can be concluded that the all factors considered in the study have significant effect on the overall gratification of a desire of the users. To do this however, we will need to ensure that our user databases are regularly updated with user telephone contacts.

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13. THE QUESTIONNAIRE FORMAT USED

QUESTIONNAIRE

Topic:- User Gratification of a desire Services on TVS two wheeler in Karnataka . a case study in mysore

By:- VENKATESH.R, Guest Faculty, DOS in Commerce, Manasagangothri, Mysore University, Mysore 570006, Ph: 9986845373 email: venkateshr1mysore@gmail.com

1]. Your Name, Address & phone No :- _____

2]. Type of TVS two wheeler using :- _____

3]. Name of the Dealer :- _____

{ Please type the related variable Number for all question }

a]. Age group

[1]. Less than 20 [2]. 20 to 35 [3]. 25 to 30 [4]. 30 and Above

b]. Gender

[1]. Male [2]. Female

c]. Occupation

[1]. business man [2]. Employee [3]. Professional [4]. Retired [5]. Student

d]. Monthly Income in Rupees

[1]. 5,000 to 10,000 [2]. 10,000 to 15, 000 [3]. 15,000 to 20,000 [4]. 20,000 & Above

e]. Number of Kilometer covered till date

[1]. Less than 5000 [2]. 5000 to 10000 [3]. 10000 to 15000 [4]. 15000 and Above

f]. User opinion services by T.V.S Ltd

[1]. Excellent [2]. Good [3]. Average [4]. Below average

g]. Users opinion on T.V.S offering value for money

[1]. Above expectation [2]. As per expectation [3]. Below expectation

h]. Users opinion on post sale services by T.V.S Ltd

[1]. Excellent [2]. Good [3]. Average [4]. Below average [5]. Poor

i]. How the Product features satisfied {Tick the appropriate box}

Items	Highly not satisfied {1}	Not Satisfied{2}	Neutral {3}	Satisfied {4}	Highly satisfied {5}
Look					
Second value					
Mileage					
Driving Comfort					
Road grip					

j]. How the Price factors satisfied {Tick the appropriate box}

Items	Highly not satisfied{1}	Not Satisfied{2}	Neutral {3}	Satisfied {4}	Highly Satisfied{5}
Price					
E.M.I					
Offers					
Low Interest					
No Additional charges					

k]. How the Place factors satisfied {Tick the appropriate box}

Items	Highly not satisfied{1}	Not Satisfied{2}	Neutral {3}	Satisfied {4}	Highly Satisfied{5}
Nearest to the showroom					
Advertisements					
Firms brand					

Observation					
Availability of spare parts					

1). Have you satisfied with overall factors (Variables) of T.V.S Ltd Co.

<u>Highly not Satisfied</u> {1}	<u>Not Satisfied</u> {2}	<u>Neutral</u> {3}	<u>Satisfied</u> {4}	<u>Highly Satisfied</u> {5}
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Right to Information Versus Indian Judiciary: An analysis

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Abstract

The Court must be the most accountable institution in any democracy because of its vital role as a watchdog. In fact, judges must be held to standards that are higher than any other government officials. This can be, only if RTI Act is made applicable to the Supreme Court. That will ensure that the court, like any other institution, is accountable to the people.

Any legislation of Indian legislature has binding force on each organs including judiciary until the same is declared ultra-vires. As a guardian of Constitution, Judiciary has empowered only to check the constitutionality of particular legislation on well founded grounds and to interpret the provisions. So long as any Act stands valid, it must be observed by the judiciary. Same is true in respect of R.T.I. Act 2005.

The Court is not covert coward but an eloquently open and fearlessly frank institution. Secrecy is incompatible with the judiciary; otherwise our democracy will become a travesty and they have not humanity will face authoritarian governance by a proprietariat oligarchy.

Keywords: *Proprietariat oligarchy, eloquently open, dubious guise, wrested the power*

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1. INTRODUCTION

The basic principle in a democratic republic is that the people are supreme. Once this concept of popular sovereignty is kept in mind, it becomes obvious that the organs of the State have been created to serve the people of this country. It follows that, all the trinity of authorities whether judges, legislators, or executives are the service providers. Surely, the master has the right to check, control and criticize service providers if they do not act, behave or perform properly. In turn, service providers are accountable towards the people of this country. Further, in a government of responsibility like ours, where all public authorities must be responsible for their conduct, there can be few secrets. The people of this country have a right to know every public act, everything that is done in a public way, by their public functionaries.¹

The right to know or right to information is implicit in the right to freedom of speech and expression under Art. 19 (1)(a). The disclosure of any information regarding the functionaries of the government must be the rule and the secrecy is an exception.² Actually the freedom of speech and expression will be meaningless without opportunity to collect the information. The speech or expression without relevant information will create confusion in the society. On the other hand, to establish any fact at any forum relevant evidences are required. Therefore, people should have means to know the truth and collect the information, so that they may not make speech or express their opinion in air. The people have right to know the reality and basis of governmental actions. By knowing the real facts they may be able to form their opinion in regard to governmental activities before casting their votes in an election. The knowledge of past conduct of contesting candidates of election will facilitate the voters to make up the mind about the suitability of the candidate and will enable the voters to choose right candidate as their representative.

Under Article 21, life means life with human dignity. So there is strong link between Article 21 and right to know particularly where the secrets of government decisions may affect the health, life and occupation of people.³

In *Dinesh Trivedi v/s Union of India* case,⁴ Court held that the citizens of India have rights to know about the affairs of government. This right is implicit in Art. 19 (1) (a). It is observed by Court that it is essential to ensure the continued participation of the people in the democratic process that they are kept informed of the vital decisions taken by the Government aimed at their welfare and basis thereof. Democracy expects openness and openness is a concomitant of free society.

The right to get information in democracy is recognized all throughout and it is a natural right flowing from the concept of democracy.

The Right to Information Act 2005 is a revolutionary step towards the maintaining the transparency in state functionaries actions. Perhaps this Act is the greatest achievement of Indian legislature after independence. By the judicial construction the Indian judiciary has played a very constructive role to strengthen "the right to know" as an affective constitutional right. The "right to know" has a more wide scope than present R.T.I. Act. 2005. Virtually the scope of right to know has been regulated by this Act.

The right conferred by this act is very confirmative to natural rights. Under democratic systems, governments are formed by popular mandate and tax payers provide life blood for the functioning of governments. Therefore, people must have right to know about the functioning of

government organs or machineries. The transparency in government is sign of good governance. Of all the service providers, the most trusted and powerful should be more responsive, transparent & accountable. So out of all the three organs of the State, judiciary should be more responsive, transparent & accountable. An informed public criticism of judicial misconduct & incompetence or institutional turpitude or dysfunctionality creates corrective public opinion through vigilant scrutiny and media publicity. Speech is duty & silence cowardice, since information, accountability & transparency of the judiciary are inalienable attributes of any democratic institution. For this purpose, the Right to information Act, 2005 was passed.

Transparency in State Functioning is a sign of good governance. Under democratic system of government legislature, executive and judiciary stand on same footing as in regard to transparency. Former Chief Justice J.S. Verma⁵ has rightly contended that Supreme Court can't be kept out of discussion of transparency. If judiciary wants to maintain transparency in other organs then the same is applicable on Judiciary also. The concept of "Right to know" and "Right to information" is a creation of Indian Judiciary. Then how the judiciary can itself deny to (redress) recognize this right. The legislature has only regulated the right to information by this legislation (R.T.I. Act 2005).

Just after the enactment of this Act the Supreme Court of India sought exemption from it. Argument given for doing this may be evaluated as follows:-

The independence of the judiciary from the executive and the legislature as well as independence of each and every judge within the judiciary is considered as a necessary condition for a free society and a constitutional democracy. It ensures the rule of law and realization of human rights and also the prosperity and stability of a society. Therefore, the constitution provides for the independence not only of the Supreme Court but also of the High Courts and the subordinate courts. The Supreme Court has also held more than once that the independence of the judiciary is a basic structure of the Constitution and any attempt to curtail it directly or indirectly even by an amendment of the Constitution is invalid.⁶ At the same time, it is true that independence of the judiciary should also be maintained and ensured from inside the judiciary. The purpose of the RTI Act is to make public authorities transparent & accountable. Being transparent and accountable does not mean interference with independence. We must remember Judge Jerome Frank of the U.S. Court of Appeals:-

"I am unable to conceive... that in a democracy, it can ever be unwise to acquaint the public with the truth about the workings of any branch of government. It is wholly undemocratic to treat the public as children who are unable to accept the inescapable shortcomings of man made institutions... The best way to bring about the elimination of those shortcomings of our judicial system, which are capable of being eliminated, is to have all our citizens informed as to how that system now functions. It is a mistake, therefore, to try to establish & maintain, through ignorance, public esteem for our courts."⁷

The unambiguous ruling of High Court that C.J.I. is public authority under the R.T.I. Act 2005 will enable people to seek even sensitive information from the C.J.I. Office. Although the Chief Justice of India K.G. Balakrishnan has made objection to furnish the huge sensitive information. The sensitivity of information will be determined in the light of R.T.I. Act's provision and not

according to individual authority's view. If right to Information Act permits to furnish any specific information then there is no question of denial in the name of sensitivity.

Another argument forwarded by the Judiciary is that it is a constitutional body. In fact, all the three organs of the State are constitutional bodies as all have been created under the provisions of the Constitution. If on the basis of having constitutional body, the RTI Act will be made inapplicable on the Judiciary then on other two organs i.e., Executive and Legislative also, the Act will not apply & the entire purpose of passing this Act will frustrate.

Further, the object and purpose of the RTI Act is to provide for setting out the practical regime of right to information for citizens to secure access to information under the control of **public authorities** in order to promote transparency and accountability in the working of every **public authority**.

Again, Section 2(h) of the RTI Act defines the term **public authority**. According to it, **public authority** means any authority or body or institution of self government established or constituted -

- (a) By or under the Constitution.
- (b) By any other law made by Parliament.

This section makes it very clear that Judiciary is well within the ambit of the RTI Act - Section 2(e) of the Act defines the term "competent authority", who are empowered under section 28 of the Act to make rules to carry out the provisions of the Act. It provides literally:-

Sec. 2(e)(i)

- (ii) The Chief Justice of India in the case of Supreme Court,
- (iii) The Chief Justice of the High Court in the case of a High Court.

So unless Sections 2(h), 2(e)(ii) & (iii) are amended by parliament or be declared unconstitutional by the competent Court, it will have full authority to cover judiciary.

Here another relevant issue is, whether the details of judges appointment will be made public? The appointment of judges in superior judiciary also requires the transparency like other public authorities appointment. People still have great faith and honour in judiciary in comparison of other two organs of the State. Any pretence to furnish details of appointment of judges would create confusion in general public.

In fact, the purpose of the Independence of judiciary as well as transparency & accountability by access to information through the RTI Act is one and the same. It is best to sub-serve the citizens of the country with accountability, transparency and without unwanted obstruction (for that independence of judiciary is needed). Now, when purpose of both is same and one, it is unimaginable that the RTI Act might interfere with the independence of the judiciary. Independence does not mean absence of accountability, responsibility and transparency.

The Infinite fact remains that many judges have lost their conscience because of a curious sense of independence without accountability. These two values go together.....⁸ We want a judiciary whose body and soul are beyond purchase whose independence is beyond pressure, partiality & corruption, and whose performance is free, fearless and fair and offers democratic access to the forensic process.... Indian's have not humanity is unhappy that the justice system is declining in

terms of its integrity, social philosophy and genius, even as the Judges have wrested the power, without constitutional justification, to appoint their brethren in the dubious guise of independence of the judiciary.⁹

The Court must be the most accountable institution in any democracy because of its vital role as a watchdog. In fact, judges must be held to standards that are higher than any other government officials. This can be, only if RTI Act is made applicable to the Supreme Court. That will ensure that the court, like any other institution, is accountable to the people.

Any legislation of Indian legislature has binding force on each organs including judiciary until the same is declared ultra-vires. As a guardian of Constitution, Judiciary has empowered only to check the constitutionality of particular legislation on well founded grounds and to interpret the provisions. So long as any Act stands valid, it must be observed by the judiciary. Same is true in respect of R.T.I. Act 2005.

The Court is not covert coward but an eloquently open and fearlessly frank institution. Secrecy is incompatible with the judiciary; otherwise our democracy will become a travesty and the have not humanity will face authoritarian governance by a proprietariat oligarchy.¹⁰

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An Assessment of Corporate Social Responsibility of Small Manufacturing Firms

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Abstract

Imparting an outstanding corporate responsibility had become tag of the contemporary business. Corporate social responsibility augments the business image, adds on the profitability, generates wider market share, recognizes its duties towards the society, and develops confidence in the minds of the customers and so on. The present study assesses the corporate social responsibility of 44 small manufacturing units operating in District Udhampur of J&K State. The research framework was examined by empirical analysis of primary data collected. Validity and reliability of the scales in the construct were assessed through BTS and Cronbach-alpha. The results of Chi-square, linear regression analysis revealed positive association of societal safeguard with corporate social responsibility, corporate social responsibility promotes ethical considerations of small scale manufacturers and adoption of corporate social responsibility leads to effective relationships. Further, Government should appreciate and come up with more and more amenities in order to promote social welfare.

Key Words: Corporate Social Responsibility (CSR), Small Manufacturing Firms, Business.

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1. INTRODUCTION

By the 1990s, building a reputation for corporate social responsibility (CSR) became a top priority for nearly all of the world's largest companies, especially major transnational corporations based in North America or Western Europe whose main business involved the delivery of consumer products or services (**Goldman and Papon, 1998** and **Knight and Greenberg, 2002**). CSR, a notion that can be traced back to the 1940s and 1950s, requires business organisations to encompass "the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organisations at a given point in time" (**Buchholtz and Carroll, 2008** and **Whysall, 2004**). **Carroll (1991)**, perhaps the most widely cited authority in the field, divides CSR into four segments. First, a business must consistently and successfully pursue maximum profitability as an economic responsibility. Second, a business must always be aware of and comply with all laws and regulations—at every level in the communities where it operates— related to its delivery of products or services in order to meet its legal responsibilities. Third, a business must go beyond legal or regulatory mandates and operate in a way that respects the concerns and values of society at large—and be prepared to adjust to new values and concerns in order to meet its ethical responsibilities. Fourth, a business must support—in the way it deems most effective— educational, religious, artistic, medical, social welfare, or other charitable endeavors in order to meet its philanthropic responsibilities. Now-a-days, a key ingredient to engage the private sector in the country's development debate is the practice of Corporate Social Responsibility (CSR). Corporate Social Responsibility can be defined as a commitment to improve the community's well-being through discretionary business practices and contributions of company resources (**Kotler and Lee, 2008**). Corporate Social Responsibility has been gaining momentum and private sector engagement is at the helm. Amidst the challenge of developing a mutual beneficial relationship between the local community and private sector entities, there is a need for greater Government involvement. The conventional approach to corporate social responsibility used to be simply "Fulfilling an Obligation". This traditional approach versus the new strategic approach to corporate philanthropy seeks to balance contribution with the concept of the greater good. In order to sustain and strengthen such innate corporate social responsibility there must be a strong involvement in the relationship (**Bedbury and Fenichell, 2002**) and (**McCaffery, Kahneman, and Spitzer, 1995**).

2. REVIEW OF LITERATURE

Corporate social responsibility (CSR) is also known by a number of other names. These include corporate responsibility, corporate accountability, corporate ethics, corporate citizenship or stewardship, responsible entrepreneurship, and "triple bottom line," etc. As CSR issues become increasingly integrated into modern business practices, there is a trend towards referring to it as "responsible competitiveness" or "corporate sustainability" (**Boltanski and Thévenot, 2006** and **Daigle and Rouleau, 2010**). A key point to note is that CSR is an evolving concept that currently does not have a universally accepted definition. Generally, CSR is understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within the firm, create wealth and improve society. As issues of sustainable

development become more important, the question of how the business sector addresses them is also becoming an element of CSR. The World Business Council for Sustainable Development has described CSR as the business contribution to sustainable economic development. Building on a base of compliance with legislation and regulations, CSR typically includes “beyond law” commitments and activities pertaining to:

- corporate governance and ethics;
- health and safety;
- environmental stewardship;
- human rights;
- sustainable development;
- working conditions;
- industrial relations;
- respect for diverse cultures and disadvantaged peoples;
- corporate philanthropy and employee volunteering;
- customer satisfaction and adherence to principles of fair competition;
- anti-bribery and anti-corruption measures;
- accountability, transparency and performance reporting; and
- supplier relations, for both domestic and international supply chains.

CSR is understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision-making, strategy and operations in a transparent and accountable manner, and thereby establish better practices within the firm, create wealth and improve society (**Zadek, 2001**). These elements of CSR are frequently interconnected and interdependent, and apply to firms wherever they operate in the world. It is also important to bear in mind that there are two separate drivers for CSR. One relates to public policy. Because the impacts of the business sector are so large, and with a potential to be either positive or negative, it is natural that governments and wider society take a close interest in what business does. This means that the expectations on businesses are rising; governments will be looking for ways to increase the positive contribution of business. The second driver is the business driver. Here, CSR considerations can be seen as both costs and benefits. Since businesses play a pivotal role both in job and wealth creation in society and in the efficient use of natural capital, CSR is a central management concern. It positions companies to both proactively manage risks and take advantage of opportunities, especially with respect to their corporate reputation and the broad engagement of stakeholders. The latter can include shareholders, employees, customers, communities, suppliers, governments, non-governmental organisations, international organisations and others affected by a company’s activities (**Conaway and Wardrope, 2010**). Above all, CSR is about sensitivity to context—both societal and environmental—and related performance (**Matten and Moon, 2008**). It is about moving beyond declared intentions to effective and observable actions and measurable societal impacts. Performance reporting is all part of transparent, accountable and, hence, credible—corporate behaviour. There is considerable potential for problems if stakeholders perceive that a firm is engaging in a public relations

exercise and cannot demonstrate concrete actions that lead to real social and environmental benefits (Entman, 1993; Hallahan, 1999; Kendall, 2005 and Schlechtweg, 1996). The present study assesses corporate social responsibility of small manufacturing firms operating in District Udhampur of J&K State.

3. RESEARCH HYPOTHESES

Based on extensive review of literature the following hypotheses had been framed for the present study:

Hyp 1: There exists positive association between corporate social responsibility and societal safeguard.

Hyp 2: Corporate social responsibility promotes ethical considerations of small scale manufacturers.

Hyp 3: Adoption of corporate social responsibility leads to effective relationships

Objective: To analyse the impact of corporate social responsibility on societal safeguard, ethical considerations and relationship building

4. RESEARCH DESIGN AND METHODOLOGY

Research design and methodology comprises area of research, nature of data/information (Primary or secondary), questionnaire/schedule, research tools applied etc. The research methodology adopted proceeds as follows:

4.1 SAMPLING AND DATA COLLECTION

The primary data for the study were collected from 44 functional manufacturing SSIs registered under District Industries Centre (DIC), Udhampur of J&K State sub-divided into ten lines of operation comprising cement (8), pesticide (3), steel (3), battery/lead/alloy (5), menthol (2), guns (2), conduit pipes (2), gates/grills/varnish (5), maize/atta/dal mills (3) and miscellaneous (11). Census method was used to elicit response from owners/managers of the SSIs. Information was collected by administering self developed questionnaire prepared after consulting experts and review of literature which comprised of general information and various statements (11) of corporate social; responsibility being performed by the above aforesaid units. Items in the questionnaire were in descriptive form, ranking, dichotomous, open ended and five-point Likert scale. The data collected was further analysed with the help of SPSS (Version 16.00) for purification, checking validity and reliability. Various statistical tools like Mean, Standard deviation, Regression analysis, ANOVA were used to elicit meaningful responses from the data.

4.2 THE SURVEY INSTRUMENT

The survey instrument for managers was sub-divided into general information and information about dimensions of corporate social responsibility based on ranking and ordinal scale (5<---->1) ranging from 'strongly disagree' (1) to 'strongly agree' (5). The primary data were collected by making four to five visits for getting response from managers. The secondary information was collected from various journals namely, Journal of corporate social responsibility, International journal of supply chain management, Journal of supply chain management, International journal of production & distribution management, International journal of logistics management and

from other sources like books, magazines, empirical papers from online journals & hard copies of journals, annual action plan and other documents published and unpublished.

4.3 RELIABILITY AND VALIDITY OF THE INSTRUMENT

Reliability: The Cronbach's reliability coefficients for all 11 scale items underlying three factors within the domain of corporate social responsibility ranges from 0.864 to 0.897. The alpha reliability coefficients for F_1 (0.897), F_2 (0.886) and F_3 (0.864) is higher than the criteria of 0.77 obtained by **Gordon and Narayanan (1984)** indicating high internal consistency. The figures were also at a minimum acceptable level of 0.50 as recommended by **Brown et al. (2001)** and **Kakati and Dhar (2002)** thereby obtaining satisfactory internal consistency. Adequacy and reliability of sample size to yield distinct and reliable factors is further demonstrated through Kaiser-Meyer-Olkin Measure of Sampling Adequacy that is 0.700 and all factor loadings between items and their respective constructs being greater than equal to 0.55.

Validity: The factors obtained alpha reliability higher & equal to 0.50 and KMO value at 0.700 which indicate significant construct validity of the construct (**Hair et al., 1995**).

