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**THAKUR INSTITUTE OF MANAGEMENT  
STUDIES & RESEARCH**

## NATIONAL CONFERENCE

ON

CHARTING NATIONAL GROWTH:  
SOCIO – ECONOMIC CHALLENGES IN MANUFACTURING  
& SERVICE SECTOR



Thakur Institute of Management Studies & Research  
Mumbai

**In Association with**



**TARAPUR MANAGEMENT  
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TIMSR has a proven track record of excellence and is an ISO 9001:2008 certified organization, committed towards providing quality education.

## **ABOUT THE CONFERENCE**

TIMSR has always endeavoured for helping the corporate world by identifying their current problems & issues. The theme of this conference is based on the problems of the industrial world which are identified through the discussion of TIMSR staff with Tarapur Management Association(TMA). The research contributions in this conference will address the problems of the industry & will lead towards strengthening the 'Make in India' initiative of the GOI.

## **OBJECTIVE OF THE CONFERENCE**

The greatest challenge that humanity faces today is that we plan and carry out human activities in a manner compatible with the Earth's resource systems .Despite the fact that the concept of sustainable development has been developed and studied for several decades now, its practical application still seems limited and meaningful targets have not been met : indeed, we are still operating unsustainably. With the awareness that we must rethink our social and economic systems in order to make economic and social development more resource efficient and more equitable to all, both across the planet and in future generations, the conference will bring together all the stakeholders for addressing the issues of how to face the global economic, social and environmental challenges of sustainability.



### ***From Conveners' Desk.....***

The greatest challenge that the humanity faces today is that we do not plan and carry out activities in a manner compatible with the Earth's resource systems. Despite the fact that the concept of sustainable growth has been developed and studied for several decades now, its practical application still seems limited and meaningful targets have not been met: Indeed we are still not operating sustainably. The time has come to rethink our social & economic systems in order to make the usage of resources more efficient and equitable to all across the planet. This conference has achieved its objective of bringing together all the stakeholders for addressing the issues of how to face the global economic, social and environmental challenges for sustainability. Around 100 research scholars have contributed research papers on the theme. The deliberations in the conference have addressed the issues and problems and came up with the probable solutions. We are glad to present a compendium of the research papers presented in the conference in the form of 'Conference Proceedings' for the benefit of future researchers.

**Dr. Ramakumar Ambatipudi**

Director

Thakur Institute of Management Studies & Research,  
Mumbai



## ***Tarapur Management Association***

India is a country imbued with rich natural resources. The old adage goes that India is a rich country but inhabited by the poor people. The greatest paradox is that as a nation, we are not able to utilize our resources judiciously. We have also failed to develop our manufacturing belt like China, Germany and other advanced countries of the world.

Make in India is a programme initiated by the present Prime Minister to strengthen the country's economic potential by harnessing it into the development of its industrial sector. In India, the labour is not only in plenty but even the skilled labour is easily available owing to the fact that there is unemployment even in the educated class of the country. With Asia becoming the manufacturing hub, India will soon become the preferred manufacturing destination of most investors across the globe. India's economy is developing as a super power which has, of course, immense potential to tap natural resources for manufacturing & Service sectors. The deliberations in the conference were of very use in solving the various difficulties & challenges of the industrial world. I would like to appeal the organizers for conducting many more conferences with the industry and industry associations in time to come.

**Mr. G. V. S. Kumar**  
President  
Tarapur Management Association

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**HR ANALYTICS: TRANSACTIONAL TO TRANSFORMATIONAL HR APPROACH**

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**Dr. Kakade Kiran S<sup>1</sup>, Dr. Nitin Sharma<sup>2</sup> and Dr. Dayma Brijmohan R<sup>3</sup>**Assistant Professor<sup>1,2</sup>, Thakur Institute of Management studies & Research, Mumbai and  
H.O.D<sup>3</sup>, Dayanand College of Commerce, Latur**ABSTRACT**

*The 21 century has seen important expansion in the use and availability of technology, which shifted the working environment of the organization. This paper enlightens the use of technology to lead significant changes in the work environment. There is a huge pressure on today's organizations like increasing globalization, rapid technological change, competition, organizational changes, and changes in the working environment, including employees priorities, capabilities, and demographic characteristics. Within such pressured condition, the human resource function needs to play a strategic role in helping organizations to navigate through these transitions. In recent human resource become a strategic asset to the company. HR analytics aids the HR managers to formulate the strategies which enable the organization to gain an upper hand over its competitors. Thus HR analytics transform the traditional HR to transformational HR approach. Analytics in HR is mostly neglected part so far when compared to another functional area within the organization. These research papers analyze the role of HR analytics in the organization. The study examines how HR Analytics facilitates the improvement of workforce performance in an organization thus increasing the productivity of the employees, in turn, increasing revenue generation. This paper also explores the importance of HR analytics practices and applicability in different sectors of the organization through case study methodology which depicts HR analytics as the cutting edge tool for human resource management and not a mere hype.*

*Keywords: HR Analytics, Workforce, Human Resource management, Data, Information.*

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**INTRODUCTION**

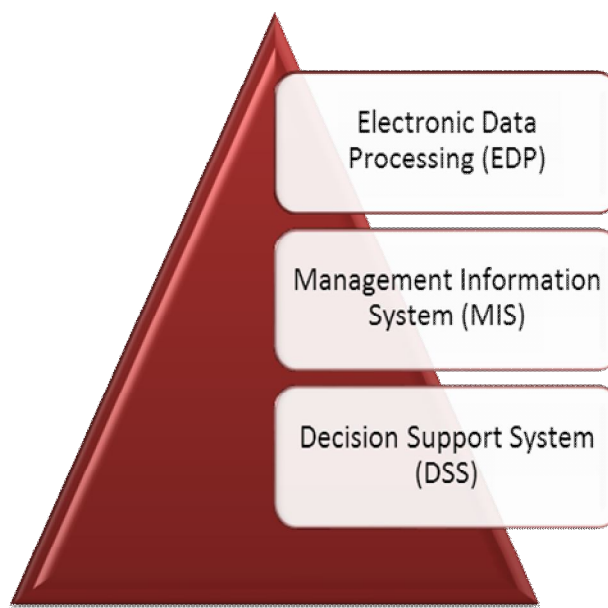
Historical perspective of HR evolution sees measure changes from transactional approach in late 60's of record keeping to traditional approach of late 90's as Cost effectiveness, employee development. The technological development has led to shift HR from traditional to transformational approach. Hence HR role shifted from caretaker to strategic partner of organization. Growing Importance and recognition of people and people management in contemporary organization, SHRM has become critically important .SHRM drives its theoretical significance from resource based view of the firm that treat human capital as a strategic asset ex: - HRP (Human Resource Planning). There is a need to determine the strategic fit between technology and HR.

Human resource management is core department in any organization. Human resource management is a function in the organization specifically envisioned to strategically achieve organization goal with efficient utilization of human resource. The role of human resource managers is to optimum utilization of human resources for generating ROI for the business. Globally economic and political scenarios are changing, and started concern to corporate leaders, and hence their focus has turned to take help of technology and business Intelligence. To stand in competition, organization must focus to use HR processes in more strategic way. As every department in organization deal with human resource, so its impact broadly affects the overall strategy of organization. Every organization focuses to its human resource development and ensures the productivity remains profitable to the organization is the job of the HRM.

In the current business context the economic scenario is not remain static due to globalization. Every organization is moving towards cost cutting and expecting high returns in low investment. Human resource department play important role for organization to achieve their strategic objectives. Employee continues to hold up the consequences of the worst economic recession in a generation. In India during recession about half a million workers have lost their jobs during October, 2008. Most of the organizations have only the partial understanding of their manpower needs. Many of them spend millions of dollars to hire right candidate on right place in accordance with overall organization strategy.

Data would be precious aspect to organization in forecasting the current trends of market and monitoring sales prediction –So it's surprising that data analysis can be used to evaluate and forecast trends in HR. The average large organization stores their data in eight different databases which is linked with different applications, which generates multiple version of truth .About 90% of companies are unable to manage their data or has issues likes missing, outdated, inaccurate, typos. For organization, data comes from multiple directions: Customer, Vendor, Employee, Component, Skills, product etc. To harness this data is challenging task for organization.

In current dynamic economic environment, HR analytics play a progressively important role in consigning strategic human capital challenges. HR analytics are a key potency to organization seeking a more intensive role in driving organizational strategy. The HR analytical tools are used for employee training & development, appraisal & compensation and hiring & firing. HR analytics helps organization to intuit employee behavior which not only help organization to hire best employee, but also shapes HR policies in line. The implementation of HR analytics continues to be hindered by both technical and skill-related issues. The organization need department wise consistent analytical point of reference to make human capital decision that impact business results. HR analytics enable HR professionals to be more engaged in formulation of organizational strategy. In last decade most of the organizations were using different types of analytical tool at each level management as



## HR ANALYTICS

### Definition of HR Analytics

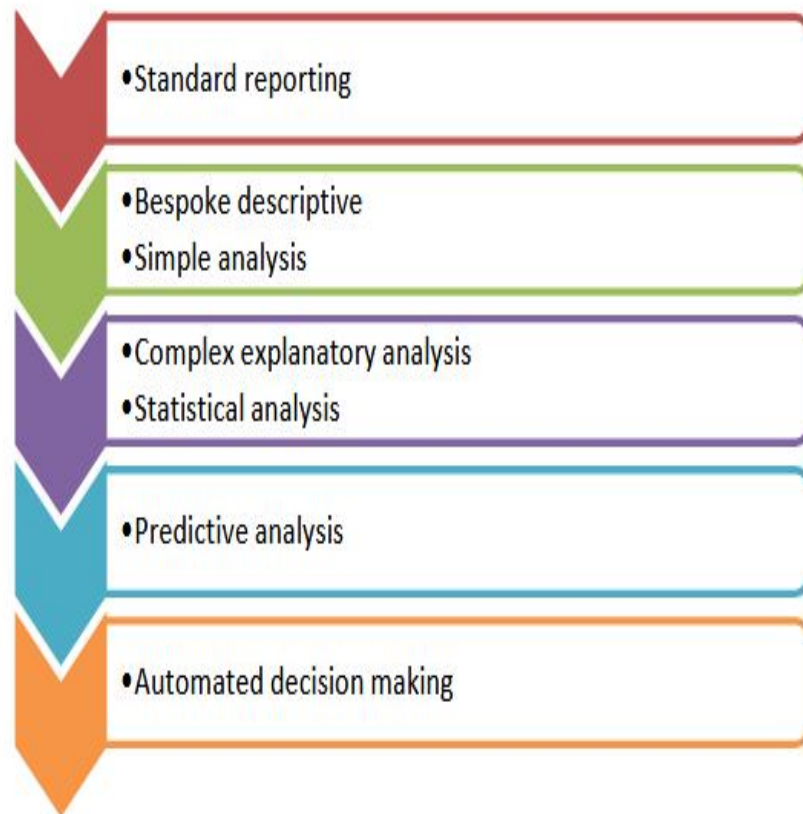
*“HR Analytics provides a data driven framework for solving business problem using existing information to drive new insight. It is smarter decision making, delivered with the combination of software, hardware and methodologies that applies statistical models to work related data, allowing business leader to optimize human resource management”.*

Even if you aren't ready to embrace big data (or don't need to) there is still an important role for data and its analysis in the HR function. Typically, organizations go through a number of phases in developing their analytic capability. First is standard reporting, eg what is staff turnover, how many people do we employ, where etc. Second is bespoke descriptive or simple analysis such as 'if turnover is high which departments or teams is that in?' using simple query and tabulation tools. The next stage might be to investigate whether this is due to the type of jobs and people being employed in the high turnover parts of the organization or whether it is down to poor management which may require some form of statistical tool such as regression analysis. The fourth stage starts to look forward and involves predictive analytics where a statistical model could be built showing which people in the organization were at risk of leaving. The final stage is to embed the prediction and modeling directly into a decision process such as whether to employ someone or not.

Organizations can be at different stages for different issues. So, for example, an organization can be quite sophisticated at estimating future resource needs through Well-established workforce planning but they may be less good at predicting who are going to be the best long-term bets from their latest graduate intake. So if you have lots of data (or just some), what sorts of questions might you ask? How about 'what is it that our best managers do that the rest don't?' In what is now a well-known study, Google asked this question in 2009 and a couple of years later had their answer, which perhaps at face value doesn't have too many surprises in it, but now they know the facts based on their own data. The one surprise was perhaps that, even in a very technical organization, technical expertise was last in the eight factors they identified. Unsurprisingly for a data-led organization, Google does many studies such as this including determining the optimum recruitment process. They stress though that not all organizations are like them so other businesses should find their own way through the analytics world.