4.4 DATA ANALYSIS AND INTERPRETATION

The suitability of raw data for factor analysis obtained from SSI managers was examined through KMO value (0.700), Bartlett's test 348.39 (p-value = 0.000), indicating sufficient common variance and correlation matrix (**Dess et al. 1997 and Field 2000**). Thereafter, it was properly edited, purified and reduced through factor analysis on SPSS. The process of R-Mode Principal Components Analysis (PSA) with Varimax Rotation did not had any effect on the factor as the number of statements (11) remained same i.e., no item was either deleted or omitted. Therefore, factor loadings in the final factorial design, were consistent with conservative criteria, thereby resulting into three-factor solution using Kaiser criteria (i.e. eigen value ≥ 1) with 68.33% of the total variance explained. The communalities and % of variance explained by each factor are displayed in the Table 1.1. The details of factors and items therein are as under:

Factor 1 (Societal safeguard): This factor comprised of five items namely, "Control over environmental factors", "Timely & adequate delivery of goods", "Due significance to societal safeguards", "Operations are within rules" and "Proper prices charged". All the items were having mean scores between 4.11 - 4.31 and the statement "Control over environmental factors" was rated high among all with factor loading 0.900 and communality 0.867. This implies that Corporate Social Responsibility brings control over environmental factors, leads to timely performance of firms services, societal safeguards are considered valuable, the firms operations are within rules and reasonable prices for the product are charged.

Factor 2 (Ethical considerations): The variables, "Respective & timely tax payments", "Employees satisfaction" and "True promotional aids" were taken into consideration by this factor which supports all the variables with magnificent mean values, high factor loadings and significant communalities. Small manufacturing firms do pays timely taxes and uses true promotional aids for promoting their products.

Factor 3 (Builds relationship): The final factor of corporate social responsibility envisages three statements "Enhances interlinkages & reputation", "Maximises customer services & satisfaction"

and “Promotes reliability” with significant values of factor loading (0.69 – 0.92), communalities (0.78 – 0.89) and mean scores (4.11 – 4.20). This signifies that manufacturers of small firms want to promote interlinkages and customer service.

Table 1.2 shows output from Chi-square test and reveals positive association of 4 statements and insignificant association of 1 statement of societal safeguard with corporate social responsibility. The statement “Operations are within rules” is highly significant among all, with significance value of .023 ($p < 0.05$). The statements “Control over environmental factors”, “Timely & adequate delivery of goods” and “Due significance to societal safeguards” exhibits significant association as the $p < 0.05$. One statement i.e. “Proper prices charged” was found to be insignificant. Overall, the hypothesis is accepted for 4 statements and rejected for 1 statement.

Table 1.3 shows output from regression analysis to elicit the impact of corporate social responsibility on ethical considerations. The result of linear regression analysis enticed that the correlation between predictor and outcome is positive with values of R as .708, which signifies good correlation between predictor and the outcome. In the model 1, R is .708 which indicates 70% association between dependent and independent variable. R-Square for this model is .636 which means that 63% of variation in corporate social responsibility can be explained from the independent variable. Adjusted R square (.594) indicates that if anytime another independent variable is added to model, the R-square will increase. Further beta value reveals significant relationship of independent variable with dependent variable. Change in R square is also found to be significant with F-values significant at 5% confidence level. Thus, the hypothesis “Corporate social responsibility promotes ethical considerations of small-scale manufacturers” is accepted as represented by its significance level $p < .05$.

Table 1.4 demonstrates output from regression analysis to elicit the impact of corporate social responsibility relationship building. The result of linear regression analysis enticed that the correlation between predictor and outcome is positive with values of R as .810, which signifies good correlation between predictor and the outcome. In the model 1, R is .810 which indicates 81% association between dependent and independent variable. R-Square for this model is .692 which means that 69% of variation in social responsibility can be explained from the independent variable. Adjusted R square (.665) indicates that if anytime another independent variable is added to model, the R-square will increase. Further beta value reveals significant relationship of independent variable with dependent variable. Change in R square is also found to be significant with F-values significant at 5% confidence level. Thus the hypothesis “Adoption of corporate social responsibility leads to effective relationships” is accepted as represented by its significance level $p < .05$.

5. CONCLUSION & MANAGERIAL IMPLICATIONS

Corporate social responsibility indulges firms to integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner in order to create wealth and improve society well being. It leads to societal sustainable development, customer satisfaction and adherence to principles of fair competition, anti-bribery and anti-corruption measures, accountability, transparency and performance reporting etc. The present research provides fresh insights into the existing literature by

commenting upon the performance of small manufacturing firms operating in District Udhampur. The results of the study revealed that incorporating social responsibility leads to control over environmental factors, timely & adequate delivery of goods and above all promotes societal safeguards. Further, it has been analysed that inculcating the habit of corporate social responsibility fosters and reflects the ethical considerations of small-scale manufacturers and adopting CSR escorts to effective and sustaining relationships with upstream and downstream partners. From the practical perspective, the managers with the help of government functionaries must take initiatives to organize trade shows, seminars, workshops, conference to strengthen corporate social responsibility by integrating fragmented chain intermediaries. Sensitizing managers through periodic training & education programmes the need & strategies for how to impart satisfactory and publicly social responsibility for profitable inter-firm relationships. The findings of the study is limited to small scale industries of district Udhampur of Jammu & Kashmir state, so results drawn cannot be generalized for medium or large scale industries functioning in other parts of country having dissimilar business environment. Future researches can be undertaken in analysing CSR from the perspective of wholesalers, retailers and customers in medium and large scale product and service industries.

Table-1.1: Results Showing Factor Loadings and Variance Explained After Scale Purification (Rotated Component Method) for Corporate Social Responsibility

Factor-wise Dimensions	Mean	S.D	F.L	Eigen Value	Variance Exp. %	Cumulative Variance %	Comm-unity	α
F1 Societal safeguard	4.24	.489		5.040	24.977	24.977		.8971
1. Control over environmental factors	4.27	.544	.900				.867	
2. Timely & adequate delivery of goods	4.31	.518	.793				.663	
3. Due significance to societal safeguards	4.27	.423	.779				.686	
4. Operations are within rules	4.22	.423	.618				.751	
5. Proper prices charged	4.11	.537	.589				.533	
F2 Ethical considerations	4.06	.405		1.965	21.614	46.591		.8862
1. Respective & timely tax payments	4.04	.428	.919				.932	
2. Employees satisfaction	4.06	.452	.844				.845	
3. True promotional aids	4.06	.333	.805				.836	
F3 Builds relationship	4.17	.400		1.513	21.542	68.133		.8645
1. Enhances interlinkages & reputation	4.20	.408	.925				.895	
2. Maximises customer services & satisfaction	4.20	.408	.910				.880	
3. Promotes reliability	4.11	.386	.694				.798	

Footnotes: KMO Value =.700; Bartlett's Test of Sphercity = 348.391, df = 66, Sig. =.000; Extraction Method Principal Component Analysis; Varimax with Kaiser Normalisation; Rotation converged in 5 iterations; 'FL' stands for Factor Loadings, 'S.D' for Standard Deviation and ' α ' for Alpha.

Table-1.2: Association Between Corporate Social Responsibility and Societal Safeguard

Statement	Chi Square value	Sig. value	Outcome
Control over environmental factors	17.943	.048	Significant
Timely & adequate delivery of goods	18.765	.047	Significant
Due significance to societal safeguards	21.984	.041	Significant
Operations are within rules	44.000	.023	Significant
Proper prices charged	.024	.877	Not significant

Table-1.3: Regression Model Summary

Model	R	R ²	AdjustedR ²	Std. Error of Estimate	F value ANOVA	Sig. level	β	t	Sig. level
1.	.708	.636	.594	.2083	27.343	.000	.286	2.184	.004

a. Predictors: (Constant), Ethical considerations

b. Dependent Variable: Corporate social responsibility

Table-1.4: Regression Model Summary

Model	R	R ²	AdjustedR ²	Std. Error of Estimate	F value ANOVA	Sig. level	β	t	Sig. level
1.	.810	.692	.665	.2184	28.981	.000	.198	2.303	.012

a. Predictors: (Constant), Builds relationship

b. Dependent Variable: Corporate social responsibility

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Analytical Study of FDI in India

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Abstract

The present paper tries to study the trends and pattern of FDI in India. The paper also studied that what is the limit of investment in different sectors of the economy and what are the sectors where the investment is banned. Another objective of the study is to analyze the yearly sector-wise investment of FDI in India. The study helps to find out which country has made how much investment during the last five years. For the purpose of study secondary data has been collected from various journals, magazines, and websites particularly annual report of RBI 2011-12. The statistical tools i.e. Mean, Standard Deviation and Kurtosis has been used to analyze the data. The study reveals that that during first two years the investment has increased then it goes down and in 2011-12 it is maximum. The study also reveal that majority of the investment are coming from few countries like Mauritius, Singapore, U.S.A. Japan and Netherland. Bulk of the FDI is concentrated in few sectors like Manufacturing, Construction, Financial services, Real estate and Communication. Despite increase in FDI the variation between the sectors is very high which shows that there is unequal distribution of investment in different sectors. The study also reveals that there are good future prospects from countries from where the investment is low. The study also reveals that since the FDI is concentrated only in few sectors there are good future prospects of FDI in other sector where investment is low.

Keywords: FDI (Foreign Direct Investment), Mean, Standard Deviation, Kurtosis, Playkurtic, Lepokurtic

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1. INTRODUCTION

In today's global scenario when investors might be looking at alternative avenues to invest their money there are only few nations across the world that provide opportunities to foreign companies with a highly potential market and a low cost manufacturing opportunities and India is one of them.

FDI (Foreign Direct Investment) is the acquisition of foreign assets for the purpose of controlling them. FDI occurs when a firm invests directly in facilitating to produce or market a product in a foreign country. FDI may take many forms such as; purchase of existing assets in an foreign country, new investment in property, plant and equipment's, participation in joint ventures with a local partner and acquisition of shares and capital through merger and takeovers.

FDI is considered to be the life blood of economic development especially for developing and underdeveloped countries. FDI is a tool for jump-starting economic growth through its strengthening of domestic capital, productivity and employment through the up-gradation of technology, skill, managerial capabilities in various sectors of the economy.

The objective behind allowing FDI is to complement and supplement domestic investment, for achieving a higher level of economic development and providing opportunities for technological up-gradation, as well as access to global managerial skill and practice.

Developing countries witnessed a surge in FDI inflow post 1990's. In many developing countries the rate of growth of FDI inflow surpassed the growth rate of foreign trade. The efforts of the government have shifted towards designing investor friendly policies to attract FDI inflows.

India being a signatory to World trade organization general agreement on trade in service, with Liberalization of trade policies during last one and half decade has led India to become an investment friendly country. India is the tenth most industrialized country in the world. It is well known fact that India is mainly agro-based country with 70% population engaged in the farm sector. However, in the initial stage of liberalization, FDI was centered on the urban manufacturing sectors because of its civic infrastructure.

2. REVIEW OF LITERATURE

The comprehensive literature centered on economies pertaining to empirical findings and theoretical rationale tends to demonstrate that FDI is necessary for sustained economic growth and development of any economy in this era of globalisation.

Swapna S. Sinha (2007) in his thesis, "Comparative Analysis of FDI in China and India: Can Laggards Learn from Leaders?" focuses on what lessons emerging markets that are laggards in attracting FDI, such as India, can learn from leader countries in attracting FDI, such as China in global economy. The study compares FDI inflows in China and India. It is found that India has grown due to its human capital, size of market, rate of growth of the market and political stability. For China, congenial business climate factors comprising of making structural changes, creating strategic infrastructure at SEZs and taking strategic policy initiatives of providing economic freedom, opening up its economy, attracting diasporas and creating flexible labour law were identified as drivers for attracting FDI.

Nirupam Bajpai and Jeffrey D. Sachs (2006) in their paper “Foreign Direct Investment in India: Issues and Problems”, attempted to identify the issues and problems associated with India’s current FDI regimes, and more importantly the other associated factors responsible for India’s unattractiveness as an investment location. Despite India offering a large domestic market, rule of law, low labour costs, and a well working democracy, their performance in attracting FDI flows have been far from satisfactory. The conclusion of the study is that a restricted FDI regime, high import tariffs, exit barriers for firms, poor quality of infrastructure, stringent labour laws, centralised decision making processes, and a very limited scale of export processing zones make India an unattractive investment location.

Kulwinder Singh (2005) in his study “Foreign Direct Investment in India: A Critical analysis of FDI from 1991-2005” explores the uneven beginnings of FDI, in India and examines the developments (economic and political) relating to the trends in two sectors: industry and infrastructure. The study concludes that the impact of the reforms in India on the policy environment for FDI presents a mixed picture. The industrial reforms have gone far, though they need to be supplemented by more infrastructure reforms, which are a critical missing link.

Chandan Chakraborty, Peter Nunnenkamp (2004) in their study “Economic Reforms, FDI and its Economic Effects in India” Assess the growth implication of FDI in India by subjecting industry-specific FDI and output data to Granger causality tests within a panel co-integration framework. It turns out that the growth effects of FDI vary widely across sectors. FDI stocks and output are mutually reinforcing in the manufacturing sector. In sharp contrast, any casual relationship is absent in the primary sector. Most strikingly, the study finds only transitory effects of FDI on output in the service sector, which attracted the bulk of FDI in the post - reform era. These differences in the FDI - Growth relationship suggest that FDI is unlikely to work wonders in India if only remaining regulations were relaxed and still more industries opened up to FDI.

Sharma Rajesh Kumar (2006) in his article “FDI in Higher Education: Official Vision Needs Corrections” , examines the issues and financial compulsions presented in the consultation paper prepared by the Commerce Ministry, which is marked by Shoddy arguments, perverse logic and forced conclusions. This article raises four issues which need critical attention: the objectives of higher education, its contextual relevance, the prevailing financial situation and the viability of alternatives to FDI. The conclusion of the article is that higher education needs long- term objectives and a broad vision in tune with the projected future of the country and the world. Higher education will require an investment of Rs. 20,000 to 25,000 crore over the next five or more years to expand capacity and improves access. For such a huge amount the paper argues, we can look to FDI.

3. EVOLUTION OF FDI IN INDIA

The evolution of Indian FDI can broadly be divided into three phases classified on the premises of the initiatives taken to induce foreign investments into the Indian economy:

1. The first phase, between 1969 and 1991, was marked by the coming into force of the Monopolies and Restrictive Trade Practices Commission (MRTP) in 1969, which imposed restrictions on the size of operations, pricing of products and services of foreign companies. The Foreign Exchange Regulation Act (FERA) enacted in 1973, limited the extent of foreign

equity to 40%, though this could be raised to 74% for technology-intensive, export-intensive, and core-sector industries. A selective licensing regime was instituted for technology transfer and royalty payments and applicants were subjected to export obligations.

2. The second phase, between 1991 and 2000, witnessed the liberalisation of the FDI policy, as part of the Government's economic reforms program. In 1991 as per the 'Statement on Industrial Policy', FDI was allowed on the automatic route, up to 51%, in 35 high priority industries. Foreign technical collaboration was also placed under the automatic route, subject to specified limits. In 1996, the automatic approval route for FDI was expanded, from 35 to 111 industries, under four distinct categories (Part-A-up to 50%, Part-B-up to 51%, Part-C-up to 74% Part D-up to 100%). A Foreign Investment Promotion Board (FIPB) was constituted to consider cases under the government route.
3. The third phase, between 2000 till date, has reflected the increasing globalisation of the Indian economy. In the year, 2000, a paradigm shift occurred, wherein, except for a negative list, all the remaining activities were placed under the automatic route. Caps were gradually raised in a number of sectors/activities. Some of the initiatives that were taken during this period were that the insurance and defence sectors were opened up to a cap of 26%, the cap for telecom services was increased from 49% to 74%, FDI was allowed up to 100% in single brand retail and now FDI is also allowed in multi-brand retail.

4. OBJECTIVES OF THE STUDY

1. To study the trends and pattern of FDI in India.
2. Statistical analysis of sector-wise FDI in India.

5. RESEARCH METHODOLOGY

The research being conducted here is descriptive in nature. The secondary data was collected from various journals, reports of various institutions, magazines and websites particularly annual report RBI 2011-12. Graphs and tables have also been used where ever required to depict statistical data of FDI during the study period.

The study is based on the time period from 2007-08 to 2011-12. The nature of data distribution is examined by using the standard descriptive statistics (as: mean, standard deviation and kurtosis)

Following tools are used for Analysis of data: -

The mean is a particularly informative measure of the "central tendency" of the variable if it is reported along with its confidence intervals.

$$\text{Mean} = (\sum Sx_i)/n$$

The standard deviation is a commonly used measure of variation. The standard deviation of a population of values is computed as:

$$s = [\sum (x_i - m)^2 / N]^{1/2}$$

where m is the population mean and N is the population size

Kurtosis measures the "peakedness" of a distribution. If the kurtosis is clearly different than 0, then the distribution is either flatter or more peaked than normal; the kurtosis of the normal distribution is 0.

Kurtosis is computed as:

$$\text{Kurtosis} = [n^*(n+1)*M_4 - 3*M_2^2*(n-1)] / [(n-1)*(n-2)*(n-3)*s_4^4]$$

where: M is equal to: $\sum (x_i - \text{Mean})^j$

n is the valid number of cases

s₄ is the standard deviation (sigma) raised to the fourth power

6. FDI LIMITS IN DIFFERENT SECTORS OF INDIAN ECONOMY

6.1 Ways of receiving Foreign Direct Investment by an Indian company.

- Automatic Route:** FDI up-to 100% is allowed under the automatic route in all activities/sectors except where the provisions of the consolidated FDI Policy, paragraph on 'Entry Routes for Investment' issued by the Government of India from time to time, are attracted.
- Government Route:** FDI in activities not covered under the automatic route requires prior approval of the Government which are considered by the Foreign Investment Promotion Board (FIPB), Department of Economic Affairs, Ministry of Finance.

Table- 1.1: Sector Specific Permissible FDI Limit in Different Sectors in India

Sector	FDI Cap/Equity	Entry Route
A. Agriculture		
1. Floriculture, Horticulture, Development and production of seeds, Animal Husbandry, Pisciculture, Aquaculture, Cultivation of vegetables & mushrooms and services related to agro and allied sectors.	100%	Automatic
2. Tea sector, including plantation	100%	FIPB

(FDI is not allowed in any other agriculture sector/activity)

B. Industry		
1. Mining covering exploration and mining of diamonds & precious stones: gold, silver and minerals.	100%	Automatic
2. Coal and lignite for captive consumption by power project, and iron & steel, cement production.	100%	Automatic
3. Mining and mineral separation of titanium bearing minerals.	100%	FIPB
C. Manufacturing		
1. Alcohol- Distillation & Brewing	100%	Automatic
2. Coffee & Rubber processing & Warehousing	26%	Automatic
3. Defence production	100%	FIPB
4. Hazardous chemicals and isocyanates	100%	Automatic
5. Industrial explosives- Manufacture	100%	Automatic
6. Drugs and Pharmaceuticals	100%	Automatic
7. Power including generation (except Atomic energy): transmission, distribution and power trading		

(FDI is not permitted for generation, transmission & distribution of electricity produced in atomic power plant/ atomic energy since private investment in this activity is prohibited and reserved for public sector)

D. Services		
1. Civil aviation	100% 100%	Automatic (FIBP beyond 74%) FIPB
a. Greenfield projects	49%	Automatic
b. Existing projects	74% (FDI+FII) FII not to exceed 49%	Automatic
2. Asset Reconstruction companies		
3. Banking	20%	
a. Private sector	100%	
b. Public sector		FIBP FIPB FIPB FIPB
4. NBFCs: Merchant Banking underwriting, Portfolio management services, Investment advisory services, Financial consultancy. Stock broking, Asset management. Venture capital. Custodian. Factoring. Leasing and finance. Housing finance. Forex broking etc.	20% 49% (FDI+FII) 100% 49%	FIPB FIPB
5. Broad casting	26%	
a. FM Radio	49% (FDI+FII) (FDI26%FII23%)	Automatic FIPB (for PSUs)
b. Cable network	26%	Automatic (Pvt.)
c. Direct to home	49% (PSUs) 100% (Pvt. Companies)	FIPB FIPB
d. Setting up Hardware facilities such as up-linking. HUB.		
e. Up-linking a news and current affairs TV Channels		Automatic up to 49% and FIPB beyond 49%
6. Commodity Exchange	26%	
7. Insurance	100%	
8. Petroleum and natural gas	74% (including FDI,FII, NRI, FCCBs, ADRs/GDRs, convertible preference shares, etc.	
a. Refining		
9. Print Media		
a. Publishing of newspaper and periodicals dealing with news and current affairs.		
b. Publishing of scientific magazines/specialty journals/periodicals		
10. Telecommunications		
a. Basic and cellular. Unified access service national/international long distance. V-SAT. Public mobile radio trunked services (PMRTS). Global mobile personal communication services (GMPCS) and others.		

Sector where FDI is banned

1. Retail Trading (except single brand product retailing):
2. Atomic Energy
3. Lottery Business including Government/private lottery, online lotteries etc.
4. Gambling and Betting including casinos etc.
5. Business of chit fund:
6. Nidhi Company
7. Trading in Transferable Development Rights (TDRs):
8. Activities/ sector not opened to private sector investment:

9. Agriculture (excluding Floriculture, Horticulture, Development of seeds, Animal Husbandry, Pisciculture and cultivation of vegetables, mushrooms etc. under controlled conditions and services related to agro and allied sectors) and Plantation(other than Tea Plantation):
10. Real estate business or construction of farm houses: manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco substitutes.

Source: RBI Monthly Bulletin May 2012

6.2 Country-Wise FDI Flows to India

Table- 1.2: Foreign direct investment flows to India: Country Wise US \$ million

Rank Country	2007-2008 April-March	2008-2009 April-March	2009-2010 P April-March	2010-2011 P April-March	2011-2012 P April-March
Mauritius	9,518	10,165	9,801	5,616	8,142
Singapore	2,827	3,360	2,218	1,540	3,306
U.S.A.	950	1,236	2,212	1,071	994
Cyprus	570	1,211	1,623	571	1,568
Japan	457	266	971	1,256	2,089
Netherlands	601	682	804	1,417	1,289
U. Kingdom	508	690	643	538	2,760
Germany	486	611	602	163	368
UAE	226	234	373	188	346
France	136	437	283	486	589
Switzerland	192	135	96	133	211
Hong Kong	106	155	137	209	262
Spain	48	363	125	183	251
South Korea	86	95	159	136	226
Luxembourg	15	23	40	248	89
Others	2,699	3,035	2,376	1,184	983
Total	19,425	22,697	22,461	14,939	23,473

Source: Annual report RBI 2011-12 Note: Includes FDI through SIA/FIPB and RBI routes only

Table 1.2 presents the major investing countries in India during 2007-08 to 2011-12. The mean of FDI shows that Mauritius and Singapore is the largest investors in India in all years, there investment is more than the average. The dominance is because of the Double Taxation Treaty i.e. DTTA-Double Taxation Avoidance Agreement between the two countries, which favours routing of investment through these countries. The U.S, Japan, Netherland investment are also more than the average in last two years. Thus an analysis of last five years of trends in FDI shows that initially the inflows are low but there is a sharp rise in investment flow in last year.

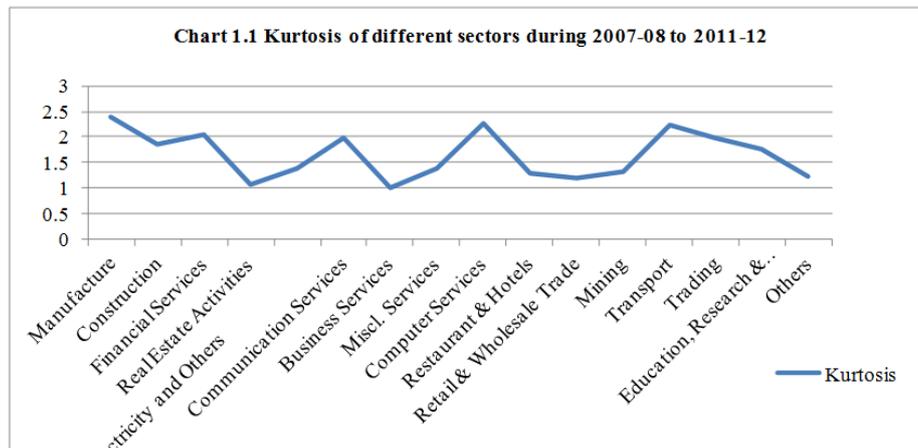
6.3 Sector- Wise inflow of FDI in India



Table-1.3: Analysis of Sector-wise FDI in India 2007-08 to 2011-12

Sector	Mean	Standard Deviation	Kurtosis
Manufacture	5555.2	2179.70	2.39
Construction	2507.4	695.25	1.84
Financial Services	2888.4	1114.07	2.05
Real Estate Activities	1239.4	832.84	1.06
Electricity and Others	1221.6	482.87	1.39
Communication Services	1334.2	781.03	1.98
Business Services	1102.8	484.85	1.01
Miscl. Services	1111.4	559.62	1.39
Computer Services	1025.4	363.63	2.26
Restaurant & Hotels	476.4	281.03	1.27
Retail & Wholesale Trade	397.6	156.26	1.18
Mining	326	197.52	1.30
Transport	438.2	224.38	2.24
Trading	187.2	140.83	1.98
Education, Research & Development	129.8	72.75	1.75
Others	658	315.87	1.23

Data Analysed by the researcher Source: Annual report RBI 2011-12 Note: Includes FDI through SIA/FIPB and RBI routes only



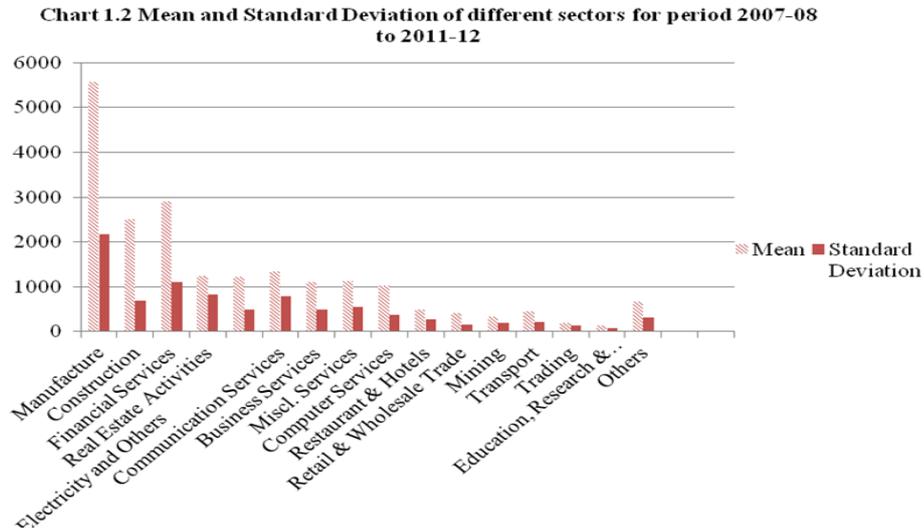


Table 1.3 shows that variables under study are found to be not normally distributed. The average mean FDI inflow in India shows that manufacturing, financial services, construction, communication and real estate are some sectors with high FDI inflow and least contribution in trading, education and retail traders.

The standard deviation shows a large co-efficient of variation. The range of variation between maximum and minimum is also very high it is 2179.70 in the case of manufacturing sector whereas it is only 72.75 in the case of Transport sector. The range of variance between them is very high which shows unequal distribution of investment in different sectors. This shows that there are good future prospects for investors in other sectors where investment is low.

Kurtosis is the measures of peakedness. Here, kurtosis is less than 3 in all sectors it means that the curve is less peaked than the normal curve. It is **playkurtic** which shows that FDI is widely distributed among the sectors although the variation between the sectors is high.

Table- 1.4: Mean and Standard Deviation of All Sectors for Period 2007-08 to 2011-12

All Sectors	2007-08	2008-09	2009-10	2010-11	2011-12
Mean	1214.06	1418.56	1403.81	933.68	1467.06
Standard Deviation	1210.12	1427.79	1388.23	1129.99	2248.40
Kurtosis	3.04	3.54	4.07	9.14	10.05

Data Analysed by the researcher Source: Annual report RBI 2011-12 Note: Includes FDI through SIA/FIPB and RBI routes only

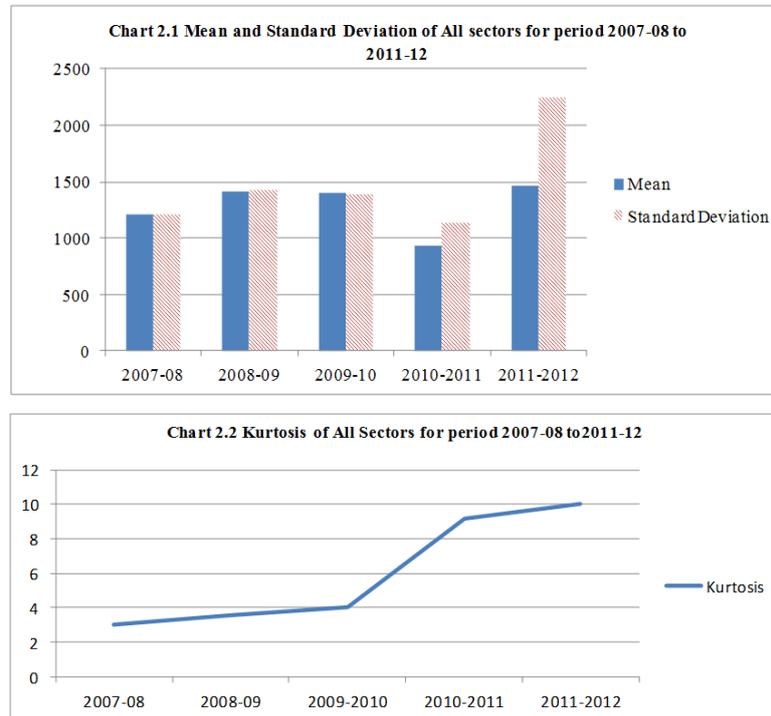


Table 1.4 shows the mean, standard deviation and kurtosis of FDI in different sectors since 2007-08 to 2011-12. The mean of the FDI shows that during first two years the trend of investment is increasing after that it goes down and in 2011-12 it is in its maximum position.

If the standard deviation is more than its mean there is more variance from the mean. The maximum standard deviation is 2248.40 during the period 2011-12 and the minimum standard deviation is 1129.99 during the period 2010-11. Although average distribution is highest during the period 2011-12 but standard deviation is more than the average it implies that variation among the distribution is more than the other years.

Kurtosis is the measure of peakness. Here, kurtosis is more than 3 in all sectors it means that the curve is more peaked than the normal curve. It is **Leptokurtic** which shows that FDI is not widely distributed among the sectors. During the period 2011-12 kurtosis curve is at its maximum peakness which shows that the variation between the sectors is high although the average investment during that period is maximum.

7. FINDINGS

1. FDI trends during 2007-08 to 2011-2012 shows that during first two years the investment has increased then it goes down and in 2011-12 it is maximum.
2. Mauritius and Singapore are the two countries which has maximum FDI in India.

3. U.S.A., Japan and Netherland are the countries which has more investment than its average during last two years.
4. The trend of FDI shows that there are good future prospects of FDI from countries from where the investment is low.
5. The average mean of a FDI in different sectors shows that Manufacturing, Construction, Financial services, Real estate and Communication are some sectors which pick the highest FDI investment while education and trading sectors are attracting least contribution.
6. The standard deviation of different sectors during 2007-08 to 2011-12 shows a large coefficient of variation. The range of variation between maximum and minimum is very high which shows that there is unequal distribution of investment in different sectors.
7. Kurtosis of the FDI of different sectors during 2007-08 to 2011-12 shows that it is less than 3 in all sectors it means that the curve is less peaked than the normal curve. It is platokurtic it shows that FDI is widely distributed among the sectors although the variation between the sectors is high.
8. After above analysis we can say that FDI has good future in other sectors, where range is low than the other sectors.
9. Mean of FDI in all sectors since 2007-08 to 2011-12 shows that during first two years the trends of investment is increasing than it goes down and in 2011-12 it is maximum.
10. Standard deviation of all sectors shows that there is huge variation between the maximum which is 2248.40 during 2011-12 and minimum which is 1129.99 during 2010-11.
11. Although average distribution is highest during 2011-12 which is 1467.06 but standard deviation is more than the average it implies that variation among the distribution in different sectors is more than the other years.
12. Kurtosis of the FDI of all sectors during 2007-08 to 2011-12 shows that it is more than 3 during all years it means that the curve is more peaked than the normal curve it shows that FDI is not widely distributed.
13. During 2011-12 kurtosis is at its maximum position which is 10.05 despite the maximum average investment during the period Foreign Direct Investment is concentrated in some sectors than the other sectors.

8. CONCLUSION

The findings of the above study show that despite increase in the FDI during the last five years there is huge variation in the investment among the various sectors. The FDI is concentrated in few sectors like Manufacturing, Construction, Financial services, Real estate and Communication while education and trading sectors are attracting least contribution. Efforts should be made to courage more investment in sectors where investment is low.

The findings also show that bulk of the share of FDI is coming from few countries like Mauritius, Singapore, U.S.A., Japan and Netherland. Here also there is huge variation of FDI between the various countries.

Low level of investment in some sectors coupled with bulk of Foreign Direct Investment from few countries gives large space to our policymakers to reconsider our policy regarding FDI. There is

good ample scope of FDI in India particularly from countries from where the investment is low and the sectors where the investment is low.

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A Study of Relationship between Education Infrastructure and Economic Growth in Madhya Pradesh

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Abstract

The role of education in facilitating social and economic progress is well recognized. It opens up opportunities leading to both individual and group entitlements. Education, in its broadest sense of development of youth, is the most crucial input for empowering people with skills and knowledge and giving them access to productive employment in future. Improvements in education are not only expected to enhance efficiency but also augment the overall quality of life. Thus it seems the State is striving more and more for expanding higher education in Madhya Pradesh, however, the very foundation of higher learning, the primary education is still one of the major challenges for the government. The state still demonstrates slow pace in terms of performance on four basic variables used in computing Educational Development Index [EDI] at the primary level. But in spite of only 4247 new government primary schools has been opened in 2008-09. And share of government schools to total school is increased by 0.20 percent only. Until and unless, the easy access, basic infrastructure & availability of quality teachers is not pledged at the primary level, the goal of universalization of education would remain a distant dream. Infrastructural misery of Madhya Pradesh is also depicted in the level of electricity connection in schools which demonstrate that only 10.74% primary and overall 20.56% schools are having electricity connections. Still there are large numbers of schools that are located in interior areas and are devoid of electricity. For a long time, poor performance on the basic schooling front was attributed to a lack of schools and teachers on the supply side, and poverty, parental attitudes, social barriers and prevalent social customs on the demand side. As noted earlier, significant progress has been made on both fronts. Recent research indicates that an important factor explaining both the high drop-out rates and also the persistence of out-of-school children is the stark fact that many of our schools are unattractive - physically and pedagogically. Giving adequate attention to the software of education and issues of quality is a must.

Keywords: Education Infrastructure, Economic Growth, Improvements in education, poverty, Human capital

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1. INTRODUCTION

Better educated people have a greater probability of being employed, are economically more productive, and therefore earn higher incomes. Education reduces poverty in rich and poor countries. Throughout the world it has been found that the probability of finding employment rises with higher levels of education, and that earnings are higher for people with higher levels of education. A better educated household is less likely to be poor. The impact of education on earnings and, thus, on poverty works largely through the labour market, though education can also contribute to productivity in other areas, such as peasant farming. In the labour market, higher wages for more educated people may result from higher productivity, but also perhaps from the fact that education may act as a signal of ability to employers, enabling the better educated to obtain more lucrative jobs. Middle-income countries – which frequently have well developed markets for more educated labour—are particularly likely to see the benefits of education translated into better jobs and higher wages. It was previously thought that the returns to education (the quantified benefits of investing in education) were highest at primary levels. This belief provided a strong case for expanding investment in primary rather than higher levels of education (**Psacharopoulos and Patrinos 2004**). However, new evidence seems more mixed. While some studies continue to show higher returns for primary education, there is now also linkages much evidence that investment in education at secondary or even tertiary levels which may bring even higher returns in some countries. This could indicate that returns to education vary with factors such as the level of development, the supply of educated workers, and shifts in the demand for such workers in the development process. It is well known that the demand for more educated labour rises as a country develops (**Murphy and Welch, 1994**). This increase in demand for highly skilled workers requires educational output to adjust accordingly, raising the relative returns to higher levels of education (**Goldin and Katz, 1999**). Nevertheless, the absolutely poor in developing countries usually have low education levels. Some may still not even have access to primary education or may not complete their primary education. Universal primary education is, therefore, crucially important to reduce poverty. However, there are also examples of countries where the rapid expansion of education has resulted in lowering education quality, suggesting that countries face a trade-off between quantity and quality in the short to medium term. In such cases, the impact of education on poverty reduction may be small, and a lot of effort must go into protecting and enhancing the quality of education. In developed countries there are sometimes groups of students who are excluded from the social mainstream. Some of the factors associated with this include poverty (especially relative poverty), language, ethnic minority status, or immigrant status (**Schnepf, 2004**). Although these factors may all separately contribute to social disadvantage and social exclusion, they often interact. Thus, social exclusion is a common feature of many educationally ‘at risk’ students, both poor and non-poor. Social mobility varies across countries in the developed world. Generally, education improves job prospects for poor groups, although upward social mobility is more difficult for groups that are also otherwise socially marginalized, such as immigrant communities or ethnic minorities. Even among such groups though, education lowers poverty, but the returns to education may be smaller than for non-minority members due to discrimination.

2. ECONOMIC DEVELOPMENT & HUMAN CAPITAL

An approach is to assume that all the benefits from investing in education are internalized in the performance of the economy over the medium-term. In other words, if the education of one person improves his or her own productivity as well as that of co-workers; if education improves personal and community health, leading to increased labor productivity, or indeed produces the same effect through any of the other routes, the aggregate impact is likely to show up in the long-term performance of the economy. In this interpretation, the relation between education investments and economic performance at the country level represents the "reduced form" effect of all the separate influences of education on economic productivity broadly defined. We chose the approach to estimate the full benefits of investing in education. There is positive relationship between schooling investments and economic growth. The investment made by governments and private body in education and health which cause creating pool of skilled human resources. This skilled human resource increase their productivity through using their competencies, knowledge, talents they do the innovation which enhances the efficiency and productivity.

Table-1.1: Represents Net State Domestic Product at Current Prices .In 1999-2000 in Madhya Pradesh net domestic product at current prices were Rs. 72655 Crore which increased to Rs. 93654 crore. The increase in comparison of previous year was 3.06%. Consequently, the growth in 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009 and 2009-2010 were Rs.93654 Crore, Rs.102796 Crore, Rs.115783 Crore, Rs. 130722 Crore, Rs.150296 Crore and Rs.170428 Crore respectively. The growth percentage in comparison with previous years was 9.76%, 12.63%, 12.90%, 14.97%, and 13.39% respectively. The state of Kerala which has invested in education and health has shown the higher growth rate in Net State Domestic Product at Current Prices. It is reflected by the table that investment made in education and health created the skilled human resources which contributed in growth. . All India Net State Domestic Products at Current Prices in 2004-05 was Rs.2646370 crore which is increased in 2009-10 Rs.5221199 crore. The average growth in comparison of previous year is above two digits. In six years All India Net State Domestic Product has increased just doubled. Major Contribution in net domestic product is made by skilled human resources. Service sectors contribution in the net domestic product is near about 55%.

Table: 1.1 Net State Domestic Product at Current Prices (Rs in Crore)

S. No.	State/UT	1999-2000	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-10
1	Gujarat	92541	155184 *8.88	187223 *20.65	218898 *16.92	255780 *16.85	281266 *9.96	NA NA
2	Kerala	61359	95572 *12.79	109554 *14.63	126842 *15.78	145235 *14.50	167469 *15.31	NA NA
3	Madhya Pradesh	72655	93654 *3.06	102796 *9.76	115783 *12.63	130722 *12.90	150296 *14.97	170428 *13.39
4	Uttar Pradesh	156809	217577 *8.54	241922 *11.19	271532 *12.24	310334 *14.29	359836 *15.95	428386 *19.05
5	Delhi	51175	83861 *14.45	96492 *15.06	114497 *18.66	132052 *15.33	152403 *15.41	NA NA
6	All India NDP (99-00 base)	1605104	2548660 *12.87	2902074 *13.87	3342347 *15.17	3811441 *14.03	4353400 *14.22	NA NA

7	All-India NDP(2004-05 base)		2646370	3032585 *14.59	3516950 *15.97	4051770 *15.21	4653421 *14.85	5221199 *12.20
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Source: Economic Survey 2010-11.

Note: * Represents % growth over previous year.

Table: 1.2 Per Capita Net Domestic Product at Current prices (Rs in Crore),

S. No.	State/UT	1999-2000	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
1	Gujarat	18864	28846 *7.15	34264 *18.78	39459 *15.16	45433 *15.14	49251 *8.40	NA NA
2	Kerala	19461	29071 *11.82	33044 *13.67	37947 *14.84	43104 *13.59	49316 *14.41	NA NA
3	Madhya Pradesh	12384	14471 *1.15	15596 *7.78	17257 *10.65	19149 *10.96	21648 *13.05	24146 *11.54
4	Uttar Pradesh	9749	12196 *6.44	13302 *9.07	14651 *10.14	16436 *12.18	18710 *13.83	21874 *16.91
5	Delhi	38913	54505 *11.23	60951 *11.83	70283 *15.31	78790 *12.10	88421 *12.22	NA NA
6	All-India Per Capita NNI) (1999-00 base)	15881	23198 *11.15	26003 *12.09	29524 *13.54	33283 *12.73	37490 *12.64	NA NA
7	All-India NNI(2004-05 base)		24095	27183 *12.81	31080 *14.33	35430 *13.99	40141 *13.30	44345 *10.47

Source: Economic Survey 2010-11.

Note: * Represents % growth over previous year.