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### Stages of analytic maturity



*Source: IES, 2013*

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The key when looking to develop your HR analytical capability is to start with what the business is trying to achieve and consider what people-related questions you would really like to know the answer to. For example, what types of employee sell best to which segments of customers, or what training methods work best (improve job performance most) for helping law enforcement employee's spot potential threats, or how do we get a higher hit rate at recruitment for high performing staff. The questions will depend on your own organization but successful HR people will increasingly answer these by drawing on insights from data rather than individual or collective perceptions (biases).

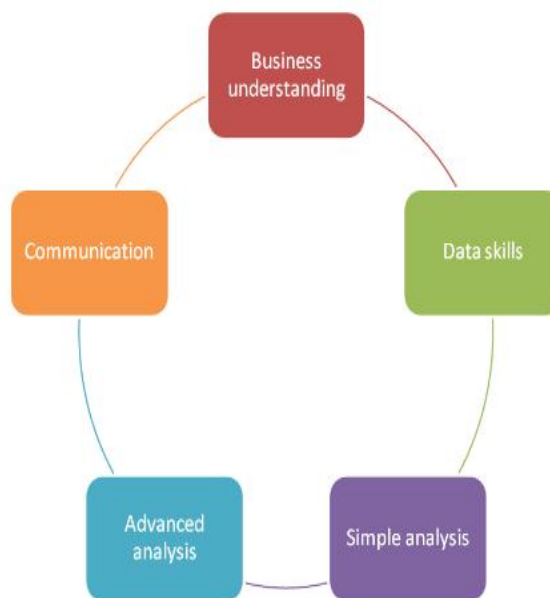
#### **THE CHALLENGE**

The challenge then for getting the best from data (big or otherwise) and analytics starts with being able to understand the business sufficiently that you can conceptualize and articulate the questions that need to be answered. It then requires that technologies and processes exist for gathering and storing the data and that the tools and skills exist for manipulating and analyzing the data. It is also essential that the results are communicated back to the business in a clear, actionable way. These steps are not Unique to HR but they are challenging for a function which has, to date, not been heavily data driven and has in many cases yet to develop in some or all of these areas. The skills needed to be successful reflect these steps and are an intriguing mix of Technical, commercial and interpersonal. In simple terms they are:

- Translating business issues into data analysis questions
- Gathering, structuring, storing and manipulating data
- Standard analysis of data using simple queries and tabulations
- Analysis using Advanced statistics and machine learning (neural networks etc)
- Presenting results back to the business in a clear, compelling way.



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**Analytics skill set**

Source: IES, 2013

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**WHERE IS DATA USEFUL IN HR ANALYTICS?****Recruitment**

Meaningful data metrics in assessing recruitment can include time required for recruitment process (which in turn can be used to determine impact on organization strategy), and quality manpower hiring (hiring right person on right place in less time). These metrics are also important for planning job description.

**Performance Review**

The data is used to determine organization strategy – and to know how employee is competent to achieve the strategic objective of organization– adds another dimension to annual performance reviews. How does an employee progress contribute to organization goals, and which new skills are the most useful to their job role?

**Staff Retention**

Analytics can help in measuring an employee's progress and value to a company – but it's also useful in ensuring employee are supported in developing important competencies. By addressing issues or problems that might negatively affect an employee's ability to perform, conflicts or even resignations could be avoided – and staff feels supported beyond the numbers and spreadsheets.

**Planning**

Key HR Analytics can also be used to ensure a workforce is adequately equipped to face predicted challenges or busy periods. Tracking the employee – and productive hours available – against a schedule of work and organization goals can prevent departments being left short for crucial periods, and can also determine when additional hiring – or alternatively, reduction in staffing levels – can be beneficial.

**Employee Engagement**

HR analytics is used to measure the impact and achievement of human resource strategies which ensures maximum employee productivity, wellness and engagement with organization objectives. Time required analyzing the data that comes from employee feedback, productivity reports, the effectiveness of HR policy implementation and employee Measuring the impact and success of human resource strategies is important to ensure maximum staff productivity, wellness and engagement with a company's goals. Taking the time to analyze the data that comes from staff feedback surveys, productivity reports, the effectiveness of HR policy implementation and employee turnover can helps to design future HR policies and steer HR management in a direction that reflects the behavioral insights which the data provides. HR analytics doesn't mean reducing your valued employee to simply numbers, but analyzing how employee progress and competencies can be integrated with wider organization strategies to ensure management structures are providing staff with the tools to deliver optimized performance.

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**STRATEGIC HUMAN RESOURCE CHALLENGES**

In today's business context organizations are focusing on increasing the productivity and effectiveness of various assets. Many organizations have not invested in defining, capturing and analyzing employee data to the same extent as compared to procurements and finance. Most of these functions have standard tools that enable organizations to more effectively adjust their operations to business cycle fluctuations. In HR, it's difficult to predict human capital requirement in business process context. HR analytics gives clear insight from which they can connect workforce performance and strategy to business objective. There is some area where organizations find lack of insight in the current business context. This includes

1. Defining the competencies needed for the execution of business strategy.
2. Evaluation of employee performance.
3. Retaining talented employees.
4. Determining effective retention policies
5. Developing career planning path for employees

Organizations are hampered by an inability to translate their current and future business models into knowledge, skills, and capabilities will find it difficult to make decisions.

**LITERATURE REVIEW**

HR analytics helps the human resources in tracking projects, absenteeism, monitoring and managing schedule assignment, and tracking performance of each employee (Bartels S, Richey J, 2008).

Workforce Analytics is the ultimate tool for making a strategic workforce planning. HR Analytics today is targeting critical workforce metrics that link workforce strategy to business results that finally provides HR a seat at the table and the integrity to make business and workforce strategy decisions by identifying cost savings opportunities, improving the retention of key talent and increasing workforce productivity and efficiency (Higgins J., Cooperstein G and Peterson M, (2011).

According to Kavanagh (1990), applying the main concepts and phases of the traditional SDLC to HRM function, recommended the following system development process for an HRIS. "The HRIS development process refers to the steps taken from the time a company considers computerizing its human resource functions through the analysis, design, development, implementation, maintenance, evaluations and improvement of the system".

Organizations that are capable of leveraging in data driven decision making for the workforce not only outperform their contenders, but also profit higher value to shareholders and be in a better placed to meet workforce and business demands for the future. Google has reached an extraordinary success in the marketplace by focusing on strategic focus on people management (Sullivan J, 2013) In the article "how Google is using people analytics to completely re-invent HR" explains how Google has reinvented their focus to people management which has in turn helped them to become No. 1 spot in the list of top ten successful companies. It also explains how by re-aligning their HR strategy Google has changed its face of productivity.

Lorenzi and Riley (2000) states that, A "technically best" system can be brought to its knees by people who have low psychological ownership in the system and who vigorously resist its implementation. The leader who knows how to manage the organizational impact of information systems can sharply reduce the behavioral resistance to change.

According to HR, Director, Search Engine Organization (2006) says that, we have a system challenges, linking those that run performance management to those for talent management. In addition there is a challenge caused by the speed of our growth. We grow; tracking movement across organization globally is one of the things we're trying to deal with.

As Greer (1995) states that, In a growing number of organizations human resources are now viewed as a source of competitive advantage. There is greater recognition that distinctive organization cultures, management process, and system. This is in contrast to the traditional emphasis on transferable resources such as equipment. Increasingly, it is being recognized that competitive advantage can be obtained with high quality work force that enables organization to compete the basis of market responsiveness, product and service quality differentiated product, and technological innovation.

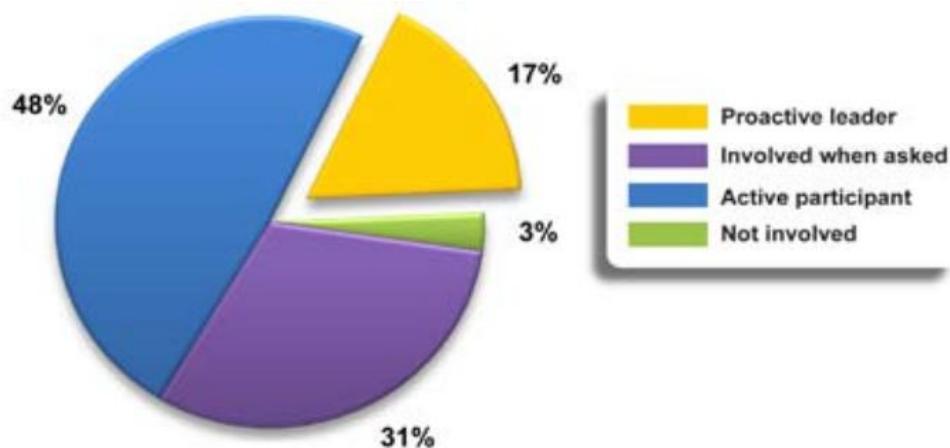
Lou Gerstner(2005,Former CEO of IBM, puts this all in perspective with apposite observation: Leading cultural change is not just one of the things you do when you change an enterprise-it's totality of what you have to work on if you are going to do a true ,transformational change. At the end of the day, you do not change an institution, fundamentally altering how it thinks and behave ,without a deep understanding of the cultural bearings that exist.

### RESEARCH METHODOLOGY

This paper explores the importance of HR analytics practices and applicability in different sectors of the organization through case study methodology which depicts HR analytics as the cutting edge tool for human resource management and not a mere hype.

### DATA ANALYSIS AND INTERPRETATION

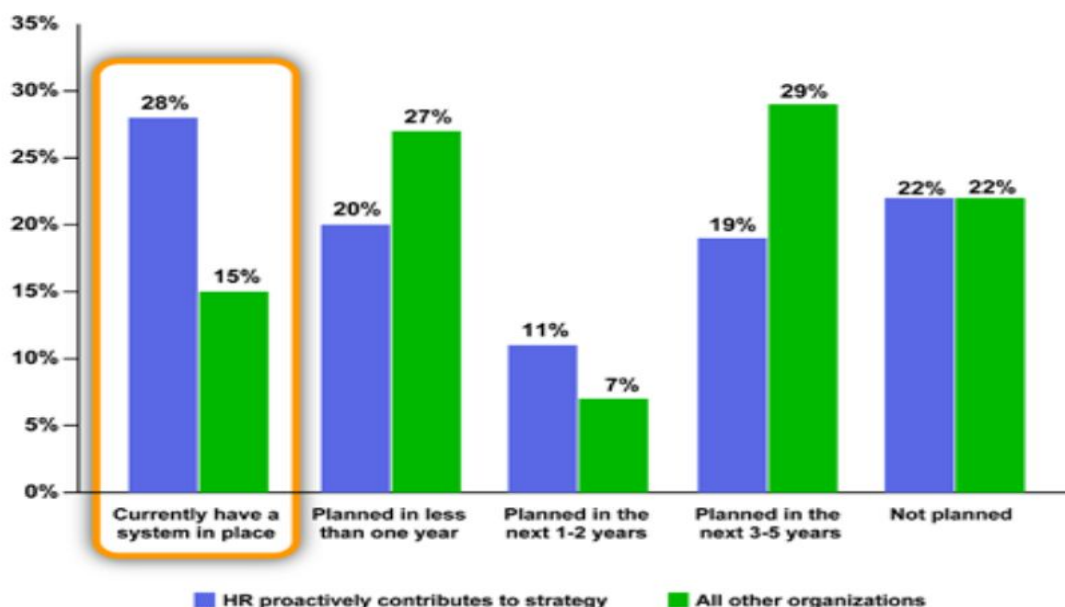
#### HR INVOLVEMENT IN STRATEGIC DECISION



(SERVICES, 2009)

The above analysis shows that majority of HR people are actively involved in strategic decision of organization.

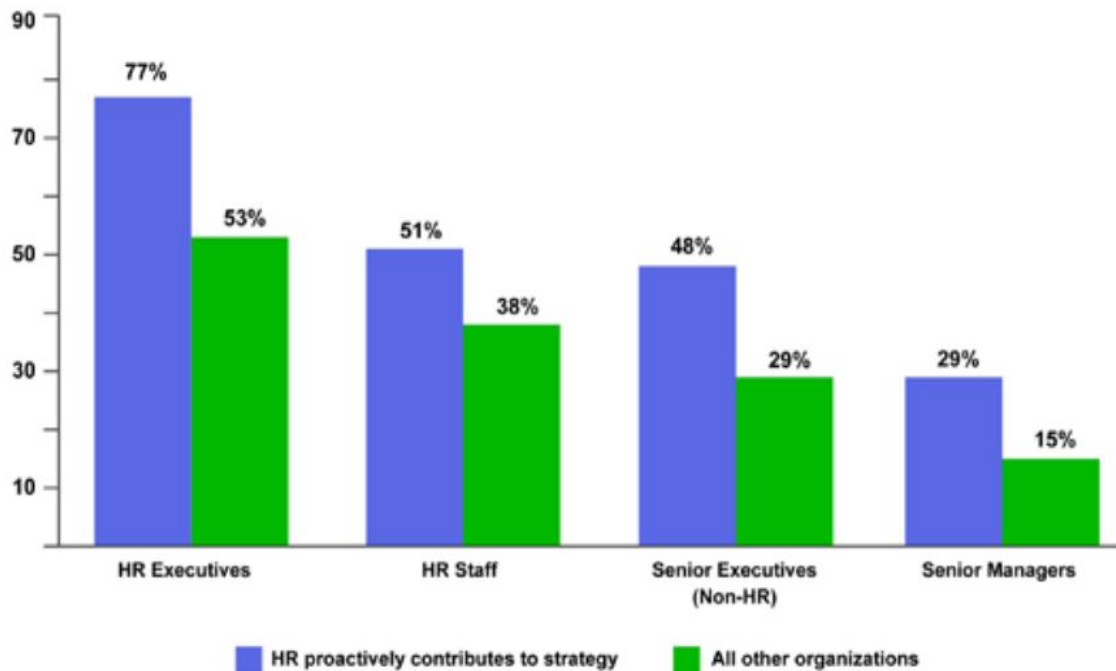
#### ORGANIZATION STRATEGY FOR DEPLOYING AND DEVELOPING HR ANALYTICS CAPABILITY WITHIN ORGANIZATION



(SERVICES, 2009)

HR Analytics play a critical role by proactively contributing in organizational strategy formation and helps HR in effective decision making. The above analysis shows that the difference approaches of organizations to proactively look forward for automation in HR function.

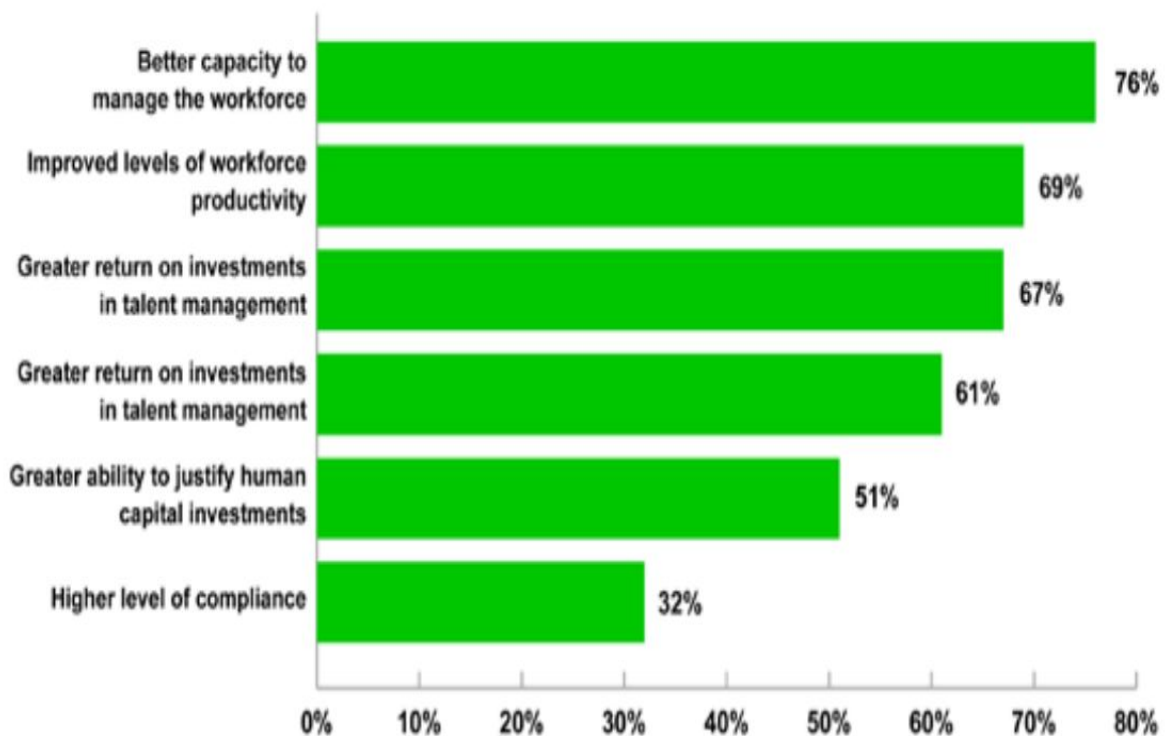
## USAGE OF HR ANALYTICS TOOLS AMONGST VARIOUS STAKEHOLDERS OF ORGANIZATION



(SERVICES, 2009)

The above analysis shows that HR analytics tools are used by majority of HR executives. As some extent Non HR executive also leverage analytics tools for effective decision making.

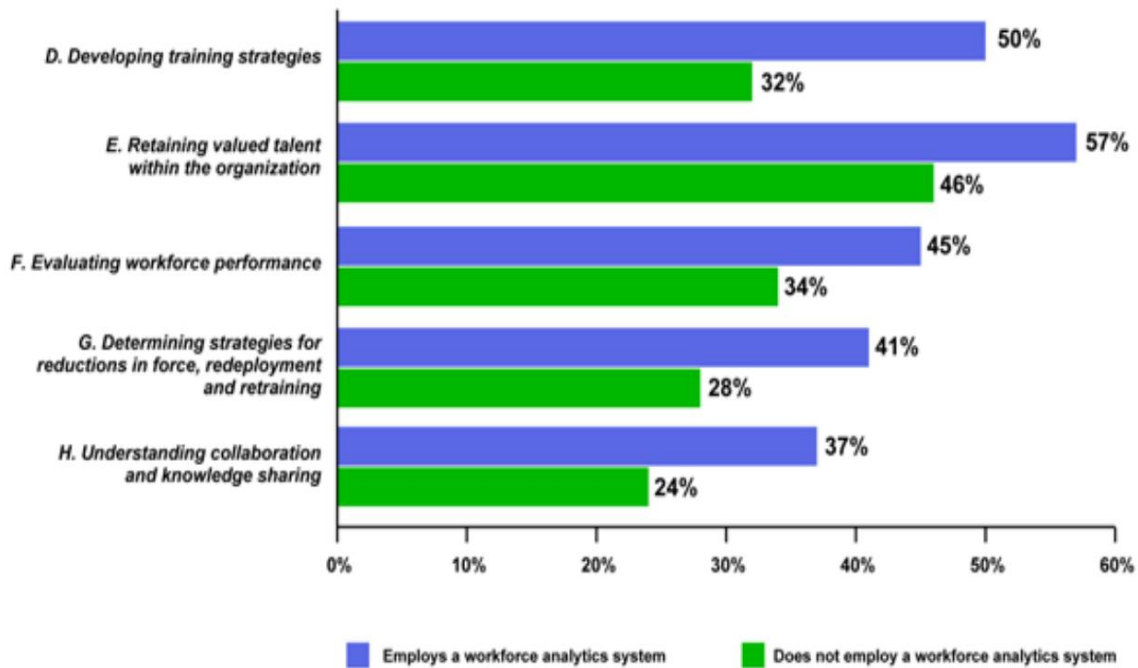
## HR ANALYTICS BENEFITS



(SERVICES, 2009)

The above analysis explores the HR analytics beneficial areas in HR functions .In which it shows that majorly HR analytics helps in managing the workforce within organization.

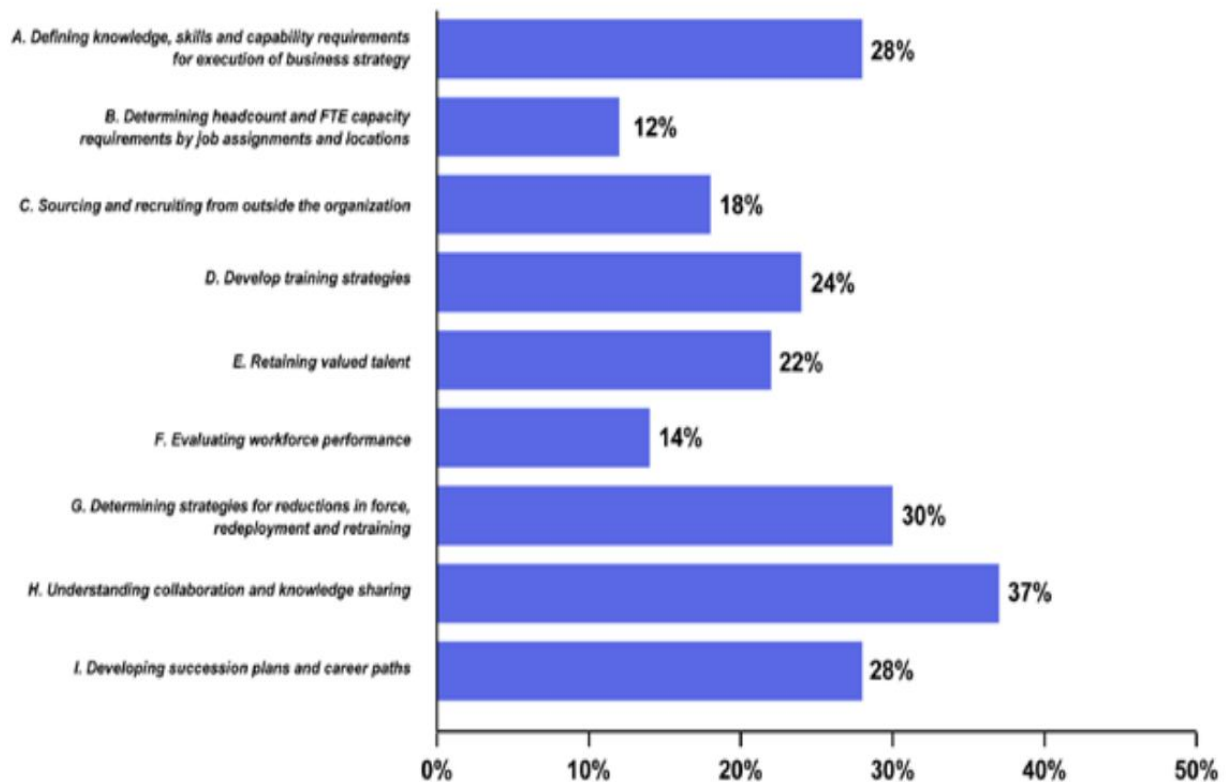
### LEVEL OF EFFECTIVENESS IN ADDRESSING HUMAN RESOURCE CHALLENGES (With HR Analytics Vs without HR Analytics)



(SERVICES, 2009)

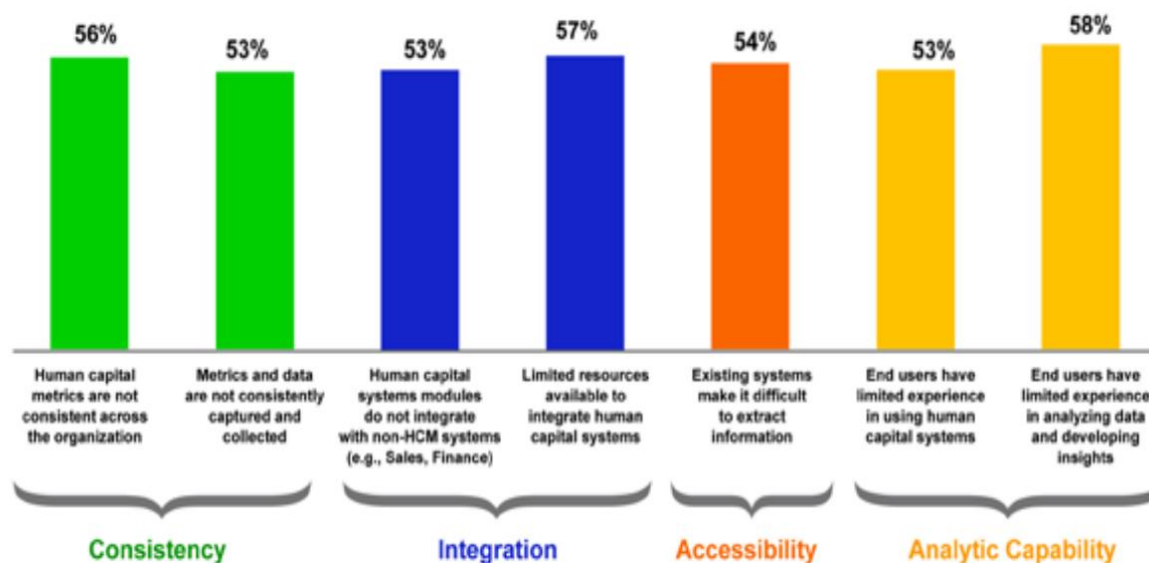
The above analysis shows that, Analytics –More effectively Managing Human resource Challenges and organization that have invested in analytics have the upper edge in addressing manpower challenges within organization.