Table 1.2 represents per capita Net Domestic Product at Current Prices. In 1999-2000 in Madhya Pradesh per capita net domestic product at current prices were Rs. 12384 which increased to Rs. 14471 in 2004-5. The increase in comparison of previous year was 1.15%. Consequently, the growth in 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009 and 2009-2010 were Rs.14471, Rs.15596, Rs.17257, Rs. 19149, Rs.21684 and Rs.24146 respectively. The growth percentage in comparison with previous years was 1.15%, 7.78%, 10.65%, 13.05%, and 11.54% respectively.

Madhya Pradesh has registered increase in per capita income over the last year. As per the advance estimate of M.P. Directorate of Economic and Statistics for year 2009-10 the per capita income of the state on constant price has gone up to Rs. 15929, which represents an increase of 6.78 percent. After revised estimates are received the per capita income is likely to further increase. As per the quick estimate of year 2008 the per capita income of Madhya Pradesh was Rs. 14918,

Madhya Pradesh has posted a constant increase in per capita income over last six years. The per capita income in year 2003-04 was Rs. 11870 which rose to Rs. 12712 in year 2004-05. It further increased to Rs. 12032 in years 2005-06 and to Rs. 13307 in years 2006-07. The per capita income increased from Rs. 13943 in years 2007-8 to Rs. 14918 in years 2008-09.

On current price the per capita income of Madhya Pradesh has posted an increase of 11.54 percent over last year from Rs. 21000 to Rs. 24146 as per advance estimate of year 2009-10. The per capita income on current price has also constantly increased over last six years in Madhya Pradesh.

In year 2003-04 the per capita income on current price was Rs. 14306 which went up to Rs. 14471 in year 2005-06. It rose to Rs. 17257 in years 2006-07 and to Rs. 19149 in year 2007-08. The per capita income was registered at Rs. 21648 in years 2008-09.

A look at the state-level data enables one to identify areas that contribute largely to India's poor performance. Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh were once referred to as BIMARU states since they were lagging in terms of development and retarding India's overall economic progress. Though, the concept of BIMARU barely holds together now, particularly with the current upsurge in Bihar's economy, the fact remains that these states continue to have a low per capita income. According to the recent CSO estimates, while the per capita income in India in 2009-10 is estimated at Rs 46,492, in Bihar it is merely Rs 16,119. Bihar continues to trail way behind Uttar Pradesh, which has the second lowest per capita income of Rs 23,132. Manipur, Madhya Pradesh and Assam are the other three states with per capita incomes of less than Rs 30,000 per annum. Rajasthan is relatively better off than these states with per capita income of Rs 34,189, though this is still lower than the national average.

3. LITERACY IN INDIA AND MADHYA PRADESH

Table 1.3 Percentage of Literates to Population age 7 Years and above by India, Madhya Pradesh

	1991			2001			2011			Gains in literacy rates (LR2011-LR 2001)		
	P	M	F	P	M	F	P	M	F	P	M	F
India	52.2	64.1	39.3	65.2	75.6	54.0	74.04	82.14	65.46	8.84	6.54	11.46
M. P.	44.7	58.5	29.4	64.1	76.8	50.3	70.6	80.5	60.0	6.5	3.7	9.7

Source: (1) RGCCI 2001 (2001a: 123-27), (2) Census 2011

Chart 1.1

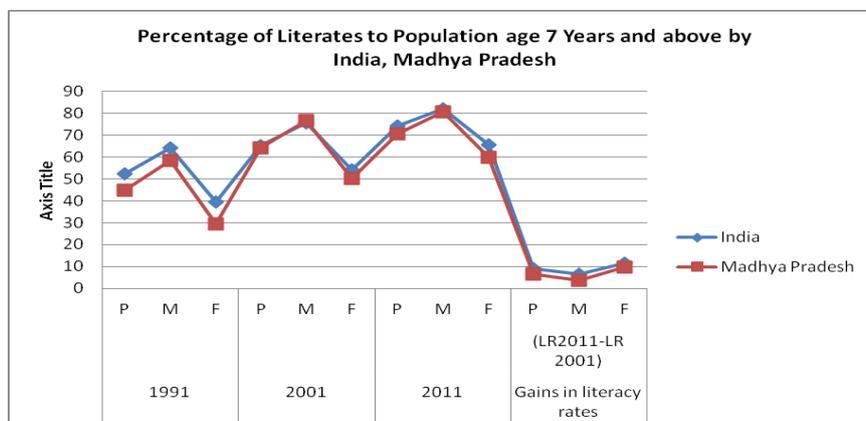


Table 1.4: Plan expenditure on Different sectors of education in Madhya Pradesh

(Rs. In Lakhs), Source: Planning Commission.

S.No.	Different sectors of education	Ninth plan (1997-02)	Tenth Plan (2002-07)	Eleventh Plan (2007-12)
1	School/general Education	180197	149380	493638.9
2	Adult Education	*	7500	*
3	Higher Education	*	17125	26118.0
4	Technical Education	9061	12860	36735.0
5	Sports & Youth	1986	2750	12500.0
6	Language	1986	1914	3454.0
7	Total Education Sector	193230	178669	572445.9
8	% of education to total plan expenditure	9.62	6.94	8.2

Note:* Included under elementary education.

Table 1.3 emerged that the allocation of plan outlay to education in different plan period. In ninth plan the state Govt. has allocated total of Rs.1932300 lakhs in which for general education including school, adult and higher education it was Rs. 180197 lakhs. For technical education there was a provision of Rs. 9061 lakhs. The percentage of total plan outlay to education was 9.62%. In tenth plan it shows that education priority has declined because the total plan outlay for education has decreased in comparison with ninth plan it became Rs. 178669 lakhs which is less than the amount allocated for education in ninth plan period the percentage of education to the total plan outlays is also declined in comparison with ninth plan period. It is 6.94% in eleventh education has been given.

The priority specially higher and technical education has been focused for skill development. In eleventh plan the plan outlay for education is Rs. 572445.9 which is much higher than the ninth and tenth plan outlays the percentage to total plan outlay is 8.2% in eleventh plan elementary education has been allocated Rs.493638.9 lakhs which is 86.2% of the total plan outlay for

education, which reflect that the state has focus to the elementary education to increase the literacy level.

Table-1.5: Growth in Educational Institutes in Madhya Pradesh

Educational Institutes	Madhya Pradesh		India	
	1999-2000	2008-09	1999-2000	2008-09
Primary	91733	97900	641695	787827
Middle	23340	39227	198094	325174
High School/Higher secondary	9277	9672	116820	172990
Colleges for General Education	413	871	7782	13381
Professional Education	78	564	2124	11136
Universities/Deeded Uni / Inst. of national importance	18	19	244	524

Source: 1. Statistics of school education 2007- 08 and 2008-09.

2. Statistics of higher and technical education- 2007 – 08.

3. Ministry of Human Resource Development, Govt. of India.

Note: (a) Professional education includes engineering, technology and architecture, medical (allopathic/Ayurvedic/homeopathy/Unani/nursing/Pharmacy, etc.) and teacher training colleges.

Chart 1.2

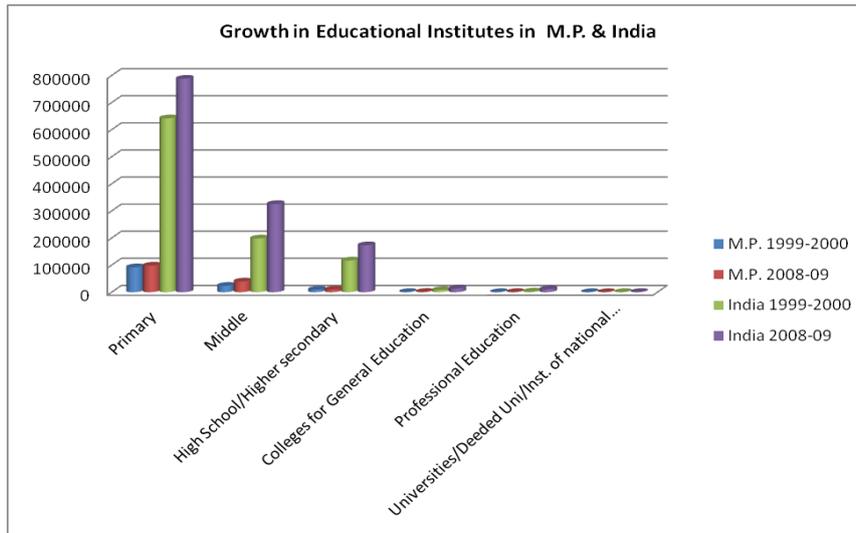


Table 1.5 and chart 1.2 indicates the educational institutional infrastructure growth in the state has had a very significant progress which contributes in the literacy of the population knowledge, and skill formation. The primary educational institutes have increased from 91733 in 1999-2000 to 97900 in 2008-09. In the Upper Primary or Middle Institutions has shown tremendous growth in the state. In 1999-2000 the numbers of middle schools were 23340. Presently, it has increased by 39227. Secondary & Higher secondary educational institutes in 1999-2000 were 9277 which increased and became 9672 in 2008-09. In the state there were only 413 colleges for general education presently the number has increased and became 871. Similarly, the colleges for professional education in 1999-2000 were 78 now it became 564. The increase in the professional

education is 7 times in ten years. This reflects that there is a tremendous increase in professional education in the state which is imparting education for making the skills and creating the knowledge. In the same manner there were 18 universities/deemed universities/ institutes of national importance in 1999-2000. Presently this number increased and became 19 which show the little increase the universities.

Table-1.6: Gross Enrolment Ratio in Classes I -V, VI - VIII And Classes I - VIII

States/ union territories	All categories of students								
	Classes I - V (6 - 10 years)			Classes VI - VIII (11 - 13 years)			Classes I - VIII (6 - 13 years)		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
Madhya Pradesh	154.5	152.3	153.4	104.2	95.5	100.0	135.7	131.1	133.5
India	115.3	112.6	114.0	81.5	74.4	78.1	102.4	98.0	100.3

Source: Statistics of school education 2007 - 2008

Chart 1.3

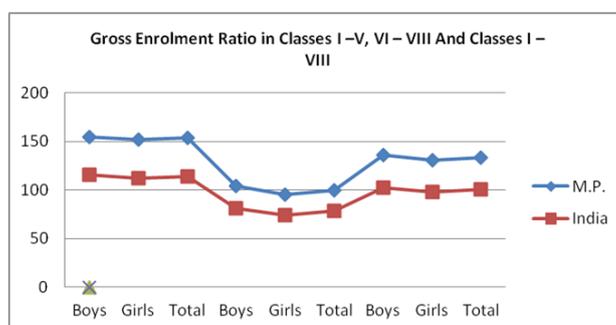


Table 1.6 and chart 1.3 shows that In India Gross Enrollment Ratio (GER) of boys has raised from 96.2%, in 2000-01 to 115.3% in 2008-09 at primary level in which enrollment ratio of girls has risen from 92.3 in 2000-01 to 112.6% and overall increase in primary level is 114.0%. In upper primary level there is also significant increase in the enrollment which becomes 78.1%. The total enrollment in elementary in the age group (6-13) has increased and become 100.3%. There has been a significant increase in GER of girls, SC & ST categories at the elementary level. The number of out of school children has decreased from 13.28 lakhs in 2001 to 1.64 lakh in 2008-09. The effectiveness of universal enrollment is eroded by drop outs and, therefore, special efforts have been made to reduce the drop outs by improving infrastructure facilities, providing teachers, enhancing teacher quality, improvised teaching-learning strategies, targeted incentives, involving community, effective monitoring, etc. Though these efforts succeeded in decreasing the Dropout Rate substantially to 14.9% at primary level in 2008-09 (from 21.4% in 2004) and a lot is yet to be done in this respect. Madhya Pradesh has shown very convincing improvement in enrollment in primary level as well as at upper primary level. The total enrollment ratio in primary level is 153.4% in which girl's enrollment is 152.3%. In upper primary level total enrollment ratio is 100%. Total elementary level enrollment is 133.5%.

4. APPRAISAL OF ELEMENTARY EDUCATION IN SOUTH-WEST M.P:

Madhya Pradesh portrays collapsing picture in the Educational Development Index [EDI] on the performance and indicators at primary level education as articulated in the latest flash Statistics of

District Information System for Education [DISE] ¹ report 2008-09 released by NUEPA 2. The DISE survey of 2008-09 in Madhya Pradesh includes 109757 government schools and 22592 private schools in all the 50 district of Madhya Pradesh.

1. Retention Rate at the primary level education decreased from 94.3 in 2007-08 to 75.14 in 2008-09
2. Infrastructure ranking of Madhya Pradesh for primary education slipped from 15th to 19th in 2008-09. No change in the access ranking for primary students in Madhya Pradesh {13 position}.
3. The availability of teachers at the primary level of education is below average with index scoring just 0.438 {32 rank} while it is 0.975 for Kerala {2nd rank}
4. 17.44 percentages of primary schools in the state are still having single teacher schools.
5. Though combined EDI ranking for primary & upper primary level step forward to
6. 25th position in 2008-09 from 07-08 but overall index for it is decreased from 0.590 to 0.578.

The EDI, which has four variables - access, infrastructure, teachers and outcomes - assigns scores and ranks to each of them for the primary and upper primary level and then draws up a composite index. South-West Madhya Pradesh slumps in three among these four variables pertaining to primary education. EDI ranges from 0.00 to 1.00.

Table-1.7: Education Development Index in MP& South -West M.P.

Component	2005-06		2006-07		2007-08		2008-09	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank
Primary Level								
Access	0.634	5	0.593	8	0.554	13	0.561	13
Infrastructure	0.513	29	0.540	26	0.721	15	0.637	19
Teachers	0.320	33	0.355	33	0.446	30	0.438	32
Outcomes	0.570	12	0.492	25	0.546	29	0.699	18
Composite EDI	0.514	24	0.478	31	0.572	26	0.571	25
Upper Primary Level								
Access	0.548	10	0.590	20	0.694	19	0.722	17
Infrastructure	0.531	29	0.581	27	0.764	20	0.698	19
Teachers	0.498	33	0.380	33	0.501	32	0.427	31
Outcomes	0.458	16	0.384	24	0.451	35	0.527	30
Composite EDI	0.509	29	0.483	31	0.607	26	0.585	26
Combined Primary & Upper Primary	Year	Index	Rank					
	2005-06	0.512	29TH RANK					
	2006-07	0.481	30TH RANK					
	2007-08	0.590	26TH RANK					

¹ The District Information System for Education, DISE that was initiated in seven states in 1994-95 has now expanded to cover all 35 states and UT's. It provides information on various schools based inputs & processes as well some indicators related to outcomes.

Level			
	2008-09	0.578	25TH RANK

Source: Statistics of District Information System for Education [DISE], Report 2008-09 released by NUEPA.

Access: Easy access of schools ensures more and more enrollment and retention of students in the schools. Under the access indicators, namely, percentage of un-served habitation, availability of schools per thousand child populations and ratio of primary schools to upper primary schools/sections has been used.

In the absence of coverage data of un-served habitation, the ratio of Primary schools to Upper primary schools/Sections has been used as indicator of access at Upper Primary level of education. Lower ratio means more availability of Upper Primary schools/sections for the existing primary schools. In 2008-09, the ratio of Primary to Upper Primary schools/sections had been lowered only by 0.14 from 2.62 to 2.48 which indicates low availability of upper primary schools in comparison to primary section.

Another vital access indicator is the availability of schools per 1000 child population which is static for last three years with the availability of only 13 schools/sections per thousand child populations? If we have to follow the student classroom ratio (SCR) equivalent to 40, then school should be minimum 25 schools/sections for per 1000 child population.

Infrastructure

At a time when the government is trying to increase enrollment in schools, especially for girls, EDI has brought to fore the lack of basic infrastructure with enormous downfall in all India ranking of Madhya Pradesh from 15th in 2007-08 to 19th in 2008-09. Though, we have made progress in the infrastructure development in 2006-07 and 2007-09 but 2008-09, showed reverse trend with the ED index decreased from 0.721 to 0.637. It means still quite large number of schools are running in lack of basic infrastructure and facilities. Infrastructure indicators includes average student classroom ratio (SCR) >40, availability of drinking water facility, common toilets and girls toilet facility in schools.

In Madhya Pradesh 26.67% primary schools are having SCR greater than 40 whereas Kerala which holds 3rd position in composite EDI is having average SCR of 7.85% only. Another distressing feature which hampers retention of girls in the school is the absence of separate toilets for girls in schools. There is girl’s toilet only in 47.60 percentages of schools that decreases further to 41.30% in case of primary schools in the State.

Education in Madhya Pradesh schools is limited to text books and many of the youngsters who study here, have never even tried their hands on a Computer unlike the students in metro cities like Delhi who have grown up with computers, gadgets, and gizmos surrounding them. The average percentages of schools having computers have decreased to 10.38 in 2008-09 from 12.36% in 2007-08 while it is 85.84% for Delhi and 80% for Kerala.

Infrastructural misery of Madhya Pradesh is also depicted in the level of electricity connection in schools which demonstrate that only 10.74% primary and overall 20.56% schools are having



electricity connections. Still there are large numbers of schools that are located in interior areas and are devoid of electricity.

Teachers

Other important indicator is the ratio of teachers in the schools. In 2008-09, lack of teachers contributed further to dwindle the supply of quality education to students. The EDI rank on teacher's index slipped down from 30th position to 32nd position. 17.44% of primary schools in the state are still single teacher schools. In our state 41.47% upper primary schools have less than three teachers while it is less than 15% for Rajasthan, Bihar, Jharkhand and Gujarat; and only Uttar Pradesh (51.15%) scores higher than Madhya Pradesh. And there is only one percent downfall in the percentage of all schools having Pupil Teacher Ratio >60 i.e., from 17.53 in 2007-08 to 16.55 in 2008-09.

Output

The last set of indicators is related to outcome indicators amongst which gross enrolment ratio (overall, SC & ST) is the most important one. Average drop-out and repetition rates are other important outcome indicators. The Madhya Pradesh shows modest improvement in outcomes with EDI rank stepping forward to 30th from 35th. Though the outcome index shows positive trend both at primary and upper primary level ranking of Madhya Pradesh. But Gross enrollment ratio (GER) at primary level has also depicted ailing feature as it is decreased from 144.71 in 2007-08 to 143.91 in 2008-09. Contrary to this the gross enrollment ratio at upper primary has shown increasing trend with increment of 3.76 as GER for 2008-09 robust to 64.24 from 60.48 in 2007-08.

Though the Madhya Pradesh government has taken strides in enrolling children in schools but there have been blithe efforts in providing quality education to them thus leading to their retention in schools. Retention Rate at primary level is not very encouraging in Madhya Pradesh as it has decreased from 94.30 in 2007-08 to 75.14 during last year.

The state's commitment in providing quality education to all its children is clear from its mediocre performance delivery with no change in composite EDI rank at Upper Primary level (26th rank) and even combined position at primary & upper primary EDI escalation of one point from 26th rank to 25th position.

Thus, it seems the State is striving more and more for expanding higher education in Madhya Pradesh, however, the very foundation of higher learning, the primary education is still one of the major challenges for the government. The state still demonstrates slow pace in terms of performance on four basic variables used in computing Educational Development Index [EDI] at the primary level. But in spite of only 4247 new government primary schools has been opened in 2008-09. And share of government schools to total school is increased by 0.20 percent only. Until and unless, the easy access, basic infrastructure & availability of quality teachers is not pledged at the primary level, the goal of universalisation of education would remain a distant dream.

Though the overall achievement in elementary education has shown some positive indicators in terms of increasing enrollment rates for boys and girls as well as increasing literacy rates the qualitative aspect seems to have gone ignored. The limited achievement have been the result both of reluctant increase in resources allocated to education and also due to programmes and schemes that focus on some of the specific lacunae in the educational infrastructure and the educational

system. One cannot remain contented by the mere numbers of achievement alone. Average statistics hide the unevenness of the achievements; moreover higher achievements quantitatively by no means imply adequacy of quality. NCE's concern is that the quality issue has remained ignored in the era of economic reforms, reflecting itself in phenomenon such as growth in number of Para-teachers recruitment inviting private sector in elementary education etc. It still remains to be seen how the successive governments and policy makers address the challenges of implementing and organizing many of the 'well-meaning' and 'normative' initiatives to promote the three key principles of equity, quantity and quality in the context of making India literate. India cannot shine and develop as a strong nation unless free and compulsory elementary education of an equitable quality is provided to all its children through a Common School System. History is evident that almost all countries which are today in the category of developed nations have adopted a Common School System.

Trends in Secondary & Higher Secondary Education

Secondary education serves as a bridge between elementary and tertiary education. It plays the dual role of preparing students for higher education while at the same time providing skills and technical training for those planning to enter the labour market. Demand for access to secondary education is growing as our state approaches universal elementary education. Due to rapid technological changes and growth of knowledge based industries, there is a heightened demand for a skilled labour force which can be provided by quality secondary education. The main aim of secondary education is to inculcate knowledge, and scientific outlook among students and nurture their talents and analytical skills to enable them to become socially and economically productive active citizens. This can be achieved by equipping schools with all basic amenities, including qualified and trained teachers, developing appropriate curriculum and syllabi and improving teaching techniques to reach the desired learning outcomes. Madhya Pradesh has been providing facilities for girls to continue their education through various Social Welfare schemes. Therefore, the pass percentage among girl students in higher secondary schools is more than that of boys. Even in terms of enrollment ratios, the difference between boys and girls is not high, and thus gender gap in school education has been largely reduced. Out of the total enrollment of 28.82 lakh is high in higher secondary schools, the proportion of enrollment of boys is 17.96 lakh and girls are 10.86 lakh.

Growth in Higher Education in M.P.

Table-1.8: Growth in Enrollment at Graduation and Post-Graduation level in MP.

Level	2005 - 06			2009 - 10		
	Boys	Girls	Total	Boys	Girls	Total
Graduate	130666	99179	229845	156799	123973	280772
Post Graduate	21466	20985	42451	25759	26231	51990
Total students	152132	120164	272296	182558	150204	332762

Source: Director Higher Education Bhopal, MP, 2011

Chart 1.4

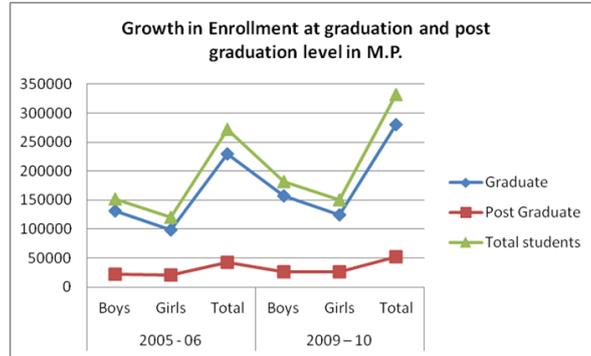


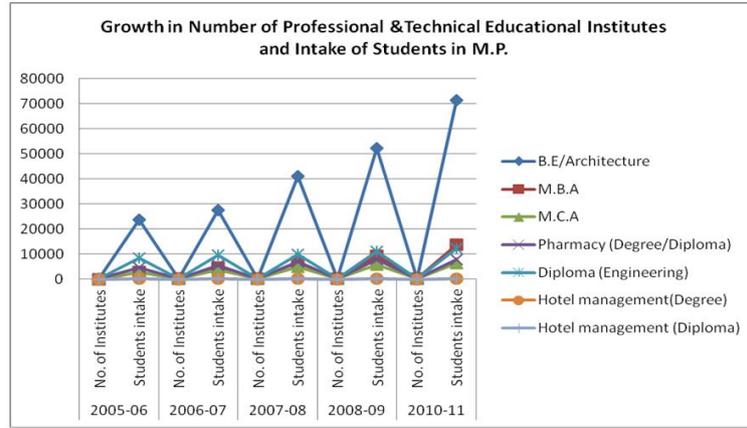
Table 1.8 and Chart 1.4 indicate the increase in the enrollment in undergraduate and post graduate programmes in the state. It shows that there is significant growth in enrollment in the state. In 2005 – 06 at graduation level the total enrollment were 229845 including 130666 boys and 99179 girls which increased in 2009 – 10 by 22% and became 280772 in which number of boys were 156799 and girls were 123973. Similarly, at post graduate level the growth in enrollment is also showing a convincing figure. 42451 students were enrolled in 2005 - 06 in post graduation programmes including 21466 boys and 20985 girls. In 2009 – 10 this number ass increased and become 51990 including 25759 boys and 26231 girls. This shows that in higher education at post graduation level the enrollment of girls has increased faster and it cross the number of boys enrolled in post graduation. There are number of state government schemes like gaon ki beti provide the facility and the awareness among the parents cause the increase in number of girl’s enrollment. The total enrollment in higher education has increased from 272296 in 2005- 06 to 332762 in 2009 – 10.

Table-1.9: The details of the number of professional colleges with sanctioned intake and students admitted as on 2010-11 are given below:

Name of professional courses	2005-06		2006-07		2007-08		2008-09		2010-11	
	No. of Institutes	Students intake								
B.E/ Architecture	69	23794	86	27693	124	41259	159	52200	208	71400
M.B.A	42	2790	63	4600	91	6530	139	9410	208	13800
M.C.A	55	2925	67	3790	77	4830	91	5670	101	6370
Pharmacy (Degree/Diploma)	70	4570	93	5409	114	6850	131	7890	132	7950
Diploma (Engineering)	44	8479	44	9594	44	9830	44	11225	49	12115
Hotel management(Degree)	2	120	3	180	3	210	4	270	4	270
Hotel management (Diploma)	1	60	1	60	1	60	1	60	1	60

Source: Director Technical Education, Bhopal 2010 – 11

Chart 1.5



The above table 1.9 and chart 1.5 shows the growth of technical institution in the Madhya Pradesh in various disciplines. In 2005 - 06 there were 69 B.E/ Architecture Institutes with 23794 intakes which increased by more than threefold and presently these are 208 with 71400 intakes. Similarly there is tremendous progress in Management of Business Administration colleges which was 42 with 2790 intake become 208 with 13800 seats. From which 56 colleges and 4470 seats are only in the Indore district. In the same manner the growth story in the number of colleges in master of compute application. There were only 55 colleges in 2005 - 06 with total intake of 2925 has doubled and become 101 with 6370 seats. In the same way the number of pharmacy colleges in the state were 70 with 4570 seats has raised and become 132 which reflect double growth in number of colleges as well intake. The intake has increased and became 7950. Table also reveals the growth picture in infrastructure of technical and professional courses like diploma in engineering, hotel management degree and diploma courses. There is also increase in the number of college as well as seats.

5. Conclusion:

Madhya Pradesh has registered increase in per capita income over the period. Per capita income of the state on constant price has gone up to Rs.15929, which represents an increase of 6.78 percent. After revised estimates are received the per capita income is likely to increase further. As per the quick estimate of year 2008 the per capita income of Madhya Pradesh was Rs.14918. Madhya Pradesh has posted a constant increase in per capita income over last six years. The per capita income in year 2003 - 04 was Rs.11870 which rose to Rs.12712 in year 2004 - 05. It further increased to Rs.12032 in years 2005-06 and to Rs.13307 in years 2006-07. The per capita income increased from Rs.13943 in years 2007-8 to Rs.14918 in years 2008-09. On current price the per capita income of Madhya Pradesh has posted an increase of 11.54% over last year from Rs.21000 to Rs.24146 as per advance estimate of year 2009-10. The per capita income on current price has also constantly increased over last six years in Madhya Pradesh. In year 2003 -04 the per capita income on current price was Rs.14306 which went up to Rs.14471 in year 2005-06. It rose to Rs.17257 in years 2006-07 and to Rs.19149 in years 2007 - 08. The per capita income was registered at Rs.21648 in years 2008-09. It became Rs.24146 in 2009-2010.



The state has performed relatively better on Education front through its massive efforts for raising the literacy level from 45% to 64% during 1991 to 2001 and 64% to 70.6% during 2001 to 2011. This seems to have been attained by expanding the network of primary schools and adult literacy centers. This involved massive recruitment of Para-professionals (Shiksha Karmis) to teach in the schools. Initially a good move, the policy of Para-professionals seems to have created major stumbling blocks in the delivery of educational services for the last five years. The situation is very grim as it arose out of what may be called a quick fix solution for spearheading the drive for enhancing literacy levels in the state. The Para-professionals have more or less stopped attending to the schools in the wake of their pending demand-a salary hike and/or regularization of their services. What is in fact strange about this grim scenario is that no one in the villages, including the Panchayat and Shiksha Samitis, has formal platforms for voicing their demands for education in their respective villages.

This perhaps suggests a need to rethink over the entire issue of educational system, which may essentially require participation of the parents and community rather than involvement of the private sector for creating a parallel system for schooling and coaching classes that may create further divisions between the poor and the rest. Another key concern that has emerged is the quality of education. The available evidence suggests that in terms of the quality of education, Madhya Pradesh ranks the lowest amongst the states and Union Territories of the country, although the state has done relatively better in improving the infrastructure and facilities. In this context, they need to revise their approach for teacher recruitment and teacher development. The state also needs to focus on higher and technical education also as the only way to develop human resources is through higher and technical education only. The state record in this context remains far from satisfactory. Privatization of higher and technical education in the state has resulted in mushrooming of a large number of private institutions with grossly inadequate infrastructure and facilities and very little focus on research that contributes to improving the productivity of social and economic production system. State investment in the higher and technical education sector needs to be increased. At the same time regulatory mechanism for ensuring the quality and relevance of technical and higher education needs to be put in place.

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Supply Chain Performance Measurement using Benchmarking and Balance Score Card: A conceptual framework

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Abstract

A supply chain is the network of agencies to perform a set of operations from procuring raw material, transforming the raw material in to finished goods, storing them, distribution to the final customers and render the quality services through a team work of internal employees and external partners like suppliers, supplier's suppliers and distribution channel members. The core supply chain we can describe as a relay game in which the participant or each players either the facility or an individual pass on the baton effectively from one to other until it reaches the final player-"The customer". Supply chain has to be timely monitored for optimizing business processes through understanding better working processes and evaluating self performances, this can be done by benchmarking or using a Balance Score Card approach.

Keywords: Supply chain, Benchmarking, Balance Score Cards

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1. Benchmarking

Benchmarking is defined as measuring performance of your organization against that of best-in-class organizations, determining how the best in class achieve their dominance and those performance levels [1, 2]. Following steps are involved in the process of benchmarking:

- Identify the process to be benchmarked.
- Understand current performance of that process and documenting it with a clear understanding of circumstances leading to deviation from the normal routines.
- To decide the type of data to be collected and the methods to collect the same.
- Study the 'best in class' process.
- Compare and find the gaps between you and the 'best in class' organization / process.
- Use these findings to set the goals and objectives and start improving your process.

Benchmarking is generally done to achieve the business and competitive objectives and essentially involves imitating the performance of best in class organizations/ processes and finally reach best in class performance.

1.1 Benchmarking Supply Chain

Benchmarking is the process of admiring someone who is better at something and learning what to do to match them and even surpass them at it [4, 5]. The basic need of benchmarking is to imitate and introspect for deciding a path, monitoring a track of right direction at a defined frequency, shifting existing performance from a lower gear to the higher gear. The benchmarking can be made by comparing the performance of organizations from same or other industries and their processes in similar activities, operations or functions. Some examples of benchmarking are given below.

Problem Area	Compared With
Higher Inventories	Amazon.com
Fresh Deliveries of Products	Pizza Hut Deliveries
Lengthy set up of Machines	Formula 1 pit crews
JIT production system	Toyota
Customized product at lower cost	Dell

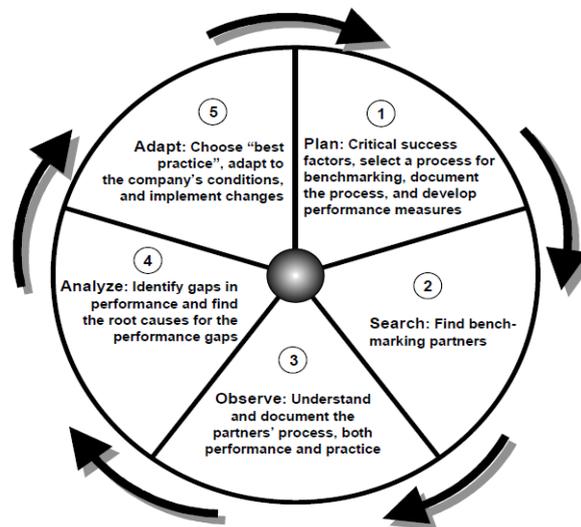
There are many ways to describe benchmarking. One of the best models in benchmarking has been explained by Andersen (Known as Benchmarking Wheel) in 1995 is as below[10].

The model presented by **Andersen [5]** is quite generic and can be applied to overall supply chain of any organization.

The benchmarking of supply chain can be done in four perspectives:

- Internal - process and operations
- External partners like suppliers and distributional channels.
- Financial Perspective and
- Customers

Fig 1: Benchmarking Wheel



After identifying reasons for gap in our performance and performance of benchmarked process it is essential to define a plan to mitigate those causes and achieve best in class performance. For that we have to define objectives, aims and way to track the improvement in performance. That can be done by using Balance Score Card.

2. Balance Scorecard

Balanced scorecard broadly known as BSC is a strategic planning tool that helps everyone in an organization to work towards achieving a common and shared vision. For any strategic business activity, such as supply chain management (SCM), identifying criteria for required performance measurement is essential and it should be an integral part of business strategy. Dozens of methods have been suggested over the years for SCM evaluation of any organization. Unfortunately, evaluation methods that rely on financial measures are not well suited for newer generation of SCM applications as these supply chains are very complex and seek to provide a wide range of benefits, including both tangible as well as intangible. As a result, it may be quiet appropriate to use a balanced approach to measure and evaluate supply chains.

The beauty of BSC is that it proposes a means to evaluate corporate performance from four different perspectives: the financial, the internal business process, the customer, and the learning and growth. Table-1 outlines these four perspectives.

Table-1: Four Perspectives of BSC

Perspective	Mission
Customer Perspective (Value-Adding View)	To achieve our vision by delivering desired value to our customer
Financial Perspective (Shareholders' View)	To succeed financially by delivering value to our stakeholders
Internal Perspective (Process improvement View)	To bring in efficiency and effectiveness in our business processes
Learning and Growth Perspective (Growth Sustainability View)	To achieve our vision changing capabilities through continuous improvement and preparation for future challenges

3. Performance measurement metrics for SCM

Performance measurement describes the feedback on activities implemented with respect to meeting strategic objectives. It identifies the areas with below expectation performance thus efficiency and quality can be improved [7]. In this section, we make an attempt to summarize some of the most appropriate performance metrics and measures of SCM.

3.1 Metrics for performance evaluation of planned order procedures

For any firm, the first and foremost activity to begin with is to win an order. Hence, the first step in assessing performance is to analyze the way the order-related activities are carried out. In this step main issues faced are: the order entry method, order lead-time and the path of order traverse. All of these issues to be considered and addressed.

3.1.1 The Order Entry Method

The order entry method determines the extent to which the customer specifications/requirements are captured, translated into meaningful information, and this information is passed down along the supply chain. Proper execution of the order is possible only when the order entry method is capable of providing timely, accurate and usable information at all possible levels upstream and hence, can be used as a metric of performance measure.

3.1.2 Order Lead Time

Order lead time also known as order to delivery time and it is the time which is spent right from the receipt of the customer's order to the delivery of the goods. This includes the following time elements:

- Order entry time
- Order planning time
- Order sourcing, assembly and follow up time
- Finished goods delivery time.

A reduction in the order cycle time leads to a reduction in the supply chain response time [6]. Reliability and consistency of the order lead-time is of utmost importance. Therefore, measurement of total cycle time is very important for customer satisfaction index

improvement, and to serve as a feedback to control the day-to-day operations.

3.2 Measuring customer service and satisfaction

This measurement is aimed at identifying how closely our product and processes comply with specification defined by customer in context of design, quality and delivery. It also contains product/service flexibility, customer query time, and after sales services.

3.2.1 Flexibility

Being flexible refers to making available the products/services as per changing demand of customers. The development of advanced technologies such as flexible manufacturing systems, group technology, and computer-integrated manufacturing has made it possible. By defining flexibility as a metric and by evaluating it, organizations can response rapidly to changing customer requirements.

3.2.2 The customer query time

Many a times, a customer enquires about the status of an order, stock availability or delivery. Providing such information genuinely helps the customers to schedule their activities, and helps the firm to retain them as customers. Measuring customer query resolved time helps reducing this time and adds to customer satisfaction.

3.2.3 After Sales Customer Service

The post delivery activities play an important role both as part of customer service, and for collecting valuable feedback for further improvements in the supply chain. For example, timely availability of spares helps companies to provide better customer service, and to trace the problems arising from warranty claims, then making improvements on products and services.

3.3 Production level measures and metrics

As an important and integral part of SCM, the performance of the production process also needs to be measured, managed, and improved. Suitable metrics are required for this purpose. This category consists of capacity utilization, and effectiveness of scheduling techniques.

3.3.1 Capacity Utilization

“No production planning process can be started without knowing the actual capacity.” From the above statement, the importance of “capacity” in determining the planning efficiency of all supply chain activities is clear. This highlights the importance of measuring and controlling the capacity utilization.

3.3.2 Effectiveness of Scheduling Techniques

Scheduling refers to the time slots at which production related activities are to be performed. Such fixing of time slots determines the manner in which the resources flow through an operating system. The effectiveness of his flow has a significant impact on the performance of

supply chain. Scheduling depends heavily on customer demand and supplier performance. Hence, it can be concluded that measuring and improving effectiveness of scheduling techniques will improve the performance of a supply chain.

3.4 Performance Evaluation of Delivery Link

These measures are designed to evaluate the performance of delivery and distribution cost in supply chain. The typical measures for delivery performance evaluation are reduction in lead time in the delivery process, on-time delivery, vehicle scheduling, warehouse location and distribution mode. The percentage of goods in transit, quality of information exchanged during delivery, number of faultless notes invoiced, flexibility of delivery systems to meet particular customer needs are also included in this performance measurement[8]. Sometimes this performance is also called as OTIF (On Time In Full) performance measurement.

3.5. Supply chain finance and logistics cost

The core objective of any supply chain is to optimize cost of distribution. Determining the total logistics cost can assess the financial performance of a supply chain. It is a must to deduce strategies to reduce overall logistics cost in any supply chain. Inventory cost, warehousing cost etc are all included in logistics cost.

4. Performance evaluation framework for SCM

Many methods and techniques have been suggested by research scholars over the years for SCM evaluation. Most of the traditional methods focus on well-known financial measures, such as the return on investment (ROI), net present value (NPV), the internal rate of return (IRR), and the payback period. Unfortunately, evaluation methods that rely on financial measures are not well suited for newer generation of SCM applications due to complexity of supply chains in global world. The benefits of improving supply chain performance are not always tangible. And hence some other kind of tools and techniques has to be designed to measure intangible benefits.

The metrics discussed in this framework are classified into strategic, tactical and operational levels of management. The metrics are also distinguished as financial (Tangible) and non-financial (Intangible) so that a suitable costing method based on activity analysis can be applied.

Table 2: A framework of the metrics for performance evaluation of SCM

Level	Performance Metrics	Tangible	Intangible
Strategic	Total cycle time	Y	
	Total cash flow time	Y	
	Order lead time	Y	
	Net profit vs. productivity ratio	Y	
	Return on Investment	Y	
	Range of products and services	Y	
	Customer query time	Y	
	Delivery performance	Y	

	Supplier lead time against industry norms	Y	
	Level of supplier's defect free deliveries	Y	
	Buyer-supplier partnership level		Y
	Flexibility of service systems to meet particular customer needs		Y
Level	Performance Metrics	Tangible	Intangible
Tactical	Accuracy of forecasting techniques	Y	
	Product development cycle time	Y	
	Purchase order cycle time	Y	
	Planned process cycle time	Y	
	Supplier cost saving initiatives	Y	
	Delivery reliability	Y	
	Effectiveness of master production schedule		Y
	Supplier assistance in solving technical problems		Y
	Supplier ability to respond to quality problems		Y
	Responsiveness to urgent deliveries		Y
	Effectiveness of distribution planning schedule		Y
	Order entry methods		Y
	Effectiveness of delivery invoice methods		Y
	Level	Performance Metrics	Tangible
Operational	Cost per operation hour	Y	
	Information carrying cost	Y	
	Capacity utilization	Y	
	Total inventory cost	Y	
	Supplier rejection rate	Y	
	Frequency of delivery	Y	
	Driver reliability for performance	Y	
	Quality of delivered goods	Y	
	Achievement of defect free deliveries	Y	
	Quality of delivery documentation		Y

	Efficiency of purchase order cycle time		Y
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Balance Scorecard for SCM Evaluation

The BSC is applied to metrics shown in fig-2 with the intent to evaluate SCM performance comprehensively. All Four perspectives of the BSC are applied to these discussed metrics as shown in Tables 4-7. Each of the four perspectives should be translated into corresponding metrics and measures that reflect strategic goals and objectives. The perspectives should be reviewed at a defined frequency and should be updated if required. The measures included in the given BSC should be tracked and traced over time, and integrated explicitly into the strategic SCM process.

5.1 Measuring and evaluating financial metrics

Financial performance measures indicate whether the company's strategy, implementation and execution are effectively contributing to the bottom line improvement of a firm. Financial goals include achieving profitability, maintaining liquidity and solvency both short term as well as long term, growth in sales turnover and maximizing wealth of shareholders. Financial performance indicators are shown in Table 4.

Table 4: Performance metrics for the financial perspective

Customer query time
Rate of return on investment
Variations against budget
Supplier cost saving initiatives
Delivery performance
Cost per operation hour
Information carrying cost
Supplier rejection rate

5.2 Measuring and evaluating customer perspective

End of the day, each and every mission statement must be translated to customer service and BSC defines how this should be measured in terms of factors which matters the most to a customer. In short, term, a customer is generally concern about lead-time, quality of products and services and the cost effectiveness. In the era of globalization any firm's competitiveness lies on different customer related factors are shown in Table 5.