### ORGANIZATIONAL ISSUES WITH TRADITIONAL HR PROCESS (WITHOUT HR ANALYTICS)



(SERVICES, 2009)

The above analysis shows the issues faced by organization with traditional HR process.

**BARRIERS OF IMPLEMENTING SUCCESSFUL HUMAN RESOURCE INFORMATION SYSTEM**

(SERVICES, 2009)

The above analysis shows the barriers of implementing successful Human resource information system. In that majority of user have limited experience in using analytical capability. Without data consistency and integration it's difficult to use the analytical tools within organization. We required an integrated approach that combines technology and skill manpower to implement human resource analytical solution

In order to determine how HR Analytics has shifted the traditional to transformational approach of Human Resource Management few case studies can be analyzed.

**CASE STUDY****CASE STUDIES –I A CASE STUDY OF KEESAL, YOUNG & LOGAN (Sentric.com, KEESAL, YOUNG & LOGAN CASESTUDY, 2000)****Background**

Keesal, Young & Logan is a full service law firm with a focus on corporate defense litigation. The firm, founded in 1970, has grown steadily over its long history, adding staff and additional offices all along the west coast. In 2000, the firm recognized a need to identify a payroll partner who could not only help meet the needs of the growing business, but also provide the flexibility and responsiveness it demanded

**Problem**

Keesal, Young & Logan has a very complex payroll process that is a direct result of the company providing its employees a great deal of flexibility regarding their paychecks. The firm runs a weekly payroll and, each pay period, employees have the option to change their 401(k) deductions, and, in the event that they've accrued overtime, are provided with checks separate from their typical pay. This is done so that their benefits (health, 401(k), etc.) aren't taken out of the extra pay they've earned. Although convenient for employees, this creates a very unique and difficult challenge for the firm's accounting department.

**Solution**

When Keesal, Young & Logan began their search for a new payroll provider, they not only evaluated their need for a flexible provider that could handle their complex payroll processes, but also one that was easy-to-use and backed by a dedicated service model. The firm found that in Sentric and its SentricPayroll solution. With SentricPayroll, the firm would be able to streamline its processes and gain easy access to accurate employee data. In addition, the firm would benefit from a single-point-of-contact service model that eliminated long hold times and actually got to know the business. For the firm, that meant having an additional resource to make any necessary changes.

**Results**

For nearly 15 years, Keesal, Young & Logan have benefitted from its partnership with Sentric, maintaining a fluid payroll process thanks to its worry-free partnership that allows them the control and flexibility they demand, all back by a dedicated support staff that is happy to help when needed. This has allowed the company to continue providing its employees with full control over the money they've earned.

**Analysis of Case –I**

From the above case, it can be inferred that the main challenge for Keesal, Young & Logan was facing the lack of flexibility regarding their paychecks. Keesal, Young & Logan search the vendor who will provide flexible payroll process which minimizes the complexity of payroll processes within the organization. It is observed that while searching any service provider there is need to find out the gap analysis between the existing system and what you required from the new system. Keesal, Young & Logan required such application which will handle their complex payroll system and provide a single-point-of-contact service model that eliminated long hold times. The firm found that in Sentric and its SentricPayroll solution will provide such service model. With SentricPayroll, the firm would be able to streamline its processes and gain easy access to accurate employee data.

**CASE STUDIES –II A CASE STUDY OF INCASE DESIGNS (Sentric.com, InCase Designs Case Study, 2011)****Background**

In case design develops Solutions that are centered on innovation and performance to help meet the evolving demands of today's creative individuals. The company's unique on product design allows them to create a range of consumer goods specifically designed to protect and secure technology, including computers, Smartphone and tablets. Their wide range of product includes everything from bags and sleeves to cases and mobile power options for nearly any computer or mobile device.

**Problem**

When InCase Designs began their search for a payroll partner in May 2011, they recognized the need for a functional, service oriented solution to help manage many jobs facing their HR director. That meant more than just managing payroll, benefits and compensation issues, but it also meant addressing things like employee relations, recruiting and more importantly, risk management for a team of more than 60 employees.

**Solution**

After evaluating their needs Incase Designs decided on Sentric and Sentric payroll solution .With Sentric Payroll, In Case Designs would now have a valuable form of risk management that works with their benefits and time keeping systems, as well as dedicated service representative available to answer any questions that might pop up. In addition, the easy to use solution would also provide the HR director with range of reports to track and analyze data.

**Results**

The combination of SentricPayroll and its dedicated service model provides InCase Designs with necessary resources to tackle everyday tasks. Thank to single point of contact service, a Sentric representative can not only handle any issue .Incase Designs send their way, but also proactively calls before any issue may arise .

**Analysis of Case –II**

InCase Designs organization required a functional, service oriented solution to help manage many jobs facing to their HR director. As their needs is more than just managing payroll, benefits and compensation issues, but it also meant addressing things like employee relations, recruiting and more importantly risk management. The firm found that in Sentric and its SentricPayroll solution will provide such service model. With SentricPayroll, the firm would be able to streamline its processes and gain easy access to accurate employee data.

**FINDINGS**

In today's business context HR analytics playing a measure role in organizational strategic planning

1. Define Workforce Challenges
2. Identify Data Requirements and Ensure Consistency in Data Collection
3. Define a Common Workforce Analytics Platform
4. Make the Platform Easy to Use
5. Enhance HR Analytic Capacity

**CONCLUSION**

In today's business context most of the organization have been making 'efficiency drive' ,taking 'austerity measures' slashing budgets, and taking other action in order to cut costs .Organization doing massive cost cutting exercise, which they claim are needed to service during difficult economic times. This is impacting the human resources processes within organization. The HR analytics play an important role by providing the useful information, with analyzing the data of the organization. This helps the organization to utilize the



available limited resources in an efficient way to achieve strategic objective of the organization. As HR is playing the important role in the strategic decision of the organization, there is a need to pay more attention to this. HR analytics play important role in predicting workforce management, strategic decision, but also provoking organization to maintain adequate quality data for justifying Return on Investment (ROI). From the analysis of above two case studies, it can be concluded that the issues which the two companies were facing have been identified and fixed with the help of HR analytics tools. The critical issue of HR viz. strategic planning, recruitment, retention, successful HR policy implementation analysis, workforce forecasting, performance review, employee engagement etc. all can now be fixed with the HR analytics. In this way the organizational need to change their traditional approach to transformational approach by adopting the latest technology in HR through HR analytics.

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**PROSPECTS AND ISSUES IN INDIAN AUTOMOBILE MANUFACTURING SECTOR**

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**ABSTRACT**

*The Indian automotive market is estimated to grow at around 10-15 per cent to reach US\$ 16.5 billion by 2021 from around US\$ 7 billion in 2016. It has the potential to generate up to US\$ 300 billion in annual revenue by 2026, create 65 million additional jobs and contribute over 12 per cent to India's Gross Domestic Product. Since the de-licensing of the sector in 1991 and the subsequent opening up of 100 percent FDI through automatic route, Indian automobile sector has come a long way. This paper focuses on the prospects and issues in the Indian automobile manufacturing sector which is one of the key drivers that boosts the economic growth of the country while being a major source of employment.*

*Segments across the automobile spectrum have shown a growth with passenger vehicle, commercial vehicle and two-wheeler sales. Recent Government initiatives to boost the infrastructure development and construction activity, rising rural demand, easy availability of finance, focus on agriculture etc. have all boosted the demand. With a focus on manufacturing excellence, the Automobile companies aim to multiply their output both in quantity and quality. To reap the demographic dividend these companies are coming out with a portfolio of superior products including electric vehicles which will suit the budget of the working population. Scrapping of 15 years old vehicles which honorable transport minister wants to push will boost the sector as well as the economy multifold.*

*The industry recently saw a slight drop in the export demand. With a shift to stricter emission norms, the industry is facing the transition which will involve overhauling the working dynamics of the automakers and will alter the cost structure forever.*

*Given that the automotive industry is investing heavily in R&D, Industry body Society of Indian Automobile Manufacturers (SIAM) has recommended that if the government does not reduce the corporate tax rate then the incentives on R&D be restored. Also the auto-manufacturers expect the Government to announce policies to make e-vehicles attractive and viable for end users to realize sustainable mobility solutions.*

*Keywords: Automobile manufacturing, auto-sector prospects & issues*

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**1. INTRODUCTION**

Over the past ten years, India has emerged as one of the most preferred locations in the world for manufacturing high quality automotive components and vehicles of all kinds. The Indian automobile market is estimated to grow at around 10-15 per cent to reach US\$ 16.5 billion by 2021 from around US\$ 7 billion in 2016. It has the potential to generate up to US\$ 300 billion in annual revenue by 2026, create 65 million additional jobs and contribute over 12 per cent to India's Gross Domestic Product. In spite of several issues, since the de-licensing of the sector in 1991 and the subsequent opening of 100 percent FDI through automatic route, Indian automobile sector has come a long way.

**2. RESEARCH OBJECTIVES**

The objective of this study is to understand the prospects and issues in the Indian automobile manufacturing sector which is one of the key drivers of the economic growth of the country.

**3. SCOPE OF THE STUDY**

The study focuses on the prospects and issues in the Indian automobile sector from the point of view of its contribution to economic growth of the country.

**4. METHODOLOGY****4.1 Data Collection**

The present research is a descriptive research based on the secondary data collected from various reports, research studies and websites.

**4.2 Limitations of the study**

The study is purely based on secondary data and is restricted to the prospects and issues of Indian automobile sector. A review was mainly done for the last five years.

## 5. IMPLICATIONS AND VALUE OF THE STUDY

The present study will help academicians, researchers, corporate sector, policy makers and citizens in understanding the prospects and issues in Indian automobile manufacturing sector.

## 6. OVERVIEW OF GLOBAL SCENARIO

The global auto industry is a key sector of the economy for every major country in the world. The performance of global auto industry is strong. Worldwide sales reached a record 88 million autos in 2016, up 4.8 percent from a year earlier, and profit margins for suppliers and auto makers (also known as original equipment manufacturers, or OEMs) are at a 10-year high. Even though this is the case, the rate of return on capital has been a problem, which is one reason for the many bankruptcies or near liquidations among OEMs and suppliers, particularly in the past decade. Surviving automotive companies have a challenge to earn enough margin on every car or component they make. The factors such as innovations in the automobile manufacturing and usage of technology are expected to increase the return on capital.

According to the recent forecast from the company IHS Markit Limited, the industry risk in mature markets is at the highest level it has been since the Lehman Brothers collapse and global industry downturn from 2008 through 2010, and will be a key factor for the near future. Engine propulsion options are expected to have an influence as well. Also, the political uncertainty could cause a significant rift in light vehicle sales both in the U.S., Europe and other regions of the world.

Over the next decade, the global automobile industry is likely to see significant transformation. A shift of growth in demand for automobiles from developed nations to developing nations is expected.

## 7. OVERVIEW OF INDIAN SCENARIO

The Indian automobile sector (the sector) is one of the largest in the world. In terms of global rankings in manufacturing output it is presently second largest in two wheelers, eighth largest in commercial vehicles, sixth largest in passenger cars and the largest in tractors.

The contribution of this sector to the National GDP, rose from 2.77% in 1992-93 to about 7.1% now. It provides direct and indirect employment to over 19 million people. It generates 13% of the excise duty collection of the Government of India. The overall Passenger Vehicle (PV) segment has 14 per cent market share.

The sector comprises the production of commercial vehicles, passenger cars, and three & two-wheelers. Two-wheelers are by far the most popular form of vehicle in India, taking an 80% share in 2015-16. 25 million automobiles were produced in FY17. Total production volume grew at a CAGR of 5.56 per cent between FY12-17.

Two-wheelers and passenger vehicles dominate Indian auto market. Two-wheelers and passenger cars accounted for 78 per cent and 15 per cent of production volume in FY17 respectively. Domestic passenger car sales are dominated by small and mid-size cars. Over 67 per cent of export volumes comprised of two-wheelers, followed by 22 per cent for passenger cars. The sector produced a total 25,316,044 vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle in April-March 2017 as against 24,016,599 in April-March 2016, registering a growth of 5.41 percent over the same period last year.