Table 5: Performance metrics for the customer perspective

Customer query time
Level of customer perceived value of product
Range of products and services
Order lead time

Flexibility of systems to meet changing customer needs
Delivery lead time
Delivery performance
Effectiveness of delivery invoice methods
Delivery reliability
Responsiveness to urgent deliveries
Quality of delivery documentation
Driver reliability for performance
Quality of delivered goods
Achievement of defect free deliveries
Effectiveness of distribution planning schedule

Table 6: Performance metrics for the internal business perspective

Total supply chain cycle time
Total cash flow time
Supplier lead time against industry norms
Effectiveness of master production schedule
Capacity utilization
Product development cycle time
Purchase order cycle time
Planned process cycle time
Accuracy of forecasting techniques
Total inventory cost
Efficiency of purchase order cycle time
Level of supplier’s defect free deliveries

5.3 Measuring and evaluating internal business perspective

Every internal process is supposed to deliver as per customer’s requirement and hence the internal measures for the BSC stems from the business process that have the greatest impact on customer’s satisfaction factors that affect cycle time, quality, skill of the employees, and of course, productivity. Performance metrics for the internal business perspective are shown in Table 6.

5.4 Measuring and evaluating innovation and learning perspective

A company’s ability to innovate, improve and learn is foundation of company’s value. Innovation and continuous learning process can bring about efficiency in operating domain of the business. Moreover, it ensures product differentiation and cost reduction to achieve leadership position in market. As a result, it increases market share and strengthens the financial ability through earning higher profitability. Performance metrics for the innovation and learning perspective in a BSC includes measures as shown in Table 7.

Table 7: Performance metrics for the innovation and learning perspective

Ability to respond to quality problems
Cost saving initiatives
Accuracy of forecasting techniques
Capacity utilization
Order entry methods
Range of products and services
Product development cycle time
Flexibility of service systems to meet particular customer needs
Level of customer perceived value of product

6. Development of BSC

In order to put the BSC to work, companies should articulate goals for time, quality, performance and service and then translate these goals into specific measures. Firms should stop navigating only by financial measures but with combination of operational measures for day-to-day business operations too. In building a firm specific balanced SCM scorecard, following steps are recommended:

- (1) Create awareness for the concept of balanced SCM scorecard in the organization;
- (2) Collect and analyze data on the following items:
 - Specific objectives and goals related to corporate strategy, business strategy and SCM strategy;
 - Traditional metrics already in use for SCM evaluation;
 - Potential metrics related to four perspectives of balanced scorecard;
- (3) Clearly define the company specific objectives and goals of the SCM function for each of the four perspectives;
- (4) Develop a preliminary balanced SCM scorecard based on the defined objectives and goals of the enterprise and the approach outlined in the paper;
- (5) Receive comments and feedback on the balanced SCM scorecard from the management, and revise it accordingly;
- (6) Communicate both the balanced SCM scorecard and its underlying rationale to all stakeholders.

It is essential to have well defined specific goals and objectives before developing the balanced SCM scorecard. The metrics included in the balanced SCM scorecard should meet three criteria. They should be quantifiable, easy to understand, and ones for which data can be easily collected and analyzed in cost-effective manner.

7. How do we do it with Apollo Tyres Ltd.:

Apollo Tyres Ltd (ATL) is the 7th largest tyre manufacturing company of the world with total revenue close to USD 6.5 bn. ATL is one of those companies that have already developed and institutionalized BSC for its SCM operations.

ATL sells tyres through 3 channels such as After Market Tyre sellers (Replacement), Directly to OEMs and Export. In Replacement market, ATL has got its sales offices in close to 160 locations in India and these locations are supplied with tyres from 12 RDCs(Regional Distribution Centres) which are supplied tyres from 4 tyre manufacturing Plants. ATL also supplies tyres to 90% of the OEMs present in India and exports tyres to close to 70 countries of the world.

ATL's SCM function has got a fairly stabilized organizational structure with different teams responsible for supplying tyres to different sales channels. In addition to supplying team there are also teams responsible for Demand Forecasting, Production planning and Transportation management. Each of these teams has got its own monthly KRAs with end goal being minimum loss of sales due to stock unavailability and hence the highest customer service level. There are very well customer service level measurement metrics for each type of customers as expectations of each customer is different.

Basis this structure and overall company objective in mind, BSC developed for ATL's SCM function is given below:

Customer Perspective	Replacement Service Levels
	OEM Service Levels
	Export Service Levels
	OEM Customer Visit
Financial Perspective	Outbound Freight Cost (Rs/KG)
	Space Cost (Rs Mn)
	Vehicle Detention Cost (Days)
	Inventory Cost (Days)
Process Perspective	Forecast Accuracy
	Production Deviations
Learning/ Development Perspective	Training Hours
	Improvement Projects

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A Study of HRD Climate Prevails in Private Engineering College and Difference in Perception of Male and Female Employees

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Abstract

The organizations are attaching great importance to human resources because human resources are the biggest source of competitive advantage and have the capability of converting all the other resources in to product and services. The effective performance of this human resource depends on the type of HRD climate that prevails in the organization, if it is good than the employee's performance will be high but if it is average or poor then the performance will be low. The study of HRD climate is very important for all the organization and the Education sector is not an exception, especially in the present situation of grooming of professional studies. The present study is an attempt to find out the type of HRD climate that is prevailing in Shri Vaishnav Institute of Technology & Science a private engineering college in Indore. The researchers have also tried to find out the perception of employees regarding HRD climate prevailing in the institute and difference in the perception of employees on the basis of gender. The researcher collected the data from the employees of the above engineering institute using structured HRD climate questionnaire. The data were analyzed using various statistical tools. The result shows that the HRD climate in private sector engineering college is average and the perception of employees regarding the HRD climate does not differs significantly on the basis of gender. The paper ends by offering useful suggestions to the management involved in the running of the private engineering college.

Keywords: Human Resource, Human Resource Climate, HRD mechanism

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1. INTRODUCTION

Technical Education is the system by which the technically skilled and professionally developed Human Resource Capital is generated to satisfy the industry needs of a nation. Industry is the backbone of any country and engineers in turn are the backbone of industry. Growth of industry is directly proportionate to the growth of the economy and as the industry grows the demand of engineers and technically qualified people increases proportionately. To satisfy the demand of industry for engineers, the Indian Government is encouraging technical education with the help of both public and private sector engineering institutes.

Education and training are the primary systems by which the trained human capital of a nation is increased and preserved. Higher education in general and technical education in particular, has a direct bearing on the economy of a country. The era of human resource development (HRD) has already begun and speaking in terms of engineering and technology, the demand for qualified engineers is increasing globally. In response to this, there has been a proliferation of engineering institutes in India. These institutions exist to enhance the learning experience of engineering student, and to foster an environment conducive to preparing graduates with competitive excellence for an ever-changing future. Hence, a developmental climate, which not only fosters innovation and creativity but also promotes a high level of motivation and commitment, is highly desirable in these institutes.

Human Resource Development (HRD) is the process of improving, molding and changing the skills, knowledge, creative ability, aptitude, attitude, values and commitment based on present and future job and organizational requirements. HRD Climate is a measure of the perceptions of the knowledge workers about the prevailing nature of HRD.

2. Meaning of HR+D+Climate

'Human Resource' mean employees in organization, who work to increase the profit for organization. 'Development', it is acquisition of capabilities that are needed to do the present job, or the future expected job. After analyzing Human Resource and Development we can simply stated that, HRD is the process of helping people to acquire competencies. 'Climate', provided by an organization, is an overall feeling that is conveyed by the physical layout, the way employees interact and the way members of the organization conduct themselves with outsiders.

3. REVIEW OF LITERATURE

Many researchers have been conducted on national and international level in related areas. Few of them are stated below

Rao (1999) regarding the HRD climate in 41 organizations revealed that the general climate in the organization is average. A general indifference on the part of the employees towards their own development was found to be the reason for this. The lack of support to the employees towards their own development was found to be the reason for this. The lack of support to the employees post training is a major hurdle in applying what they had learned. This in turn affects the career development of the employees. It was noted that the top management in most of the organization is doing routine things. The other impediments of HRD highlighted in the study are the lack of opportunity for transfer of training skill and career development. Yet the same study suggested

that the employees in this organization were serious about the training. The performance appraisal system was objective and the management was concerned about human resources

June (2002) highlighted the importance of examining employees' perception, employees adjustment to change. Climate and change appraisal factor were linked with a range of important individual /organizational outcomes as employee well being, job satisfaction, organizational commitment, turnover intension and absenteeism. Graffity University, Australia, a study "Employment adjustment during change: The role of climate, organizational level and occupation" was done to study the role of organizational climate factor in facilitating employee adjustment during change and to study the extent to which organizational sub-groups differs in their perception of climate and investigate the level of adjustment indicator during change.

Mufeed (2006) attempted to study whole gamut of HRD climate in universities and other equivalent higher level academic institutions by eliciting employee perceptions on HRD climate for which the University of Kashmir, Srinagar is selected as the main focal point of study.

Sachdev (2007) concluded that trust, pride and companionship are the primary factors considered in 'Great Places to Work' by Indian employees. Most of the organizations rated as a great place to work recognize the aspirations of the employees and focus on their growth and development. This indicates that most of these organizations have got a reasonably good HRD climate.

Srimannarayana M, (2007) conducted a study in local bank of Dubai and found that a good HRD climate was prevalent in the organization. He found out the differences in the perception of employees regarding the HRD climate on the basis of demographic variables

Khagendra, Purushottam and Srijana (2008) conducted a study of HRD Climate in Buddha Air, Their Objective behind the study is to understand the general HRD climate, the HRD mechanism of the organization, and to see the OCTAPAC culture of the organization. Their opinion about the overall HRD Climate of Buddha Air is encouraging, since there is a keen interest of top management in HRD and there is a high team spirit and employees take training seriously

Saxena & Tiwari (2009), concluded that HRD climate in some public sector Bank in Ahemdabad is average, and there is no significance difference in perception of employees according to their gender, experience and qualification but there is a significant difference in perception according to their age

Saraswathi S. Dr. (2010). Conducted a study stated that the success of an organization is determined by the skills and motivation of the employees. Competent employees are the greatest assets of any organization. Given the opportunities and by providing the right type of climate in an organization, individuals can be helped to give full contribution to their potentials, to achieve the goals of the organization, and thereby ensuring optimization of human resources. The study revealed that the three variables: General Climate, HRD Mechanisms and OCTAPAC culture are better in software organizations compared to manufacturing. The findings indicate significant difference in the developmental climate prevailing in software and manufacturing organizations.

Ajay Salokhe and Dr. Nirmala Choudhary (2011) conducted a study on "HRD climate and Job satisfaction: An empirical investigation". The study was focused on single measure i.e., Job Satisfaction because of dearth in amount of studies exploring this relationship. The study attempts to analyze and determine the relationship, further the impact of HRD Climate,

OCTAPAC Culture on Job Satisfaction as an Organizational Performance measure in the selected public sector enterprise. This study suggested that the early identification of human resource potential and development of their skill represent two major tasks of human resource development. This can only be achieved when HRD Climate becomes conducive in nature.

4. OBJECTIVES

The objectives of the study are

- To study the type of HRD climate prevailing in selected Private sector Engineering College.
- To study the differences in the perception of male and female employees.

4.1 HYPOTHESIS

- Private engineering colleges do not provide appropriate HRD climate to their employees which enables them to acquire adequate capabilities for their present job.
- There is no significant difference in the HRD climate as perceived by Male and Female employees.

5. RESEARCH METHODOLOGY

STUDY

Design : The study is exploratory in nature.

Sample: For the purpose of the study, the researchers selected Shri Vaishnav Institute of Technology & Science a private Engineering college situated in Indore (MP). On the basis of non probability random sampling respondents were selected.

TOOLS

For Data collection:

Questionnaire was used to collect data for the study. HRD Climate questionnaire developed by the centre for HRD at XLRI was used by the researcher to collect the responses from the respondents. The scale consist of 19 items each having five alternatives such almost always true, always true, sometime true, rarely true, not at all true.

The mean score of each item could theoretically range from 1.0 to 5.0 where 1.0 indicates extremely poor HRD climate and 5.0 indicates extraordinarily good HRD climate on that dimension. Scores around 3.0 indicate an 'average' HRD climate on that dimension giving substantial scope for improvement. Scores around 2.0 indicate poor HRD climate on that dimension. Scores around 4.0 indicates a good HRD climate where most employees have positive attitudes to the HRD policies and practices on that dimension and thereby to the organization itself.

Questionnaire was used for data collection covers aspects of employee perceptions towards the HR practices adopted by SVITS. Questions asked were under five traits such which are as follows: 1.Nature of Work 2.Working Condition 3.Welfare Measures 4.Performance Management 5.Employees Development. Each traits contain 4 question related to management policies supporting to develop a good HRD climate within the institute. All responses counted and arranged gender-wise against each question of each trait. Then, response arranged collectively and gender-wise against each trait and average response calculated collectively and gender wise.

Finally, responses of each trait were added collectively to assess the perceptual response of employees. This helps to find out the perception of employees about the HR practices adopted by the management of the Institute and has given an idea about the HRD Climate of the SVITS collectively and according to their Gender.

Data analysis: Statistical tools such as MEAN, SD and Z test were used to analyze the data.

THE INSTITUTE PROFILE

Shri Vaishnav Institute of Technology & Science came into existence in 1995. Institute is run by Shri Vaishnav Shekshanik and Parmarthik Trust which was established in 1981 as a branch of Shri Vaishnav Sahayak Kapda Market Committee and its associate Shri Maharaja Tukoji Rao Cloth Market Association which was established in 1884. SVITS offers graduate and post graduate programs in Engineering and Management courses, such as BE in CSE, IT, EC, ELEX., EI, TX, CE, MECH, MBA, MCA AND ME in CS, VLSI, IT and AI (Artificial intelligence.)

VISION

To transform India from 'A Developing Nation' to A Developed Nation' by enhancing technical education.

MISSION

"Develop Creative Technical Leaders who can carry out the Transformation".

QUALITY POLICY

Quality policy of SVITS states that 'We, at Shri Vaishnav Institute of Technology and Science, are committed to impart premium engineering and technology education by meeting customer requirements & norms of regulatory authority. We strive to continually improve the quality of our educational services and effectiveness of Quality Management System.'

SAMPLE DESIGN

DATA COLLECTION AND PERIOD OF STUDY

The researcher personally contacted 100 employees of Shri Vaishnav Institute of Technology & Science, during October and November 2012. They were appraised about the purpose of the study and request was made to them to fill up the questionnaire with correct and unbiased information. The researcher was able to collect the 54 filled questionnaires with response rate of 54%. All 54 employees were very keen to answer the questions asked and responded very well by filling all the entries correctly on 100% accuracy level.

Table 1.0: SAMPLE PROFILE

SIZE OF THE SAMPLE	54	54%
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DATA ANALYSIS AND FINDINGS

Hypothesis 1

- Private engineering colleges do not provide appropriate HRD climate to their employees which enables them to acquire adequate capabilities for their present job.

Null Hypothesis H₀:

- Private engineering colleges do not provide appropriate HRD climate to their employees which enables them to acquire adequate capabilities for their present job.



Alternate Hypothesis H_1 :

- Private engineering colleges provide appropriate HRD climate to their employees which enables them to acquire adequate capabilities for their present job.

Mean and % Scores of SVITS

Table 1.0, 2.0 and 3.0 provides an idea about the HRD Climate prevailing in the SVITS Indore. The percentage score indicate that the HRD Climate in selected Engineering College is average and there is a tremendous scope of improvement in the HRD climate.

Perception of the employees about the overall HRD climate prevailing in the SVITS

The calculated Z value (5.97) is much higher than critical z-value of the table (1.96) for null hypothesis ($\mu=M$) at 0.05 significance level, therefore, we reject the null hypothesis that the Private Engineering Colleges specially SVITS do not provide such HRD climate to their employees which helps them to acquire the capabilities that are needed to do their present job. Hence, the alternate hypothesis H_1 is acceptable in case of SVITS that private engineering college provide such HRD climate to their employees which helps them to acquire the capabilities that are needed to do their present job

Hypothesis 2

- The difference is not significant between the perception of male and female employees about HRD Climate at SVITS.

Null Hypothesis H_0 :

- The difference is not significant between the perception of male and female employees about HRD Climate at SVITS.

Alternate Hypothesis H_1 :

- The difference is significant between the perception of male and female employees about HRD Climate at SVITS.

Table 4.0 Perceptual differences between male and female employees

The calculated Z value (1.279) is less than the critical Z value (1.96) at significance level of 0.05, therefore, we accept the null hypothesis (H_0) that the difference is not significant between the perception of Male and Female employees regarding the HRD Climate at SVITS. Hence, we reject the alternate hypothesis (H_1) that the difference is significant between the perception of male and female employees about HRD Climate at SVITS.

5. CONCLUSION

HRD climate plays a very important role in the success of any organization because directly or indirectly it affects the performance of the employees. If, the HRD climate is good than the employees will contribute their maximum for the achievement of the organizational objectives. The result of the present study shows that in case of SVITS private engineering college provide such HRD climate to their employees which helps them to acquire the capabilities that are needed to do their present job. The result also shows that there is no difference in the perception of the male and female employees. However, the management can improve the HRD climate by improving HR policies and practices.

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DATA ANALYSIS

Tab.2.0 Gender-wise distribution of Employees

Gender	Employees	
	N	Percent
Male	30	55.56%
Female	24	44.44%
Total	54	100

Source: Primary Data



Tab 3.0 Perception of employees about the overall HRD climate prevailing at SVITS

Particulars	Sample Size	Mean	SD	SE	Z-Value
<i>Employees</i>	54	3.26	0.33	.0435	5.97

Source: Primary Data

Tab 4.0 Perceptual differences between male and female employees

Particulars	Sample Size	Mean	SD	SE	Z-Value Basis of Mean
<i>Male Employees</i>	30	3.18	0.56	0.145	1.279
<i>Female Employees</i>	24	3.37	0.51		

Source: Primary Data

A study on how Teenager's influence their parents to purchase a two wheeler for their use: An Empirical Analysis

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Abstract

The focus of this research is parent and child decisions about the purchase of products used by teenagers especially the purchase behaviour, purchase decision process and the response of parents. The research has been carried out fewer than two headings: (1). Analysis of purchase behaviour of teenagers and (2). Parent's response on the purchase decision

Teenagers indulge consumer information search prior to decision-making. After thoroughly obtaining the information about the two-wheeler, they employ emotional strategy to materialize their purchase decision process. It is also noted that teenagers' are also influenced by friends/peers. Friends/peers are an important socializing influence, operate most strongly in socio oriented communication pattern. Hence, for the purchase of two wheeler, teenagers also employ logical strategy to achieve their purchase decision. It was also identified that purchase behaviors of teenagers are mainly related to decisional influence rather than information search

Teenagers apply both emotional and logical reasoning while applying their strategy on their parents for their purchase approval. Parents feel that two wheeler is an essential item for the teenagers to go various places in connection with their academic requirements like going to college, library ,visiting their peers for subject clarifications etc. Also, possession of two wheelers by the teenager will be of much use in the family also; as such parents give positive response to the teenager's for the purchase of two wheelers.

Keywords: Purchase decision, Emotional strategy, Logical strategy, Peer's influence, Parent's response

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1. INTRODUCTION

Researching the teenage group would be a challenge in any country, but particularly so in India. This life stage is characterized by change, and an age when they are most uncertain about identity.

The rapid transition of India to a market economy has increased the choices of products and services available to consumers and corporate in a global economy need to know more about consumer behaviour particularly the teenagers in order to effectively market their products and services. A better understanding of Indian teenager for education and marketing purposes would contribute to meeting the needs of Indian teenagers. Also, with media explosion, suddenly this homogeneous group became vibrant heterogeneous group, with their own distinct set of attitudes values, beliefs and icons. They became influencers, early adopters of brands and were suddenly deemed to be responsible. This group then became the prime target for marketers.

2. BACK GROUND OF THE RESEARCH

A majority of the studies in the area of teenager influence on decision making have examined the relative influence of husbands, wives, and children on several product categories in terms of decision stages and sub decisions. [Berey and Pollay 1968; Atkin 1978; Nelson 1979; Filiatraut and Ritchie 1980; and Roberts, Wortzel and Berkeley 1981] A few recent studies have focused more on teenagers: Belch, Belch, and Ceresino 1985; Foxman, Tansuhaj, and Ekstrom 1989a and 1989b, and on resolving some of the conceptual and methodological problems present in this area of research: Talpade, Beatty, and Talpade 1993a and 1993b; and Talpade and Talpade 1995.

The conclusions reached by studies to date indicate that children's influence varies by the type of purchase decision, as well as by decision stages and sub decisions. Children have a higher influence on purchase decisions affecting them, but their influence is lower on issues involving how much to spend, where to buy, and at the final decision stage. [Szybillo and Sosanie 1977; Nelson 1979; Beatty and Talpade 1994] Their influence on major purchase decisions increases with age. [Szybillo and Sosanie 1977; Filiatraut and Ritchie 1980; Jenkins 1979; and Darley and Lim 1986] and with perceived product importance. [Talpade, Beatty, and Talpade 1993] Children's perceptions of their influence usually do not match their parents' perceptions of their influence, with children seeing their role as more important than parents do. [Talpade, Beatty, and Talpade 1993; Beatty and Talpade 1994]

3. RESEARCH OBJECTIVES AND METHODOLOGY

The present study is exploring in nature, attempting to evaluate the factors influencing teenagers in forming purchase decision in respect of Walkman. The design of the study concerning the nature of problem and solving techniques within the purview of main objectives specified. The research design also provides a scope for drawing logical conclusions. The study relies mainly on primary data collected through Questionnaires supplemented by personal interview. **The following relationship defines teenager influence as a function of the characteristics we are studying: Teenager Influence = f [Teenagers' Attribute and attitude] + [Parental / Household Attributes] + Decision Characteristics]**

Teenager's influence in the purchase of consumer durables is the focus of the study. This study discusses the product related characteristics and the purchase decision adopted by the teenagers while taking decision.

Consumer purchase behaviour for durable goods, especially the teenagers' influence in the decision making is more complex. Academics have directed children have greater extent of influence for products for their own use than for family use. This research explicitly tested the relationship between product-type and children's relative influence hence the relevance of this study.

OBJECTIVE OF THE STUDY:

1. To identify the purchase behaviour of teenagers especially for the purchase of two wheeler
2. To study how far teenager' go for information search and evaluation process.
3. To analyse parent's response on teenager's influence

4. EMPIRICAL RESEARCH

The focus of this research is parent and child decisions about the purchase of products for use by children and the product-related factors that affect their relative influence in those decisions. Some researchers provide a useful framework for understanding the differing roles of factors that affect relative influence in joint decision-making. In their conception, the group decision is a function of the decision-makers' preferences, weighted by their respective relative influence in the decision. Relative influence is, in turn, determined by the effectiveness of attempted (intentional) and passive (unintentional) influence.

Influence attempts result from a process in which the individual assesses the expected value of influence options available to him or her. This requires an analysis of the costs and benefits of using a perceived power source, and how effective the use of each power source is likely to be.. This study deals with the framework to discuss teenagers purchase behaviour and the response from their parents in respect of the purchase of two wheeler.

4.1 Product Selection

This section deals with briefly the pilot study-Cum- Pre test conducted for finalizing the research design. In the first stage pre-test was conducted for product selection. As classified by **Stephen (1979)** 10 consumers' durable product items normally used by the teenager were identified by the researcher. A pilot study was conducted among 100 teenagers in different school and colleges in the city of Chennai. Single page questionnaires containing of age, gender, education, number of members in the family, family income and the most preference list of products for purchase by the teenager were designed and the respondents were asked to give their preference. This enable the respondents to determined three products for the present study based on their rankings. A non-parametric chi-square test was administered to find the teenagers deep association with the products.

Table 2

S. No.	Preferred Consumer durables le	Chi-square value	Df	Product value significance
1	Stereo	24.401	2	0.000
2	Walkman	9.989	2	0.004

3	Cycle	5.217	2	0.616
4	Watch	5.5557	2	0.062
5	Two wheeler	33.345	2	0.000
6	Camera	0.272	2	0.965
7	Computer	9.989	2	0.041
8	Cooling glass	4.940	2	0.382
9	Iron box	9.006	2	0.412
10	Calculator	1.281	2	0.442

From the above table it was found the three products namely Walkman. Two wheeler and Computer are deeply associated with the teenagers. For the purpose of this study only two wheelers has been taken.

4.2 Sample design

A literature search is first conducted in order to specify the domains of the constraint and to generalize the items. The next step involves the administration of the Questionnaire to 100 teenagers involving, to get the required data through a free flow of the questionnaire. These data are then analyzed with exploratory factor analysis and other reliability assessments to refine the questionnaire. The pilot study also allows a refinement in the factors containing 10 durable items used by the teenagers on their purchase frequency as indicated above.

Teens are in three different life stages, 9/10th standard, junior college and colleges going were identified. The survey covers teenagers from 13-19, studying in school, Arts and Science College, Professional Colleges in Chennai Metropolitan city.

The reason for conduction the study at Chennai is that Chennai is the fourth largest city in India. It is a city of contrast and diversities, a melodious blending of old and new, traditional and modern outlook where opposite poles meet, ingle and maintain a balance of acrobatic agility in a unique ambience. According to senses 2001 of the Government of India, Chennai has a population of 6.4 million and teenagers' population is 5, 92,784. The whole city of Chennai was divided in to blocks namely north, south, east, and west. Accordingly it was decided to take two higher secondary schools, two polytechnics, two Arts and Science colleges and two professional colleges were identified as quota sampling. Children studying from 8th standard to plus two under the age 13-16'age falls under the first category. Teenagers studying in the polytechnics, Students of arts, science colleges studying their first year degree and first year students of professional colleges aging from 16-19 falls under the second category.

Since the population size is very large the researcher has decided to use non-probability quota sampling technique. .

A sample size was found as 1000 to ensure a minimum response of 500 teenagers residing in chennai. Area blocks were used for the selection of sample for the teenagers studying in schools and colleges. Giving waitage to diverse income group did the second stage of stratification. These groups were of heterogeneous teenage population of different income, education and family background. The samples were restricted to the teenagers of Chennai metropolitan only.

4.3 Data collection

A primary data required for the study was collected through a designed Questionnaire. As already informed the Questionnaire was self-administered and self report manner. Wherever required necessary assistance were provided through proper explanation of the questions in their local vernacular. Out of 1000 Questionnaires distributed to the respondents only 677 were received. Out of 677 received 477 have been found fit for the purpose of this study.

4.4 Reliability and Validity of questionnaire

The questionnaire is in the form of various statements. The reliability and validity of the statements are done by applying Crown batch alpha and Hotel ling and t-square test which is given below:

Table 1

S.No	Variables Under Study	CrownBatch Alpha	CrownBatch Alpha Standard Items	Hotel ling t-square F F value
1	Purchase behaviour (16)	0.390	0.402	143.68
2	Purchase decision process	0.837	0.838	29.777
3	Parents Response	0.817	0.824	Very high

The results of reliability and validity test shows that Crown Batch Alpha based on standard items and the Hotel ling test of F value are found to be significantly high and hence Questionnaire is found to be reliable for further analysis.

4.5 Statistical tools used

01. Factor analysis is used for most of the statements in the questionnaire to reduce the variables into well-defined factors
02. Multiple general linear models are used to find the impact of different independent variables on the multiple dependent variables.
03. A Linear Multiple Regression analyses are used to find the impact of several independent variables on a single dependent variable.

4.6 Variables in the Study

Purchase decision making and parent's response are dependent variables and Purchase behaviour is an independent variable in this study.

5. LIMITATIONS OF THE STUDY

From the year 2004-2005 many changes have taken place in the environment. As such the dataset collected in 2004, may not be relevant today. The influences of teenagers are measured on the basis of various factors like product related factors, product evaluation process and Marketing mix of the aforesaid three products only. There are other factors like perception against each member in the family, personality and values that also play a significant role in the influence of

teenagers purchase decision. However, the study has not considered those variables. The limited number of 477 samples obtained does not generalize the teenagers' population in general.

6. ANALYSIS AND CONCLUSIONS

6.1. The Impact of Purchase behaviour of Teenagers -Product Two wheeler: In this part, *Factor analysis* is used to reduce the number of variables into meaningful factors. Each factor comprises of like variables suitable for analysis. The factor analysis by the principle component and varimax with Kaiser Rotation method are carried out for 11-purchase behaviour statement in the questionnaire. Croanbach's alpha analysis was carried out and assed reliability of each factor.

Table-1.1: Percentage of variance of Purchase behaviour for Two-wheeler

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.410	40.090	40.090	4.410	40.090	40.090	3.212	29.203	29.203
2	1.683	15.296	55.386	1.683	15.296	55.386	2.880	26.184	55.386
3	.832	7.567	62.953						
4	.740	6.731	69.684						
5	.716	6.506	76.190						
6	.556	5.051	81.241						
7	.506	4.599	85.839						
8	.427	3.880	89.719						
9	.407	3.697	93.416						
10	.372	3.385	96.801						
11	.352	3.199	100.000						

Table 1.2: Rotated Component Matrix

	Component	
	1	2
*Twpurbe3	.799	
Twpurbe1	.780	
Twpurbe5	.771	
Twpurbe2	.703	
Twpurbe4	.690	
Twpurbe9	.490	
Twpurbe8		.782
Twpurbe6		.772
Twpurbe7		.771
Twpurb10		.715
Twpurb11		.598

"Twpurb" indicates the purchase behaviour statement in the questionnaire. The factor analysis reduced the 11 variables in to 2 factors as given below:

Factor 1 Information Searching:

The variables under this factor are:

3. Compare prices between different dealers before buying
1. I have the habit of collecting information about the product before I go for a purchase
5. I consider technology factors before making purchase decision
2. I do collect competitor's information
4. I consult elders before making purchase decision
9. I decide against a purchase because the product is not up to the standard I look for

Factor 2 Decision Influence:

8. I got influenced by the sales talk of the dealer so that I changed my purchase decision
6. I buy things because of friend's compulsion
7. I make instantaneous decision.
10. I purchase against the wishes of the dealers in the family for my product
11. I regretted for my own decision after the decision

In this part of the research, *Multivariate general linear model* is used to find the impact of multiple independent variables of *Informational Search* and *Decisional Influence* on the multiple dependant variables of *Emotional and logical approaches* in the purchase decision process.

Table 1.3: Table showing the impact of purchase behaviour on the purchase decision process of Two-wheeler by the teenagers

Purchase behaviour characteristics	Influential factors in purchase decision	Sum of Squares	df	Mean Square	F	Sig.
Information search	Emotional	2528.056	1	2528.056	36.106	.000
	Logical	.322	1	.322	.016	.899
Decisional influence.	Emotional	82.854	1	82.854	1.183	.277
	Logical	661.677	1	661.677	33.191	.000

The general linear model is brought to bear upon the problem in which the situation deals with multiple dependant variables of purchase decision process of teenagers in respect of emotional and logical approach. The two variables of purchase behaviour are *Information search and Decisional influence* are considered as the independent variables or covariants. The General Linear model clearly reveals that the *information search* of the teenagers make them more *emotional* in their approach (F=36.106)

Teenagers spend much time in shopping activities and they tend to go on internal and external pre purchase search for information, on the products of high economic and performance risk. As such they involve in the search information, on various types two-wheeler, its price, stores, design, availability, style etc. Also they will go through advertisements, store displays and product testing magazines before they take any purchase decision. So it is inferred that the teenagers indulge consumer information search prior to decision-making. After thoroughly obtaining the information about the two-wheeler, they employ *emotional strategy* approach to materialize their purchase decision process.

So it is found that teenagers are ambitious and enthusiastic in collecting information about the product, which they plan to buy. *The variable Compare prices between different dealers before buying and I have the habit of collecting information about the product before I go for a purchase* reinforces the

teenager's behaviour. *I consider technology factors before making purchase decision* is the next variable, which has next highest factor 0.771. This factor indicates that the two-wheeler being high value product, the technology factor has to be given priority before taking the decision.

The factor *I buy things because of friends compulsion* has a factor loading of 0.772, under decision influence, clearly indicates that the purchase behaviour of the teenager is influenced by friends/peers. Friends/peers are an important socializing influence, operate most strongly in socio oriented communication pattern. After thoroughly obtaining information about the two-wheeler from friends and peers the teenagers, also employ *logical strategy* (F-33.191) to achieve their purchase decision. The next important variable has a factor loading of 0.771 *I take instantaneous decision*, exhibits the emotional instability of the teenager, failing to evaluate various alternatives before taking purchase decision.

The next highest factor loading 0.690 *I consult elders before making purchase decision* ascertained that the teenagers, while taking decision, they consult elders. The tenth variable *I purchase against the wishes of the elders in the family for my product* once again exhibits that the teenagers impulsive purchase decision against the wishes of elders in the family. However, they do use variety of information they have collected and use logically to convince elders and parents towards their decision. The 11 variables of the purchase behaviour explain 55.386% of the total variation in the general purchase behaviour of teenagers is *highly significant*. As far the individual variants the Information search of the product act as a good explanation for variance with 29.203%, followed by the information of the product followed by decisional influence 26.184.

Table 1.4: Paired Samples Statistics

Purchase behaviour variables		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Information search	1.5898	477	.67952	.03111
	Decisional influence	2.5929	477	.71880	.03291

Table 1.5: Paired Samples Correlations

Purchase behaviour variables		N	Correlation	Sig.
Pair 1	Information search & Decisional Influence	477	.448	.000

Table 1.6: Paired Samples Test 1.3

Purchase behaviour variables		t	Df	Sig. (2-tailed)
Pair 1	Informattion search - Decisional Influence	-29.781	476	.000

Table showing a significant difference between two factors of two-wheeler purchases behaviour- Application of T-test t test for significant difference between means of the factors is used here and the following result is obtained. It is found that the two factors of two-wheeler purchase behaviour, *information search* (mean 1.59) *decisional influence* (mean=2.59) differs significantly (t=-29.781) so it is inferred that the purchase behaviour of teenagers is mainly influenced by *decisional influence* rather than information search

Inference: it is inferred that the teenagers indulge consumer information search prior to decision-making. After thoroughly obtaining the information about the two-wheeler, they employ

emotional strategy approach to materialize their purchase decision process. However, teenagers' are also being influenced by friends/peers. Friends/peers are an important socializing influence, operate most strongly in socio oriented communication pattern Hence, for the purchase of two wheeler teenagers, also employ *logical strategy* (F-33.191) to achieve their purchase decision.

But when applied Paired t test to find the significance difference between the two means of the variables of Information search and Decisional Influence, it was found that there is a significance difference between the two factors. As such it is inferred that the purchase behaviour of teenagers is mainly influenced by *decisional influence* rather than information search

7.2. Teenagers influence of purchase decision process and response from their Parents - Product-Two-wheeler: The factor analysis by the principle component and varimax with Kaiser Rotation method are carried out for 7 variables of response received from their father/mother in the questionnaire. Croanbach's alpha analysis was carried out and assed reliability for each factor.

Table 2.1: Percentage variance of the influence of purchase decision process and parents response

Parents response variables	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.526	50.376	50.376	3.526	50.376	50.376
2	.967	13.819	64.195			
3	.735	10.499	74.694			
4	.672	9.605	84.300			
5	.408	5.830	90.130			
6	.358	5.112	95.242			
7	.333	4.758	100.000			

The variables are given below:

Response from parents:

- 1.He/she discussed the product with me
2. My father/ mother tried to negotiate something agreeable to both of us
- 3.He/she simply gave what I wanted
4. He/she expressed his/her opinion towards each product
5. He/she taught me how to select the best alternative
6. He/she indicated his/her choices without giving reasons
7. He/she reasoned with me, trying to argue his/her choice logically

Since there is no reduction of factors rotated component matrix has not formulated.

However, *linear multiple regression analysis* is used to find the impact of independent variables of *emotional strategy and logical strategy* on the dependant variables of *parents response*.

Table 2.2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.546(a)	.298	.295	6.31487

Table 2.3: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8037.937	2	4018.969	100.783	.000(a)
	Residual	18901.950	474	39.878		
	Total	26939.887	476			

a Predictors: (Constant), logical, emotional (Independent Variable)

b Dependent Variable: parents response

Table 2.4: Coefficients

Model	Purchase decision variables	Un standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.460	1.005		10.407	.000
	Emotional	.290	.037	.340	7.913	.000
	Logical	.490	.069	.303	7.047	.000

The factor analysis on the parent response towards the two-wheeler decision process of teenagers reduced the variable into only one factor called as general response of the parent. The linear multiple regression analysis is used to find the impact of purchase decision process of teenagers for the product two-wheeler on the general response of the product. In this analysis it is found that 50.376% of variation ($R = 0.298$) is exhibited by the single factor of *parent response*. The two approaches of teenagers namely *Emotional and Logical reasoning influenced their Parents*. (Emotional reasoning $t = 7.913$, Logical reasoning $t = 7.047$) and create *equal impact on parent response*.

Inference: It is inferred from the analysis of the above, that parents' strong strongly feel that the two-wheelers are essential item for teenagers for commuting in the city; to go to the college, library, visiting friends and for other uses. Also it is inferred that purchase of two-wheeler could help the other members in the family too for commutation in the city. In view of the above, the parents inclined to accept the suggestion of teenagers towards purchase of two-wheeler. So teenagers apply both emotional and logical reasoning to achieve their purchase objectives which are accepted by the parents.

8. CONCLUSIONS

Teenagers spend much time in shopping activities and they tend to go on internal and external pre purchase search for information, on the products of high economic and performance risk. As such they involve in the search information, on various types two-wheeler, its price, stores, design, availability, style etc. Also they will go through advertisements, store displays and product testing magazines before they take any purchase decision. So it is inferred that the teenagers indulge consumer information search prior to decision-making. After thoroughly obtaining the information about the two-wheeler, they employ *emotional strategy* approach to materialize their purchase decision process.

It is also noticed that teenagers' also being influenced by friends/peers. Friends/peers are an important socializing influence, operate most strongly in socio oriented communication pattern Hence for the purchase of two wheeler teenagers, also employ *logical strategy* to achieve their purchase decision.

It was also noticed that there is a significance difference between the two means of the variables; Information search and Decisional Influence. As such it is inferred that the purchase behaviour of teenagers is mainly influenced by *decisional influence* rather than information search parents' strong strongly feel that the two-wheelers are essential item for teenagers for commuting in the city; to go to the college, library, visiting friends and for other uses. Also it is inferred that purchase of two-wheeler could help the other members in the family too for commutation in the city. In view of the above, the parents inclined to accept the suggestion of teenagers towards purchase of two-wheeler. So teenagers apply both emotional and logical reasoning to achieve their purchase objectives which are accepted by the parents.

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Foreign Direct Investment and Its Impact on Indian Economy

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Abstract

Globalization means so many things to so many process of globalization is exchange of ideas. It is starting point of globalization. For the rapid development of the Indian economy Foreign Direct Investment as a strategic component of investment is needed by India. FDI is seen as a means to supplement domestic investment for achieving a higher level of economic growth and development. FDI benefits domestic industry as well as the Indian consumers by providing opportunities for technological up gradation, access to global managerial skills and practices opening up export market, providing backward and forward linkages and access to international quality goods and services.

Keywords: FDI, International monetary fund, LPG (Liberalisation, Privatisation, and Globalization), and Political imperatives.

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1. INTRODUCTION

India has been attracting foreign direct investment for a long period. The sectors like telecommunications, construction activities and computer software and hardware have been the major sectors for FDI inflows in India. According to AT Kearney report India sits in 3rd place on the FDI Confidence Index globally. European and North American investors place it 3rd, while Asia-Pacific investors' rank it 4th. India is the top location for nonfinancial services investment and also scores highly in heavy industries, light industries and financial services. Even, during economic crisis, looming largely on the other economies. FDI to India soared from US \$500mn in its Chennai plant, Nissan Renault planning to manufacture ultra-low-cost car with its local partner Bajaj Auto, French tyre maker Michelin's to invest US\$874mn in its first Indian manufacturing facility. All these developments are helping in getting FDI inflows into the country.¹

2. FOREIGN INVESTMENT: NEW STRATEGY OF FASTER GROWTH

The last three decades have witnessed a dramatic worldwide increase in foreign investment, accompanied by a marked change in the attitude of most developing countries towards foreign direct investment (FDI). Foreign Direct investment is considered to be the life blood for economic development as far as the developing nations are concerned, foreign direct investment has the potential to generate employment, raise productivity, transfer skills and technology, enhance exports and contribute to the long term economic development of the world developing countries. FDI is a zero sum game in which a country can attract FDI only at the expense of another country. Additional FDI is likely to take place when new investment opportunities emerge in countries opening up to the world.

What is FDI?

FDI is the outcome of the mutual interests of multinational firms and host countries. According to the international monetary fund (IMF), FDI is defined as investment that is made to acquire a lasting interest in an enterprise operating in an economy other than that of the investor, the investor purpose being to have an effective voice in the management of the enterprise". FDI has become one of the crucial areas for the growth of Indian economy since she initiated her economic reforms on the LPG (Liberalization, Privatization and Globalization) strategies in 1991.

Determinants of FDI

To understand the scale and direction of FDI flows, it is necessary to identify their major determinants. Factors influencing the destination of investment, i.e. the host country determinants are explained below. The relative importance of FDI determinants varies not only between countries but also between different types of FDI. Traditionally, the determinants of FDI include the following.

1. **Size of the Market:** Large developing countries like India provide substantial markets where the consumer's demand for certain goods exceeds the available supplies. This demand potential is a big draw for many foreign owned enterprises. This establishes a presence in the market and provides important insights into the ways of doing business and possible opportunities in the country.

2. **Political Stability:** In India, the institutions of Government are still evolving and there are unsettled political questions. Companies are unwilling to contribute large amount of capital into an environment where some of the basic political questions have not yet been resolved.
3. **Macroeconomic Environment:** Instability in the level of prices and exchange rate enhance of the level of uncertainty, making business planning difficult. This increases the perceived risk of making investments and therefore adversely affects the flow of FDI.
4. **Legal and Regulatory Framework:** The transition to a market economy entails the establishment of a legal and regulatory framework that is compatible with private sector activities and the operation of foreign owned companies.
5. **Access to Basic Inputs:** Many developing countries have large reserves of skilled and semi-skilled workers that are available for employment at wages significantly lower than developed countries. This provides an opportunity for foreign firms to make investments in these countries to cater to the export market.

The motivation and determinants of FDI differ among countries and across economic sectors. 2

3. India as an Investment Destination

FDI is seen as a means to supplement domestic investment for achieving a higher level of economic growth and development. FDI benefits domestic industry as well as the Indian consumers by providing opportunities for technological upgradation, access to global managerial skills and practices, optional utilization of human and natural resources, making Indian industry internationally competitive, opening up export markets, providing backward and forward linkages and access to international quality goods and services. Towards this end, the FDI policy has been constantly reviewed and necessary steps have been taken to make India a most favorable destination for FDI.