## AUTOMOBILE PRODUCTION TRENDS

Category	2012-13	2013-14	2014-15	2015-16	2016-17
Passenger Vehicles	32,31,058	30,87,973	32,21,419	34,65,045	37,91,540
Commercial Vehicles	8,32,649	6,99,035	6,98,298	7,86,692	8,10,286
Three Wheelers	8,39,748	8,30,108	9,49,019	9,34,104	7,83,149
Two Wheelers	1,57,44,156	1,68,83,049	1,84,89,311	1,88,30,227	1,99,29,485
<b>Grand Total</b>	<b>2,06,47,611</b>	<b>2,15,00,165</b>	<b>2,33,58,047</b>	<b>2,40,16,068</b>	<b>2,53,14,46</b>

From the above data, the trend in production can be depicted as follows

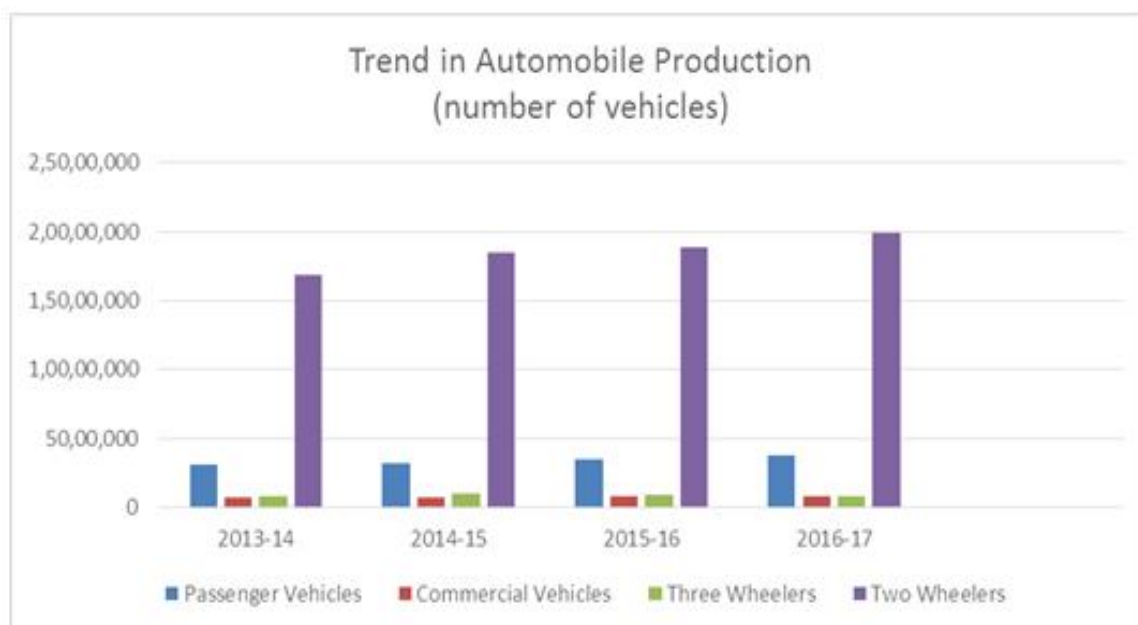


Chart-1: Statistics of Society of Indian Automobile Manufacturers (SIAM)

## 8. REVIEW OF AUTOMOTIVE MISSION PLAN 2016-26

The Automotive Mission Plan 2016-26 (AMP 2026) is the collective vision of Government of India and the Indian Automotive Industry on where the Vehicles, Auto-components, and Tractor industries should reach over the next ten years in terms of size, contribution to India's development, global footprint, technological maturity, competitiveness, and institutional structure and capabilities. AMP 2026 seeks to define the trajectory of evolution of the automotive ecosystem in India including the glide path of specific regulations and policies that govern research, design, technology, testing, manufacturing, import/ export, sale, use, repair, and recycling of automotive vehicles, components and services. AMP 2026 aims to make the Indian Automobile Industry a significant contributor to the "Skill India" programme and make it one of the largest job creating industry in the Indian economy. AMP 2026 aims to propel the Indian Automotive industry to be the engine of the "Make in India" programme, as it is amongst the foremost drivers of the Manufacturing sector.

The focus of AMP 2026 is to promote safe, efficient and comfortable mobility for every person in the country, with an eye on environmental protection and affordability through both public and personal transport options. In order to improve exports, AMP 2026 makes several prescriptions to develop competitiveness, technological advancement, infrastructure investment, and branding. To ensure a fair and predictable governing environment for the Indian Automobile industry, AMP 2026 spells out the Government's views on the path of evolution of key policies for the Auto sector, so that all regulations impacting the industry are formulated comprehensively in scope and scale to be implemented harmoniously across the nation, including at the Centre and the States.

AMP 2026 will help Indian Automobile industry to focus on its strengths and improve its competitiveness in select segments, achieve the annual production target of Rs 16,16,000 crore to Rs. 18,89,500 crore in terms of its size and establish its 'Right to Win' on the global stage. By 2026, India could stand first in the world in introduction/sale of small cars, two-wheelers, three-wheelers, tractors and buses, 3<sup>rd</sup> in passenger vehicles and heavy trucks, all adding up to 12% contribution to National GDP.

## 9. PROSPECTS OF INDIAN AUTOMOBILE SECTOR

- As seen in the chart 1 above, segments across the automobile spectrum have shown a growth with passenger vehicle, commercial vehicle and two-wheeler sales.
- The Two Wheelers segment with 80 per cent market share is the leader of the Indian Automobile market owing to a growing middle class and a young population.
- The growing interest of the automobile manufacturing companies in exploring the rural markets has led the growth of the sector.
- As per AMP 2026, over the next decade, the Indian Automobile sector is likely to contribute more than 12% to the country's GDP and comprise more than 40% of its manufacturing sector.

- e) India is a prominent auto exporter and has strong export growth expectations for the near future. Overall automobile exports grew 13.01 per cent year-on-year between April-December 2017. In addition, several initiatives by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the two wheeler and Four Wheeler market in the world by 2020. The Indian Automotive industry (both vehicles and auto components) has the potential to scale up exports to the extent of 35-40% of its overall output over the next ten years and become one of the major automotive export hubs of the world.
- f) With a focus on manufacturing excellence, the Indian automobile companies aim to multiply their output both in quantity and quality. In tune with the Government's target of shifting to electric cars by 2030 and to reap the demographic dividend, these companies are coming out with a portfolio of superior products including electric vehicles which will suit the budget of the working population.
- g) Over the past few years, manufacturers like Tata Motors, Ashok Leyland and Mahindra & Mahindra have been expanding the mini truck segment to every load and price point. The transport operators prefer to buy a four-wheeler which offers better operating economics and social status in the Indian context.
- h) Recent Government initiatives to boost the infrastructure development and construction activity, rising rural demand, easy availability of finance etc. have all boosted the demand thereby giving rise to the production. As per some studies, each car requires 1 km of road infrastructure to commute. Thus the investment in infrastructure will boost automobile industry immensely.
- i) The automobile manufacturing industry in India has a potential of creating an incremental direct and indirect employment to skilled and unskilled labour to the extent of 65 million jobs in the next decade. Many people are employed in related manufacturing and services. Each car produced gives employment to around 11 direct and indirect people, which can be a helpful for the country like ours, where we need to give employment to many people. In the past, European and American economies have grown multi folds on the automobile growth model, till the time service sector grew rapidly.
- j) Automobile manufacturing industry gives boost to other industries as it uses the goods of industries such as steel, iron, aluminum, lead, machine tools, molds and dies, chemicals, glass, plastics, carpeting, textiles, computer chips, rubber and capital goods etc. It gives boost to many fields in the services sector such as logistics, banking, insurance, sales & distribution, service & repair and fuels etc.
- k) The rapid growth of the Indian Automotive industry will provide a stimulus to the Micro, Small and Medium industries of the country across multiple sectors, the development of which is one of Government's principal objectives.
- l) As the consumers in different regions of the world prefer different technologies, automakers are developing a range of automobiles that run on alternative fuels like clean diesel, biodiesel, ethanol, hydrogen, and compressed natural gas or that run on hybrid technology using both conventional combustion engines (gasoline or diesel) and electric engines. This will minimize the usage of traditional fuel and control costs as well as emissions.

## **10. ISSUES FACED BY THE INDIAN AUTOMOBILE SECTOR**

### **a. Some of the areas causing distress in the automotive sector are**

- Slowdown in economic growth,
- High cost of vehicle finance,
- High capital costs
- High interest rates,
- High fuel prices,
- High inflation and negative market sentiments,
- Increase in the commodity prices,
- High customs duty on Alloy Steel, Aluminium Alloy and Secondary Aluminium Alloy,
- High rate of service tax and excise duty,
- High and varied rate of road taxes in the States,
- Low growth of export markets etc.

- b. After a capacity creation of Rs. 2,200 Crores in 2011-12, the automotive industry is now suffering from excess capacity and suppressed demand leading to lay-offs.
- c. **While overall automotive sales for 2016-17 remained positive as a result of better demand for passenger vehicles, commercial vehicles and two-wheelers in the domestic market, the three-wheelers segment took a hit.** All three-wheeler manufacturers saw a sizeable drop in both their domestic and export sales, a trend which is attributed to three-wheelers being replaced by aggressively priced, small four-wheeled mini-trucks.
- d. The automobile industry is dependent on factors such as availability of skilled labour at low cost, strong R&D centres and low-cost steel production.
- e. Innovative software developments may make the vehicles expensive in future. There is a need to earmark resources for acquiring new technology and recruiting people with required technical skill set.
- f. The rising cost of safety, strict emission norms and environmental regulations is also a concern for the industry.
- g. As each auto maker is designing and building its own engines, transmissions, and related equipment, there is a high amount of duplication within the industry.
- h. Improving public transport by Metro rail, Mono rails etc add to the competition to the automobile manufacturers.
- i. To reduce pollution, the Government has preponed the introduction of BS6 vehicles by the year 2020. This move has hastened the activity of improving the Power train by incurring additional costs.

## 11. WAY AHEAD

1. Given that the automobile industry is investing heavily in R&D, industry body Society of Indian Automobile Manufacturers (SIAM) has recommended that if the government does not reduce the corporate tax rate then the incentives on R&D be restored.
2. The auto-manufacturers expect the Government to announce policies to make e-vehicles attractive and viable for end users to realize sustainable mobility solutions. The launching of EV (Electric Vehicles) could be the next big thing to happen, which could be a game changer. EVs are in search of improved battery life and fast charging technology.

Innovation in this field with coated Glass used as batteries is underway by Professor John Goodenough, pioneer of lithium ion battery technology, an emeritus professor at the Cockrell School of engineering at Texas. These mobile batteries will keep the mobile charged for many days. This technology can be further utilized for electric batteries according to Professor John Goodenough. This technology could be a breakthrough that brings electric car into the main stream.

3. At global level the automobile sector will be characterized by aspects such as usage of electronics in automobile manufacturing, pursuit for economies of scale, scope in designs and engineering and a search for low-cost manufacturing locations.
4. AMP 2026 envisages that the Government and the Indian Automotive industry will work together to address all the key issues to take India to its rightful position in the global auto industry's sweepstakes.
5. The OEMs need to identify which aspects of a vehicle's digital features can be handed over to tech industry partners that have more expertise in designing and producing digital components and software.

## 12. SUGGESTIONS

1. **Industry focused education** - It takes a lot of time to train the unskilled manpower which has adverse impacts on the competitiveness. Automakers are required to train the manpower to suit their requirements. Hence, the educational institutes are required to be more industry focussed.
2. **Improvement in Exports** - Industry, to sustain growth and to reduce trauma, is required to improve Exports. Many universities & government departments in the developed countries work closely with the industry by getting their requirements of areas to work upon for the students so that the projects help the Industry. Authorities need to work closely with industry to improve the performance of the automobiles.
3. **Control on commodities' cost** - Automobile industry is one of the largest consumers of power (energy intensive) and needs lowest power cost in order to stay competitive. Use of Wind, Solar power etc. to bring down the input costs is a need of an hour. Government needs to work on lowering the technology cost.

- 4. Improvement in Infrastructure** - Electric vehicles are the future of Automobile industry. 100% import of batteries increases the input costs. In order to popularise the technology, since it is sustainable, one needs to work on improving the infrastructure for battery charging unlike CNG. Lithium ore fields are limited in the world. We need to focus on acquiring the fields.
- 5. Effective Marketing Channels** - Along with building a good infrastructure in rural and remote areas, there is a need to find more efficient channels to reach automobile buyers in these areas. Also there is a need to develop models and brands which will be suitable for the requirements of customers in particular areas.
- 6. Consolidation of efforts:** If the automakers consolidate their efforts of producing own engines, transmissions and related equipment, the industry can achieve a lot of fuel efficiency and affordability.

### **13. CONCLUSION**

The automobile industry in India accounts for 7.1 per cent of the country's Gross Domestic Product (GDP). It is one of the largest industries in the world. It provides employment to many and boosts other industries as well. Currently the Indian automobile sector shows growth with passenger vehicle, commercial vehicle and two-wheeler sales. Opportunities in the rural markets, innovative technology, alternate fuels and the Governments initiatives to boost production and exports have led the growth of the automobile sector. The sector has issues such as rising cost of safety and environmental regulations, strict emission norms, competition with domestic and international counter-parts, drop in exports in some sectors and low return on capital.