There are several good reasons for investing in India.

1. Third largest reserve of skilled manpower in the world.
2. Large and diversified infrastructure spread across the country.
3. Package of fiscal incentives for foreign investors.
4. Large and rapidly growing consumer market.
5. Democratic government with independent judiciary.
6. Developed commercial banking network of over 63,000 branches supported by a number of national and state level financial institutions.
7. Large capital market consisting of 23 stock exchanges with over 9400 listed companies.
8. Easy access to market of Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka.

Report of the Committee on FDI, 2002

Committee on Foreign Direct investment (chairman, N.K. Singh), which submitted its report in September 2002 to the Prime Minister, recommended that the ban on FDI in Retail trade should not be lifted. In other sectors including oil marketing petroleum location banking and financial services and real estate, the committee suggested rising of FDI limit to 100%. The committee pointed out that it was not desirable to lift the ban on retail trade at present as the sector was dispersed, wide spread, labour intensive and disorganized. The main reason stated by the

committee for the low level of FDI (US\$406 billion per annum) was the absence of a credible regulator of frame work in several sectors.

The committee made the following major recommendations:

1. Enactment of a new law on FDI granting national treatment to foreign firms and removing the enforce directorate as their supervision body.
2. Making investment in most sectors automatic removing it from the discretionary ambit of the foreign investment promotion board (FIPB) even while empowering it and the foreign investment implementation authority to carry out as many clearances as possible such as registration for exist and direct payments.
3. Replacing the present permission approach Vis-à-vis FDI to a proactive promotion.
4. Allowing up to 40% investment in insurance and airlines including FDI by foreign airlines.
5. Allowing up to 100% FDI in petroleum refining, oil marketing, diamond mining, petroleum exploration, cool washery, airports banking and investing companies radio aging adv and trade.
6. Putting all proposals except lactations and housing on automatic route
7. Allowing foreign investment @ 49% for plantations and allow 100% FDI in real state.³

The Need for FDI

While on the one hand the Indian economy in the eighties seemed to be doing quite well, on the other hand there were certain long-term structural weaknesses which led to a major crisis by 1991 when the country was on the verge of defaulting (of its foreign debts) It is the crisis which brought home to the country the immediate compulsion of bringing about structural adjustment and economic reform as conditions of IMF-WB teams to tide over it. There were three sets of problems which had gathered strength in the Indian economy over time and which needed FDI through urgent reform there are:

- i. Emergence of Structural Bottlenecks:** The import substitution industrialization strategy based on heavy protection to indigenous industries was very effective in deepening and widening India's industrial base and giving the economy a lot of freedom from foreign dependence however, overtime, the excessive protection through import restrictions started leading to in efficiency and technological backwardness in Indian industry which favored FDI into Indian industry.
- ii. Rapid Globalization:** In today's context of rapid globalization pursuing excessively autarchic policies in search of autonomy may, through fall or strategies of productivity levels, destroy precisely that autonomy and push the country towards peripheralization. Thus, weakness of Indian economy relate to the continuation of the inward oriented development path followed by India since independence India failed to make a timely shift from the export pessimism inherent in the first three plans.

Political Imperatives: This problem was related to the manner in which the Indian state structure and democratic framework evolved. More and more sections of the population emerged which made strong, government were increasingly unable either to meet these demands fully or diffuse the glamour for them.

Sources of FDI: The list of investing countries to India reached to maximum number of 120 in 2008 as compared to 15 in 1991. Although, India's receiving FDI inflows from a number of sources but large percentage of FDI inflows is invested with few major countries. Mauritius is the major investing country in India during 1991-2008. Nearly 40 per cent of FDI inflows came from Mauritius alone. The other major investing countries are USA, Singapore, UK, Netherlands, Japan, Germany, Cyprus, France and Switzerland. An analysis of last eighteen years of FDI inflows in the country shows that nearly 66 percent of FDI inflows came from only five countries viz. Maritius, USA, Sinagpore, UK and Netherlands.

Mauritius and United states are the two major countries holding first and the second position in the investor's list of FDI in India. While comparing the investment made by both countries, one interesting fact comes up which shows that there is huge difference in the volume of FDI received from Mauritius and the US. It is found that FDI inflows Mauritius are more than double from that of US.

Top 10 FDI investing countries in India are Mauritius, Singapore, United States, UK, Netherlands, Japan, Cyprus, Germany, France and UAE.

Table No. 1: Share of top ten investing countries in FDI inflows (Financial year wise)

Ranks	Country	2008-09 (April- March)	2009-10 (April- March)	2010-11 (April- March)	Cumulative inflows (From Apr 2000 to March 2011)	Percent of total Inflow (In Rupees)
1	Mauritius	508993.1	406333.7	318547.8	2427607.2	42
2	Singapore	157266.7	112948.2	77296.6	528762.9	9
3	U.S.A.	80017.8	92304.2	53526.7	425422.4	7
4	U.K.	38404.1	30941.5	34342	294326.8	5
5	Netherlands	39215	42826.7	55012.3	256268.9	4
6	Japan	18885.6	56704	70629.8	239579.2	4
7	Cyprus	59828.3	77275.8	41706.7	219479.4	4
8	Germany	27497.3	29800.4	9078.8	133761.8	2
9	France	20980.5	14368.3	33486.3	1026731.1	1
10	U.A.E.	11333.3	30168.2	15691.8	85921.8	-
Total F.D.I. Inflows		12320248.8	1231196.4	885193.7	5807223.3	-

Despite India offering a large domestic market and low labour costs due to restricted FDI regime, high imports tariffs, exit barriers for firms, stringent labour laws, poor quality infrastructure, centralized decision making processes and a very limited scale of export processing zones make India an unattractive investments locatins.⁶

4. Summary and Conclusion

Foreign direct investment as a strategic component of investment is needed by India for its sustained economic growth and development through creation of jobs, expansion of existing manufacturing industries short and long term project in the field of health care, education, research and development etc.

Government should design the FDI policy such a way where FDI inflow can be utilized as means of enhancing domestic production. FDI provides the financial resources for investment in the host country and thereby augments the domestic saving efforts.

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E-Commerce Traditional and New Generation Models and Their Security Issues

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Abstract

As we enter into the new millennium we can see that the world is shifting to a new era in terms of new speed of changes. Information Technology (IT) brings this new speed to human history. This fast speed of changes touches all aspects of human life. E-commerce is playing a central role in the development of people. It has created a vast range of business opportunities for both firms and individuals. In this research paper an attempt is made to focus on the initial problems of e-commerce and their solutions through new generation models and also drag the security issues behind it and their cure.

Keywords: E-Commerce, Encryption, Cryptography, Authentication, Integrity,

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1. INTRODUCTION

E-Commerce is the term that is present in our daily vocabularies today. The magical term E-Commerce means that we buy things from all around the world simply through the magical portal called "The Internet". Not only buying but also selling, online transactions, Net-Banking and other types of transactions that are possible with the internet are comes under this category.

The first form of E-Commerce started in the 1970s when it was used by businesses to send commercial documents such as purchase orders or invoices electronically. In the early days of e-commerce, there were significant structural and procedural problems involve with buying online, a few online buyers were hesitate to buy even small ticket items despite having credit cards.

In today's scenario there is a vast change in the use of Internet. As more and more people around the world get connected- through not just PCs, but even mobiles- there is a rise in the number of transactions online. There has been a shift in the mindset of peoples about online transactions.

In the early time of e-commerce, a person choose an item from the website but after selecting it he or she would be entrap to buy such item. There was lack of the element of touch and feel of physical shopping and the notion of accountability.

For the rise in e-commerce, things had to evolve. The web sites themselves had to try to incorporate with such drawbacks of e-commerce and the consumer had to change his mindset and come up with his own workarounds. To get over the lack of touch and feel, e-commerce web sites started showing product pictures differently. They developed zoom and 360 degree views. This was accompanied by reviews. Testimonials came about to build trust. Money back guarantees became the norm and product replacement/ exchange were offered. The consumer, on the other hand, began evolving his own methods. For actual purchase online turned out cheaper because of the lesser overheads of seller. The popularity of e-commerce in India increased when COD or Cash on Delivery service started. The consumer tempt to online transactions now.

The present study is on the evolution of e-commerce and it explains the underlying security of various payment platforms and some tips over the safe practices.

2. OBJECTIVE

The main objective of this research is to study the revolutionary changes in the world through the e-commerce and incur the initial problems behind the e-commerce and their solution and also see the major issues of security and its cure.

2.1 INITIAL PROBLEMS WITH E-COMMERCE

There were many problems which act as a barrier in front of the evolution of this technology. These are as follows:-

- 1) **Internet Adoption** - When e-commerce was introduced, the percentage of users was very low due to the lack of internet access for customers that did not live in the major metro cities. Moreover, the Internet speed was slow. So, the earlier versions of e-stores did not have the big images on their websites due to which the customers did not saw the all brands and varieties of the item.
- 2) **Payment Problems** - In earlier times, customers did not pay directly to the owners of the e-stores, they used the middleman technique by which they paid to the middlemen and

middleman paid to the owners but it contain a lot of risks because all middlemen were not loyal and owners took their payment after a long time.

- 3) **Low Quality Of Business Model** – The ancient model of e-commerce was not so good because a user can buy or sell product locally, not across the country or worldwide.

3. NEW TECHNIQUES IN E-COMMERCE

To establish e-commerce in the society in a powerful manner several new concepts were introduced due to which the e-commerce becomes very popular among the world. However, no story about e-commerce can be complete without the introduction of International e-commerce giant, **eBay** .

eBay globally has been an e-commerce powerhouse and have changed the way people shop around the world. eBay become so popular because a new concept was introduced by it in e-commerce industry. It uses a unique Business model by which rather than sourcing products from established brands and selling these for a margin, eBay created the largest online bazaar globally that is free of middlemen and unconstrained by geographical boundaries which makes it possible local products to be sold across the country and exported across the globe. So, with eBay millions of people took interest in e-commerce.

With the development of e-commerce, there are sites that offer auctions on branded items, sites that let you loan your second property to travelers, sites that have created an online market place and even sites that recommend what sites you should shop from. There are also sites that have created a niche for themselves online and become knowledge partners to the customer by offering specialist products and services. Some of the models used by businesses to engage their consumers are:-

- 1) **Megamall** – The Online megamall is the most popular business model within the industry. Here businesses bet on the products their consumers would most like to buy and stock those in a virtual store. Customers then go online and purchase the products they like and pay for it using a variety of mediums such as credit cards, net banking etc. These stores then have their own dispatch team that delivers the product to the customers in the promised time frame. Examples of these stores are Amazon, Flipkart, Infibeam, Indiaplaza.

This business model is so popular because we only need to go to one place to find a multitude of products from various brands. Some of the latest features include in this model are as follows:-

- Ability to read product reviews before buying a product i.e., much like shopping with a friend.
 - Superfast delivery time so that the thrill and satisfaction of buying something is retained.
 - Open box policies so that the customer can touch & feel the product before accepting delivery.
 - Cash on delivery, so we do not need to pay for it until the product come safely in our hands.
- 2) **Marketplace** – In terms of size, the marketplace concept is as popular as the megamalls. The core concept of the marketplace is the community. Here, the site enables the multiple smaller stores to co-exist and operate within a common ecosystem.

The Online marketplace has changed the way people shop and eBay has been the pioneer of this concept. This model enables the entrepreneurs to access wider markets and makes it possible for local products to be sold across the country. This concept is free of middlemen and unconstrained by geographical boundaries, thereby enables frictionless trade between the buyers and the sellers.

For the marketplace concept to be successful the business must not only have excellent merchants selling unique products through their shops but it must also have a large community of subscribers to attract the relevant merchants.

- 3) **Dealmaker** - This model is useful both for customers and the businesses. With deal sites, customers get exclusive access to great deals from a wide variety of local businesses, and businesses get the chance to serve new customers. In this model discount on the product is offered to the customer. A good example of this model is "Crazeal", a fully owned subsidiary of the global Groupon group.
- 4) **Aggregators** - This model is the best time consuming model for the customer because by this model you can search what you want within a small time. This model have the ability to search dozens of sites within a particular category at the same time and compiling that information into one easy to interact site so that customers don't need to go through various pages to find the best product or package. Some examples of this model are **Saavn.com** which is an aggregator of music, **thisyathat.com** is for buying books, **jungle.com** is for finding product reviews from online and offline retailers, **Trip Advisor** is an aggregate for Hotel reviews and special packages.
- 5) **Single brand crossover** - This is the model used mainly by established individual retail brands to not only create awareness about the brand and the product but also drive sales. With this model, brands are able to expand their brick store into a click store. Now these days this model is adopted by airlines that sell tickets for their flights, artists that sell their own music, authors that sell their own books, physical grocery stores that can take orders online. The main key factor of this model is that it manages trade-offs between separation and integration of their retail and online businesses.

So, these are some models or new techniques which give a revolution in the field of e-commerce.

4. SECURITY IN E-COMMERCE

One major issue also arises corresponds to the security of the e-commerce market. Suppose a customer purchase an item from the e-store and he or she pay by credit card but his or her details can be seen by others if the network is not fully secure. So, there will be a need of security for the e-commerce activities.

Due to the increase of e-commerce, we are trying to do all works at online but are our data would be safe. We all are familiar with the online threats that can harm our data, so due to the great involvement in the e-commerce activities it becomes our duty to do e-commerce activities safely. There are some security aspects by which we can secure the e-commerce activities like Cryptography, Message Security, and Digital Signature.

Some methods by which we can secure the e-commerce activities are as follows:-

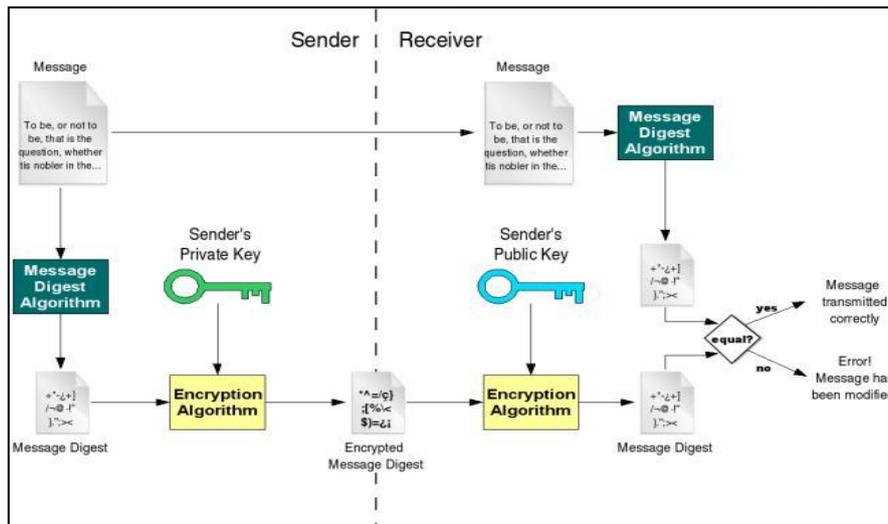
1) **Cryptography** - The word Cryptography in Greek means “secret writing.” In this process the original data is converted into coded form by the use of an algorithm and that converted data is sent to the receiver and at that end it is again converted into original form. So, by this way we can secure our data to the third person.

This method consists of two processes, Encryption and Decryption. In Encryption, the original data is converted into cipher data (coded data) by an algorithm. This is at the sender side and in Decryption, that cipher data is converted into original data; this is at the receiver side.

A term that is widely used in Cryptography is “key”; a key is a number that the cipher, as an algorithm, operates on. There are two types of Cryptography: Symmetric-key Cryptography and Asymmetric -key Cryptography.

In Symmetric-key Cryptography, the same key is use by the sender (for Encryption) and the receiver (for Decryption) and the key is shared.

In Asymmetric-key Cryptography, there are two keys: a **private key** and a **public key**. The private key is kept by the receiver while the public key is announced to the public.



Working process of Digital Signature

2) **Message Security** - In this we discuss the security measures applied to each single message. The security provides four services: Privacy, Message Authentication, Message Integrity, and Nonrepudiation.

- **Privacy** - Privacy means confidentiality, it means the sender’s message can only sense by the receiver not the other.
- **Message Authentication** - It means that the receiver has the identity of the sender so that an imposter cannot send the message.
- **Integrity** - Integrity means that the data receive by the receiver is same as sent by the sender.

- **Nonrepudiation** - It means that the receiver knows the message comes from the valid sender.
- 3) **Digital Signature** - The idea behind the Digital Signature is similar to signing a document. When we send a document electronically, we can also sign it. There are two ways by which we can use the Digital Signature are as: - Sign the entire document, Sign a digest of the document.

Signing the whole document

While signing the whole document, Asymmetric-key encryption is used. In this, sender uses private key to encrypt the message same as a person uses his/her signature to sign a document.

In this concept, the private key is used for encryption and public key for decryption.

Signing the Digest

Asymmetric encryption is inefficient if the message is very long. So, in this condition the sender sign a digest of the document and signs it, the receiver then checks the signature.

To create a digest of the message, we use a **hash function**. This function creates a fixed-size digest from a variable-length message. The two most common hash functions are **Message Digest 5** and **Secure Hash Algorithm 1**.

After the digest has been created, it is encrypted by the sender's private key. The encrypted digest is attached to the original message and sent to the receiver. The receiver receives the original message and the encrypted. The receiver receives the original message and the message digest. Receiver applies the same hash function to the message to create the digest. If the two digests are the same, the message received by the receiver will be correct.

5. CONCLUSION

A lot of research on e-commerce security is going on and many security products and systems of e-commerce are being developed and marketed. In this situation, it is important to note that security is a system property of the e-commerce. The best we can do is to show that a specific system is resistant against a set of well-known attacks. In addition, this paper has discussed some security related issues concerning authentication, authorization, confidentiality, non repudiation, we summarize the future e-commerce as follows:

- i) The traditional authentication mechanism is based on identity to provide security or access control methods; in addition, traditional encryption and authentication algorithm require high computing power of computer equipment. Therefore, improve the authentication mechanism and optimize the traditional encryption.
- ii) Effective trust models can facilitate in improving user trust in present e-commerce versus the traditional method that mentioned in this paper.
- iii) Security related issues should be researched extensively in e-commerce.

Consequently, security engineering involves making sure things do not fail in the presence of an intelligent and malicious adversary who forces faults at precisely the wrong time and in precisely the wrong way. Also note that security is orthogonal to functionality. This is

reflected in some evaluation and certification criteria, such as the ITSEC or the Common Criteria. Just because a product functions properly does not mean that it's secure. Similarly, just because a product is secure does not mean that it is functional. Unlike functionality, security is not necessarily visible to the user and is particularly hard to market (the automobile industry has the same problem). For example, bad cryptography looks like good cryptography, and it is hard to tell the difference (even for an experienced expert).

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BOOK REVIEW

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TITLE OF THE BOOK:

GLOBALISATION AND QUALITY OF FOREIGN DIRECT INVESTMENT

By Dr. NAGESH KUMAR

Chief Economist of the Economic and Social Commission for Asia and the Pacific (ESCAP) and director of its Sub-regional Office for South and South-West Asia, New Delhi

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Hardcover: 250 pages

“Globalization and the Quality of Foreign Direct Investment” published by Oxford University Press, New York within its first edition in 2002. This is one of the first books to define the parameters of quality FDI from a development perspective.

This book is divided into three parts. Part-A, deals with Multinational Enterprises (MNEs) and host country industrialization. Part-B deals with MNEs and export-oriented production by MNEs in host countries. Part-C deals with MNEs and innovation in host countries. The information contained in above three parts has been explained in nine chapters. These

chapters reflect on the possible implications of the emerging international regime on invests for developing countries in the light of the findings of the study. FDI is generally viewed as an engine for global development and the transfer of technology. From this perspective, measures to attract foreign firms are strongly advocated. However, in this book, author argued that the development impact of various forms of FDI depends upon at least three factors; the access to new market abroad, especially for manufactured goods; the new knowledge brought in; and the contribution to local technological capability building.

In the book, he emphasizes the need for developing countries to rethink foreign investment policies. For examples, low wages are not enough to attract quality investment even in manufacturing operations intended to serve home country markets. The conscious efforts of Government and domestic partners interest is needed to strengthen the local technological capabilities-he added. The attraction of quality foreign investment is also associated with large markets. Larges domestic market in countries such as China and Brazil which relatively high technological help in establishing them as host country leaders in their regions. Large market size can also be through regional grouping such as NAFTA, AFTA, and ASEAN etc.

The book seeks to contribute to the literature on the subject by introducing the quality of FDI inflow into the analysis. It makes an attempt to define the parameters of quality of FDI inflows from the perspective of a developing country. It goes on to analyze the structural and policy factors that shape the patterns of quantity and quality of the FDI inflows received by different countries. This analysis helps in drawing policy implications for developing countries seeking to industrialize with the help of resources of MNEs. In the book author applied four important indicators to assess the quality of FDI. These are (1) extent of localization of affiliate's output; (2) contribution to the development of modern industries; (3) extent of export-orientation; (4) R & D activity of affiliates.

The book is an invaluable resource for researchers, policy makers and development export across the globe.

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..(1)

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