Over the next decade, the Indian Automobile sector is likely to contribute more than 12% to the country's GDP and comprise more than 40% of its manufacturing sector. World over, no large and economically advanced nation has succeeded in attaining its developed status without nurturing its automobile industry. Given the impact of the Indian automobile industry on the country's economy, employment, other industries and various stake holders, the industry needs to be encouraged to become more competitive and sustainable with a comprehensive and predictable policy regime.

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**A STUDY ON IMPACT OF GLOBAL TRADE EVENTS ON MANUFACTURING INDUSTRY IN INDIA**

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**ABSTRACT**

*Manufacturing has emerged as one of the high growth sectors in India. Prime Minister of India, Mr. Narendra Modi, had launched the 'Make in India' program to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. India is expected to become the fifth largest manufacturing country in the world by the end of year 2020. Therefore, because of this initiative as well as increase in the overall rating of India in the Ease of Doing Business Index, there has been a witnessed surge in the increasing area of manufacturing with budding entrepreneurs starting to enter into the MSME's segment.*

*Also, the Global Market has widened its arms to embrace India's exports and follow the MFN clause of IMF. But it is also non negligible that there are many global events happening as well as impacting the holistic world trade. This research study revolves around the impact that global exposure brings along on the Indian Manufacturing Industry and its External Trade.*

*Keywords: Manufacturing, Global, Trade, Industry, External, Growth.*

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**INTRODUCTION**

The integration of the domestic economy through the twin channels of trade and capital flows has accelerated in the past two decades which in turn led to the Indian economy growing from Rs 32 trillion (US\$ 474.37 billion) in 2004 to about Rs 153 trillion (US\$ 2.3 trillion) by 2016. Simultaneously, the per capita income also nearly trebled during these years. India's trade and external sector had a significant impact on the GDP growth as well as expansion in per capita income.

Total merchandise exports from India grew by 30.55 per cent year-on-year to US\$ 26.2 billion in November 2017, while overall trade deficit increased 3.1 per cent year-on-year from US \$ 13.395 billion during April-November 2016-17 to US \$ 13.829 billion during April-November 2017, according to data from the Ministry of Commerce & Industry.

According to Mr Suresh Prabhu, Minister for Commerce and Industry, the Government of India is keen to grow exports and provide more jobs for the young, talented, well-educated and even semi-skilled and unskilled workforce of India.

**CAPITAL INFLOWS**

According to data released by the Reserve Bank of India (RBI), India's foreign exchange reserves were US\$ 404.921 billion as on December 22, 2017.

**FOREIGN DIRECT INVESTMENTS (FDI)**

During April 2000–September 2017, India received total foreign investment (including equity inflows, re-invested earnings and other capital) worth US\$ 518.1 billion. The country was one of the top destinations for FDI inflows from Asian countries, with Mauritius contributing 34 per cent, Singapore 17 per cent and Japan and UK contributing 7 per cent each of the total foreign inflows.

**FOREIGN INSTITUTIONAL INVESTORS (FIIS)**

FIIs net investments in Indian equities and debt stood at Rs 132,000 crores (US\$ 20.59 billion) in 2017-18 (up to January 2nd, 2018).

**EXTERNAL SECTOR**

- Bilateral trade between India and Ghana is rising exponentially and is expected to grow from US\$ 3 billion to US\$ 5 billion over the coming three years, stated Mr Aaron Mike Oquaye Junior, Ghana's Ambassador to India.
- India has revised its proposal on trade facilitation for services (TFS) at the World Trade Organization (WTO) and has issued a new draft, with the contents being more meaningful and acceptable to other member countries.
- Indian exports of merchandise shipments is expected to reach US\$ 325 billion in 2017-18, compared to US\$ 275 billion in 2016-17, as per Mr Ganesh Kumar Gupta, President, Federation of Indian Export Organisations (FIEO).

- The Union Cabinet, Government of India, has approved the proposed Memorandum of Understanding (MoU) between Export-Import Bank of India (EXIM Bank) and Export-Import Bank of Korea (KEXIM).
- The Goods and Services Network (GSTN) has signed a memorandum of understanding (MoU) with Mr Ajay K Bhalla, Director General of Foreign Trade (DGFT), to share realised foreign exchange and import-export code data, process export transactions of taxpayers under goods and services tax (GST) more efficiently, increase transparency and reduce human interface.
- In March 2017, the Union Cabinet approved the signing of the customs convention on the international transport of goods, Transports Internationaux Routiers (TIR) making India the 71st signatory to the treaty, which will enable the movement of goods throughout these countries in Asia and Europe and will allow the country to take full benefit of the International North South Transportation Corridor (INSTC).
- Mr Richard Verma, the United States Ambassador to India, has verified that India-US relations across trade, defence and social ties will be among the top priorities of the newly elected US President Mr Donald Trump's administration.

### **FOREIGN TRADE POLICY**

- In the Mid-Term Review of the Foreign Trade Policy (FTP) 2015-20 the Ministry of Commerce and Industry has enhanced the scope of Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS), increased MEIS incentive raised for ready-made garments and made-ups by 2 per cent, raised SEIS incentive by 2 per cent and increased the validity of Duty Credit Scrips from 18 months to 24 months.
- All export and import-related activities are governed by the Foreign Trade Policy (FTP), which is aimed at enhancing the country's exports and use trade expansion as an effective instrument of economic growth and employment generation.
- The Department of Commerce has announced increased support for export of various products and included some additional items under the Merchandise Exports from India Scheme (MEIS) in order to help exporters to overcome the challenges faced by them.
- The Central Board of Excise and Customs (CBEC) has developed an 'integrated declaration' process leading to the creation of a single window which will provide the importers and exporters a single point interface for customs clearance of import and export goods.
- As part of the FTP strategy of market expansion, India has signed a Comprehensive Economic Partnership Agreement with South Korea which will provide enhanced market access to Indian exports. These trade agreements are in line with India's Look East Policy. To upgrade export sector infrastructure, 'Towns of Export Excellence' and units located therein will be granted additional focused support and incentives.
- RBI has simplified the rules for credit to exporters, through which they can now get long-term advance from banks for up to 10 years to service their contracts. This measure will help exporters get into long-term contracts while aiding the overall export performance.
- The Government of India is expected to announce an interest subsidy scheme for exporters in order to boost exports and explore new markets.
- The newly-published 2017 edition of the World Economic Forum's *Global Competitiveness Report* finds that, once again, India's executives consider corruption to be the most problematic factor they face when doing business within the country.
- But it also shows that progress is being made. India again moves up the report's rankings for the quality of institutions, continuing a recovery in this area that began in 2014 with the election of the Modi government. In particular, India now ranks an impressive 23rd among all countries in the Global Competitiveness Index for perceived efficiency of public spending.



	South Asia	
	Global Competitiveness Report 2017-2018	Global rank*
	India	40
	Bhutan	82
	Sri Lanka	85
	Nepal	88
	Bangladesh	99
	Pakistan	115
Source: The Global Competitiveness Report 2017-2018		
Note: *2017-2018 rank out of 137 economies		

#### OBJECTIVE AND SCOPE OF THE STUDY

- To study the impact of Global Trade Events on Indian Trade and Economy.
- To understand and project the impact of the same till 2020.

#### LIMITATIONS OF THE STUDY

- The study is limited only to selective Global Events.
- Only Fundamental Analysis forms the basis for the research paper.
- Time Constraint.
- Based on secondary data.

#### LITERATURE REVIEW

##### Indian manufacturing: Overview and Future Prospects

To develop a coherent strategy for developing the manufacturing sector, the government set up the National Manufacturing Competitiveness Council (NMCC). The role of the NMCC is to propose measures to increase the global competitiveness of the sector. Recently, NMCC, in coordination with the Department of Industrial Policy and Promotion, and the Planning Commission, has been instrumental in framing the National Manufacturing Policy (NMP). Key objectives of the NMP include:

- Raise the manufacturing sectors contribution to GDP to 25 per cent by 2025 from the current share of 16 per cent.
- Encourage investments and competitiveness to make the country a global manufacturing hub.
- Double employment generation in the sector from its current levels.

##### Manufacturing Sectors in India: Outlook and Challenges: 2017 Global Congress on Manufacturing and Management

There is a tremendous progress in the service sector, now India's manufacturing sector is also gathering pace. With the 'Make in India' campaign India plans to be the leader of the manufacturing sector in the world. States like Gujarat have laid the foundation for other states to follow in its footsteps in order to become a manufacturing hub. Andhra Pradesh has already made a steady rise as a leading electronics manufacturer in the country with many foreign investors already making huge investments. With the help of good facilities and world class infrastructure by the state and the national government, most of the backward states are also making progress in terms of their contribution to the GDP. As the total cost on logistics being higher in India than other developing nations, various schemes and programs like the LEEP are being implemented. New policies would be formed and the face of the logistic sector is going to change as new and bigger warehouses and inventories will be set up in order to increase the efficiency of the delivery of the product.

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**ANALYSIS AND INTERPRETATION OF OBJECT-I**

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**Most Significant World Events in 2017**

**Britain Triggers Article 50.** The June 2016 “Brexit” vote was merely advisory. Actually initiating divorce proceedings from the European Union (EU) required Britain to invoke Article 50 of the Lisbon Treaty. The move “from which there can be no turning back” finally came on March 29. Britain now has until March 29, 2019 to negotiate the terms of its departure. EU members have yet to agree among themselves on what terms to offer and the British Parliament has asserted its right to vote on the final agreement. Unless a deal is signed, sealed, and delivered by March 29, 2019, or a unanimous EU agrees to an extension, Britain faces a “hard Brexit.” That would maximize how much disruption its divorce from the EU causes. The clock is ticking.

**The Rohingya Crisis.** The Rohingya may be the most persecuted minority group in the world. They have lived in Myanmar for centuries. Most of them are Muslims, though some are Hindus, in a country in which nearly nine out of ten people are Buddhists. The Rohingya have long been discriminated against, often violently so, and the Myanmar government refuses to acknowledge them as citizens. The latest and ugliest surge of violence began in August when Rohingya began fleeing into neighboring Bangladesh telling stories of mass killings, systematic rape, and torture. At last count, more than 400,000 have fled Myanmar and thousands more have been displaced internally.

**The Fall of Mosul.** ISIS shocked the world in June 2014 when its forces captured Mosul, Iraq’s second largest city. Within a month, ISIS had declared a new caliphate. Although President Obama once dismissed ISIS as “the JV,” it proved to be a stubborn foe. Finally, in October 2016, Iraqi and Kurdish soldiers, backed by Britain, France, and the United States, as well as by Iran, launched an offensive to liberate Mosul. In June 2017, after a three-year-long occupation, the city was finally liberated. The cost was high.

**Mohammad bin Salman Remakes Saudi Arabia.** Saudi Crown Prince Mohammad bin Salman (MBS) is a young man in a hurry. Back in June, his father, Saudi Arabia’s King Salman, made the thirty-two year-old his heir, after deposing the previous crown prince, the king’s nephew and MBS’s cousin, Mohammed bin Nayef. MBS immediately got to work. His vehicle for remaking the country is Vision 2030, a two-year-old initiative that seeks to modernize Saudi Arabia’s economy and society. The idea is to prepare the country for a post-oil future and to loosen its conservative social strictures. The former goal has Saudi Arabia proposing to take its state-owned oil company, Saudi Aramco, public, while the latter has it allowing women to drive.

**Global Growth Picks Up.** Ten years after the Great Recession started, global economic growth is accelerating and stock markets around the world are hitting record highs. The International Monetary Fund (IMF) said in October that “The outlook is strengthening, with a notable pickup in investment, trade, and industrial production, together with rising confidence.” The IMF added the caveat that “recovery is not yet complete.” However, even cautious optimism has been in short supply for nearly a decade. The IMF predicts that global economic growth will average 3.6 percent in 2017. That’s a half percentage point higher than in 2016. The Eurozone has been a particular bright spot—growth there is at a ten-year high and unemployment is at a nine-year low. The U.S. economy grew 3.3 percent in the third quarter of 2017, a three-year high, and unemployment is the lowest it’s been since 2000. China looks to be beating its target of 6.5 percent growth in 2017, though it continues to face risks. Even Russia, which has struggled for several years because of low oil prices and sanctions over Ukraine, is seeing modest growth.

**The Globe Continues to Warm.** The news is not good. The earth is getting warmer, whether people believe it or not. In September, the U.S. National Oceanic and Atmospheric Administration (NOAA) announced that 2017 was shaping up as the second warmest year on record. President Trump announced in June that the United States would leave the Paris Climate Agreement, and words have been more common than deeds in other foreign capitals. The trend is not our friend.

**North Korea Defies the World.** Successive U.S. presidents have insisted that they would prevent North Korea from acquiring nuclear weapons. They backed that up by offering carrots, imposing sanctions, and threatening military action. North Korea hasn’t listened. In early September, North Korea conducted its sixth nuclear test. Three months later it tested a ballistic missile that looks capable of hitting any U.S. city. Allowing North Korea to remain a nuclear power poses big risks as well. Washington, Beijing, Seoul, and Tokyo have tough choices ahead in 2018.

**Donald Trump Champions America First.** Donald Trump campaigned on a pledge to do things differently and to do different things in foreign policy. He has been good to his word since getting to the White House. He has canceled U.S. participation in the Trans-Pacific Partnership, withdrawn the United States from the Paris

Climate Agreement, refused to certify that Iran is in compliance with its nuclear obligations, recognized Jerusalem as the capital of Israel, ramped up the use of drones, and relegated democracy and human rights to the sidelines of U.S. foreign policy. To be sure, Trump hasn't enacted all of his campaign promises. He beefed up rather than withdrew U.S. troops from Afghanistan, and he hasn't declared China a currency manipulator or kicked NAFTA to the curb. But his tough campaign trade talk may soon be U.S. policy. Trump is poised to take punitive actions against Chinese trade practices, his demands for a revamped NAFTA look to be unacceptable to Canada and Mexico, and he's waging a low-level war against the World Trade Organization. Trump's dismissal of traditional foreign policy practices even has some fellow Republicans questioning whether America First means embracing a "doctrine of retreat." Many of America's closest allies are worried. They fear the era of U.S. global leadership is ending. If so, the consequences are epic.

**Other stories of note in 2017.** In January, António Guterres became the ninth secretary general of the United Nations. In February, Israel announced plans for its first new settlement in the West Bank in more than twenty years. The United States began deploying the Terminal High Altitude Area Defense (THAAD) system in South Korea in March. Violent protests wracked Venezuela in April, a critical point in the country's constitutional crisis. In May, Emmanuel Macron defeated Marine Le Pen to become France's youngest president. In June, Montenegro became the twenty-ninth member of the North Atlantic Treaty Organization (NATO). The G20 met in Hamburg in July and failed to agree on climate action. In August, Britain's Prince Philip announced he was retiring from making official appearances. Russia and Belarus carried out the Zapad 2017 military exercises in September. Catalonia's October independence referendum triggered a political crisis in Spain. In November, thousands attended a far-right nationalist rally in Warsaw. The Australian parliament voted in December to legalize same-sex marriage, making Australia the twenty fifth country to do so. Because of the following events, the below described impacts are visible in the Trade Balance till Q3 of 2017.

## I. MERCHANDISE TRADE

### Exports (Including Re-Exports)

- Exports during November 2017 have exhibited high positive growth of 30.55 per cent in dollar terms. vis-à-vis November 2016. This is on the pattern of positive growth in exports in last thirteen months with a dip of 1.12 per cent in October 2017 vis-à-vis same period last year.
- Exports during November 2017 are valued at US \$ 26195.76 million as compared to US \$ 20066.26 million during November, 2016. In Rupee terms, exports were valued at Rs. 169912.50 crore as compared to Rs. 135699.47 crore during November, 2016, registering a rise of 25.21 per cent.
- During November 2017, Major commodity groups of export showing positive growth over the corresponding month of last year are Engineering Goods (43.76%), Petroleum Products (47.68%), Gems & Jewellery (32.69%), Organic & Inorganic Chemicals (54.28%), and Drugs & Pharmaceuticals (13.39%).
- Cumulative value of exports for the period April-November 2017-18 was US \$ 196482.31 million (Rs 1267771.18 crore) as against US \$ 175410.66 million (Rs 1174997.07 crore) registering a positive growth of 12.01 per cent in Dollar terms and 7.90 per cent in Rupee terms over the same period last year.
- Non-petroleum and Non Gems & Jewellery exports in November 2017 were valued at US \$ 19247.56 million as against US \$ 15104.42 million in November 2016, an increase of 27.43 %. Non-petroleum and Non Gems and Jewellery exports during April -November 2017-18 were valued at US \$ 143528.58 million as compared to US \$ 126660.74 million for the corresponding period in 2016-17, an increase of 13.32%.

### Imports

- Imports during November 2017 were valued at US \$ 40024.96 million (Rs 259612.29 crore) which was 19.61 per cent higher in Dollar terms and 14.73 per cent higher in Rupee terms over the level of imports valued at US \$ 33461.87 million (Rs. 226288.21 crore) in November, 2016. Cumulative value of imports for the period April-November 2017-18 was US \$ 296459.17 million (Rs. 1913047.30 crore) as against US \$ 243296.85 million (Rs. 1630199.71 crore) registering a positive growth of 21.85 per cent in Dollar terms and 17.35 per cent in Rupee terms over the same period last year.
- Major commodity groups of import showing high growth in November 2017 over the corresponding month of last year are Petroleum, Crude & products (39.14%), Electronic goods (24.97%), Pearls, precious & Semi-precious stones (85.80%), Machinery, electrical & non-electrical (23.24%) and Coal, Coke & Briquettes, etc. (51.80%).

**CRUDE OIL AND NON-OIL IMPORTS**

Oil imports during November, 2017 were valued at US \$ 9550.97 million which was 39.14 percent higher than oil imports valued at US \$ 6864.25 million in November 2016. Oil imports during April-November, 2017-18 were valued at US \$ 65802.97 million which was 22.65 per cent higher than the oil imports of US \$ 53652.71 million in the corresponding period last year.

In this connection it is mentioned that the global Brent prices (\$/bbl) have increased by 34.73 % in November 2017 vis-à-vis November 2016 as per World Bank commodity price data (The pink sheet).

Non-oil imports during November, 2017 were estimated at US \$ 30473.99 million which was 14.57 per cent higher than non-oil imports of US \$ 26597.62 million in November, 2016. Non-oil imports during April-November 2017-18 were valued at US \$ 230656.20 million which was 21.63 per cent higher than the level of such imports valued at US \$ 189644.14 million in April-November, 2016-17.

**ii. Trade in services (for October, 2017, as per the RBI press release dated 15th December 2017) Exports (Receipts)**

Exports during October 2017 were valued at US \$ 14,152 million (Rs. 92103.06 Crore) registering a positive growth of 3.06 per cent in dollar terms as compared to positive growth of 0.23 per cent during September 2017 (as per RBI's Press Release for the respective months).

**Imports (Payments)**

Imports during October 2017 were valued at US \$ 8,700 million (Rs. 56620.73 Crore) registering a positive growth of 2.96 per cent in dollar terms as compared to negative growth of 2.40 per cent during September 2017 (as per RBI's Press Release for the respective months).

**iii. Trade Balance**

**Merchandise:** The trade deficit for November 2017 was estimated at US \$ 13829.20 million as against the deficit of US \$ 13395.61 million during November 2016.

**Services:** As per RBI's Press Release dated 15th December 2017), the trade balance in Services (i.e. net export of Services) for October, 2017 was estimated at US \$ 5,452 million.

**Overall Trade Balance:** Taking merchandise and services together, overall trade deficit for April-November 2017-18 is estimated at US \$ 60927.86 million as compared to US \$ 30095.19 million during April-November 2016-17. (Services data pertains to April-October 2017-18 as October 2017 is the latest data available as per RBI's Press Release dated 15th December 2017),

**ANALYSIS AND INTERPRETATION OF OBJECTIVE II****India's 29 states are now a common market**

Opportunities for corruption have long been created by the confusing patchwork of taxes across India's 29 states, which also cause delays as goods cross state borders. In July, the system changed: a new goods and services tax means the 29 states are now a common market.

The new system is expected to boost efficiency, growth, and India's tax take. Despite some technical glitches with the new online tax collection system, early signs appear promising.

Broadening its tax base should enable India to make much-needed progress in increasing the inclusivity of its economic growth. India ranked a disappointing 60th among the 79 developing economies assessed in the World Economic Forum's latest Inclusive Development Index.

This is reflected in growing inequality: India's richest 1% own 53% of its wealth, up from 36.8% in 2000. For comparison, the richest 1% in the United States own 37.3% of its wealth.

Boosted by the forthcoming FTP, India's exports are expected reach US\$ 750 billion by 2018-2019 according to Federation of India Export Organization (FIEO). Also, with the Government of India striking important deals with the governments of Japan, Australia and China, the external sector is increasing its contribution to the economic development of the country and growth in the global markets. Moreover, by implementing the FTP 2014-19, by 2020, India's share in world trade is expected to double from the present level of three per cent.

**CONCLUSION**

India is presently known as one of the most important players in the global economic landscape. Its trade policies, government reforms and inherent economic strengths have attributed to its standing as one of the most sought after destinations for foreign investments in the world. Also, technological and infrastructural

developments being carried out throughout the country augur well for the trade and economic sector in the years to come. Many things are coming together for the Indian Manufacturing industry. Make in India Thrust by the government has created a considerable momentum across various areas – especially in ease of doing business, labour reforms, etc. There seems to be a renewed vigour at the state level with many states upping the ante in terms of incentives as they compete for additional investment. Infrastructure push that has been on for years has seen the power deficit situation improve steadily. Transport infrastructure should continue to improve give the massive investments that have been announced. At the same time, factor costs as well as global trade costs need to be adhered to and policies within the country to boost manufacturing with exports should be motivated in order to compete globally.

It can be believed that in the next few years, more accelerating momentum in the sector will fall in place and look forward to the journey ahead with a profound sense of hope.

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**CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY**

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**ABSTRACT**

*This article emphasizes on the management concept whereby the company focuses on corporate social responsibility and the role held in social value creating process at Astarc Group.*

*Astarc Group Chairman Shri. Kishore Musale leads the diversified group, his passion for social development; belief and value system are the basis for the vision of KMCT. His say always reminds us, "We must share our wealth to better their lives in a more meaningful and sustainable way". The Group believes that sustainable growth can be achieved only when we take care and develop the society and environment around us and one must never forget the less privileged and downtrodden in pursuit of social goals. Through the years, KMCT Programs have matured and are moving to a more structured approach of community development. With these objectives, Astarc Group has partnered with the NGOs to provide training and funding for unemployed youth of the rural areas for entrepreneurship development including funding purchase of equipment and tools for less privileged and downtrodden. By spending crores of rupee year by year, the Group has transformed lives of more than 2 lakhs people in a sustainable and meaningful way. Since its inception the Group has been engaged in numerous noble philanthropic activities, reaching out to the rural population, particularly the Adivasi communities, supporting and nurturing them in the areas of Education, Healthcare, Environment, Livelihood, Disaster Response, Self-reliance and others.*

*Keywords: Corporate Social Responsibility (CSR), Sustainable, Philanthropy, Corporate Governance*

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**INTRODUCTION**

Corporate Social Responsibilities - Social responsibility is the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour. Corporate social responsibility (CSR) refers to business practices involving initiatives that benefit society. A business's CSR can encompass a wide variety of tactics, from giving away a portion of a company's proceeds to charity. CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

Sustainable - Sustainability is closely related to corporate social responsibility. Sustainability is a business strategy that drives long-term corporate growth and profitability by mandating the inclusion of environmental and social issues in the business model. Unlike corporate social responsibility, which retroactively addresses issues, sustainability implies a forward trajectory. In other words, CSR looks to the past actions of a company while sustainability looks forward by changing the nature of the company.

Philanthropy - Philanthropy is a company's way of giving back to its community. Philanthropy is the feel-good aspect of helping communities, taking responsibility for their social impact helps businesses build trust with their communities.

Corporate Governance – It is defined as a system of rules, practices and processes by which a company is directed, managed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community.

**LITERATURE REVIEW**

The relationship between business and society has changed. This is happening because of social and environmental problem around the world. Because of these conditions, business and society came closer. Second, the businessman's strategy of developing business also affected society a lot. Businesses new ideas, concept, developments also came with CSR management that reflects in their product and services. Third, the other parties like outside agencies and firm's own goals also interfere the firm's activity (Geeta Rani and Kalpana Hooda – 2013)

Most companies are moving towards creating sustainable growth models in different ways. As manufacturing companies explore the interlinkages of supply chains it is evident that waste, water, energy and materials are closely linked to business continuity. There is a growing realization that growth without adversely impacting

the environment is now an expected goal. Forward looking companies like Ambuja Cement, ITC, Dalmia Bharat, etc., are talking of being water positive several times over. 2017 will see more companies building deeper corporate sustainability strategies which will seek to external impacts and not just mitigate internal impacts (N. Rana and U. Mazumdar-2017)

Stakeholder-oriented CSR is driven by the motivational desire of the firm to serve the interests of all stakeholders of the corporations beyond those of its shareholders. While the shareholder primacy view predominantly focuses on the profit motive, the stakeholder perspective is seen as reconciling the social and economic goals of an organization driven by a moral motive of serving the interests of the society at large (van der Wees, 2009). Many a times, a corporation's motivation to serve stakeholder interests through CSR, are a reaction to pressures exerted from stakeholders at large (Frynas, 2005). Whatever the case, stakeholder-oriented CSR activities entail a trade-off with profit maximization, which Elhauge (2005) refers to as "sacrificing corporate profits in public interest." (Jayant Sarkar and Subroto Sarkar -)

Carol and Zutshi (2004) investigated the drivers which push the corporate world towards reporting on social actions initiated by them. They found that two key drivers that compel the companies to act in socially responsible way. These were reported to be moral justification towards all the stakeholders not simply to the shareholders and increasing realization that it was in business interest to report on social and environmental and ethical issues. It was believed that corporate social reporting shall minimize the risks of financial liabilities noncompliance with the legislature and improve the corporate image with press, journalists, state authorities and consumers.

#### **ASTARC GROUP'S CORPORATE SOCIAL RESPONSIBILITY**

ASTARC Group has been an early adopter of Corporate Social Responsibility (CSR) initiatives. Kishore Musale Charitable Trust (KMCT) was setup in 2003. It is strong belief of the Group that one must never forget the community in pursuit of goals. One must share wealth to better their lives in a more meaningful and sustainable way.

KMCT has, since its inception engaged in numerous noble philanthropic activities, reaching out to the rural population, particularly the Adivasi communities, supporting and nurturing them in the areas of Education, Health Care, Environment, Livelihood and others.

Through its initiatives KMCT has reached out to 1,00,000+ children particularly in Palghar District. It has provided a range of materials required in school and individual scholarships to students. It has undertaken numerous activities including Blood Donation Drives, medicine distribution in the community, ambulance donation, financial assistance to individuals for treatment and so on. Entrepreneurship Development Program (EDP) was initiated with the vision to help local tribal, rural and urban youth to develop vocational skills, gain on-site work exposure enable them to start their own business so they could create few thousand jobs for the other local youth. KMCT has engaged with the village community women by conducted trainings for SHG women on various subjects of skill development.

CSR and Sustainability collectively are shaping the identities of companies and are therefore increasingly integrated into the business strategies of the organizations. With this mind set, Astarc Group entered into the practice of combining innovation, resourcefulness and opportunity to address critical social challenges. The Group has adopted a mission to create and sustain social value and engaged themselves in a process of continuous innovation, adaptation, and learning by launching an Entrepreneurship Development Programme (EDP)

Sustainable growth can be achieved only when one take care and develop the society and environment around us; to realize this purpose, Shri. Kishore Musale, Chairman, ASTARC Group, founded KMCT (Kishore Musale Charitable Trust) in 2003. He is of the staunch belief that one must never forget the less privileged and downtrodden in pursuit of our goals. We must share our wealth to better their lives in a more meaningful and sustainable way.

#### **VISION AND MISSION OF KMCT**

"KMCT is committed to the ASTARC GROUPS Corporate Social Responsibility towards Education, Livelihood, Health Care and Sanitation, Environment, Socio-cultural, Self-Reliance for upliftment of the rural people-especially Adivasi communities for their overall well-being and self-development."

This Vision and Mission serves as a blueprint for the various programs and projects undertaken at KMCT that allows us to reach out to the poorest of the poor, providing them with immediate, sustainable, meaningful and empowering assistance.

KMTC is committed to the ASTARC GROUPS Corporate Social Responsibility towards Educational, Health Care, Environment, Socio - Cultural, Self-Reliance upliftment of the rural people - especially Adivasi communities for their overall well-being and self-development

- More than 145678 students benefited through education initiatives
- More than 543 Zilla Parishad schools were supported
- More than 133 number of villages were supported
- More than 8400 trees were planted
- More than 2519 people supported through Individual Support Program
- More than 1322 people benefited through livelihood programs
- More than 7450 people assisted through Health and Sanitation Programs
- More than 114 Anganwadis were supported
- More than 70 teachers were benefited
- More than 76 organizations supported

### **KMCT PROGRAMS**

#### **Education**

Since its inception in 2003, KMCT has engaged in a number of philanthropic activities with the key philosophy of 'Responding to the immediate and essential needs of the communities'. Through these efforts KMCT has reached out to schools, village communities especially women, SHG Groups, elderly and disabled and others aiding them in areas of education, healthcare, livelihood, and so on.

Through the years, KMCT Programs have matured and are moving to a more structured approach of community development. KMCT has reached out to 1,45,000+ students till date through its education initiatives, in the core areas of Vasai, Virar and Palghar and the programs on education included a range of activities including book donation, organizing cultural activities and competition, parents meeting, session with school girls, providing sports materials, initiating e-learning program, scholarship program, soft skill development etc.

#### **Health Care**

KMCT follows a structured approach and plans to create a model for Preventive Healthcare. Through the work in the villages and interaction with the communities, the issues that are highlighted are:

- People do not access healthcare facilities until the very last stage of discomfort.
- Women's healthcare and adolescent girls' healthcare is neglected.
- Malnutrition is a key problem.
- The most vulnerable groups are women, children, adolescents and the elderly.

#### **Environment**

KMCT strongly believes that the environment is a significant factor for development. No efforts for progress are complete if the environment is abused and ignored. We have engaged in several efforts for Tree Plantation and have successfully planted and maintained 6000 trees in the past. The plantation drives have been conducted in schools to encourage children to nurture the environment. KMCT has also organized Cleanliness Camps - keeping in tandem with the national agenda of Swachh Bharat.

#### **EDP**

Entrepreneurship Development Programme (EDP) was initiated by the Group with the vision to help local tribal, rural and urban youth to develop vocational skills, gain on-site work exposure and be employable first and among them for identified youth help them start their own business and be an entrepreneur so as they create few thousand jobs for the other local youth.

#### **Mission of KMTC EDP**

- Enhancement of Vocational Skills of tribal, rural and urban youth
- Employability to Entrepreneurship with a world class quality output
- Establishing a Centre of Excellence to enhance vocational skill development



- Corporate collaborations for vocational skills development, on site work exposure and Certification
- Developing furthermore a 'Skilled India'.

The EDP candidates are provided skill development training from Vocational Training Partners, namely, L&T Construction Ltd., Jaquar Ltd., Godrej Ltd., Voltas Ltd., Crompton Greaves Ltd., TATA Power Ltd with certification and on-site work exposure.

Efforts are ongoing to establish a full-fledged state of the art 'Centre of Excellence' imparting excellent vocational skills and entrepreneurial development curriculum in North – West Mumbai.

**Entrepreneurship Development Program (EDP)** to generate self-employment among rural youths has achieved in following ways -

- Proud to share that 6 youths of EDP program have started their own business through which they are giving jobs to other youths from their areas
- Agriculture enhancement project in 20 villages to improve productivity through capacity building of farmers and linking them with Government departments, research institutes and resource organizations like NABARD
- Self Help Group (SHGs) promotion and supporting them in capacity building, Income Generation Activities

Under the leadership of the Chairman, Head – CSR is looking to scale the EDP projects to reach out to less privileged communities in a meaningful and sustained manner. To enhance the reach and social impact KMTC is looking to corporate partners that allow to explore new strategies for developing innovative sustainable solutions to achieve long term impact and shared values

#### **Plan for next 5 years**

- The process of developing youth will continue year on year and the plan is to implement and scale this module in other parts of Maharashtra, consequently in other States of India.
- Efforts are ongoing to establish a full-fledged state of the art 'CENTRE OF EXCELLENCE' imparting world class vocational skills & entrepreneurial development curriculum in North-West Mumbai.

#### **CONCLUSIONS**

Social entrepreneurs, like Astarc Group, is adopting a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. The objective of the Astarc Group towards CSR is to drive change towards sustainability. The Group is committed to contribute to sustainable economic development and working with people and families and society at large to improve the quality of life. Together with partners and NGOs, social entrepreneurs create solutions that are efficient, sustainable, transparent, and have measurable impact. Astarc Group recognize and relentlessly pursue new opportunities to serve that mission like EDP project. They are the entrepreneur willing to take on the risk and effort to create positive changes in society through their initiatives.

Today CSR is an extended model of corporate governance based on the fiduciary duties owed to all the firm's shareholders. CSR is the responsibility of the corporations to go above and beyond what the laws requires them to do.

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## AN ANALYSIS OF FINANCIAL CONSTRAINTS FOR MANUFACTURING MSMEs IN INDIA

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**ABSTRACT**

*Micro-Small and Medium Enterprises (MSMEs) major role is of balancing the economic development. Year on year the growth rate of MSMEs is increasing in Indian manufacturing & service sector. Many initiatives are been taken by Indian Government to promote as well as to develop MSMEs in India. But there are many constraints for MSMEs in India and one of them is related to financial constraints. Since we all know that MSMEs are important for our country's growth, this research paper tries to analyze the various financial constraints and how to improve the financial obstacles which will help MSMEs to reduce the financial problems. The study attempts to focus on the funding opportunities available in India for further development of MSMEs. Despite various Government initiatives MSMEs face problems related to cost, lack of access to capital market, lack of easy access of raising funds, etc.*

*Keywords: MSMEs, Financial, Constraints, funding, economic development.*

**INTRODUCTION**

In India Micro, Small & Medium Enterprises (MSMEs) are classified into two categories

1. Manufacturing Enterprises: Manufacturing of products or goods related to any industry, it is defined in terms of investment in Plant & Machinery.
2. Service Enterprises: This talk's about the service industry in India. It is defined in terms of investment in equipment.

Manufacturing Enterprises	
Classification	Investment Limit in Plant & Machinery
Micro Enterprises	Rs. 25 Lakhs
Small Enterprises	Rs. 5 Crore
Medium Enterprises	Rs. 10 Crore

Service Enterprises	
Classification	Investment Limit in Equipment
Micro Enterprises	Rs. 10 Lakhs
Small Enterprises	Rs. 2 Crore
Medium Enterprises	Rs. 5 Crore

MSME has a huge potential to contribute to our Indian economy but at the same time it is also government duty to encourage and support MSMEs in India. As on 2017 facts which shows how important are MSMEs for India are:

**Total number of MSMEs** as on 2017 are estimated to be at 42.50 million, registered & unregistered.

**Employment opportunity:** Approximately 106 million people i.e. almost 40% of out Indian workforce.

**Products developed:** More than 6000 products

**GDP Contribution:** 6.11% of Manufacturing GDP & 24.63% of service sector GDP.

**Bank Lending:** Accounts for 16% of Bank Lending.

It has been recognized all over the world that MSMEs contribute a major portion to its nation. One more factor which shows how important are MSMEs for any country is employment. MSMEs generate employment which is quite important for India. Even large enterprises can't generate that much employment opportunity since they have the best technology where manpower is replaced by machines. Recognizing the potentials, government of India has taken up various initiatives to support and improve the working of MSMEs in India. Package for supporting Micro and Small Enterprises (MSEs) approved – Corpus of Credit Guarantee Trust Fund for Micro, and Small Enterprises (CGTMSE) augmented:

1. Corpus of the Trust augmented from Rs. 2,500 crore to Rs. 7,500 crore and will be fully funded by the Government of India.
2. Coverage of the loans covered under the Credit Guarantee Scheme from Rs.1 crore to Rs.2 crore increased.
3. Coverage of the Credit Guarantee Scheme for loans being extended to Micro and Small Enterprises by NBFCs increased

### Initiatives taken for MSMEs in the backdrop of Demonetization

1. The coverage of the loans covered under the Credit Guarantee Scheme for MSEs implemented by CGTMSE has been increased from Rs. 1 crore to Rs. 2 crore
2. The credit guarantee scheme has also been extended for loans given to MSMEs by NBFCs.
3. Department of Financial Services (DFS), Ministry of Finance has issued an advisory to Banks regarding raising of working capital/cash credit limit for SMEs.

Indian Institute of Corporate Affairs (IICA) with its linkages with the MSMEs and Corporate houses has increased the functional interphase between corporate world and MSMEs in India which will help further to increase the government initiative of Make in India or start-up ecosystem.

Despite of all still MSMEs face problems when it comes to funding. Constraints in getting finance from bank, MSMEs are forced to fund the other alternative sources for finance. According to the survey conducted by ASSOCHAM and Resurgent India, only around 33% of the MSMEs are able to access to the bank facility.

### 2. LITERATURE REVIEW

**Manan et al. (2011)** have discussed that the MSMEs in Malaysia are no less different from the rest of their counter parts. One interesting highlight of the study is the fact that a significant number of SMEs sought Islamic financing modes such as Murabahah, Bai bithaman, Ajil and Ijarah as sources of external capital. This could give a positive signal for the Islamic financial institutions to offer more of such facilities to the MSMEs.

**Jeswal (2012)** has discussed about the role of MSMEs in Indian economy. The role of small and medium enterprises in the economic and social development of the country is well established. MSMEs emerges leaders during the period of recession, restoring jobs and business activity lost during the time despite a slow and fragile economy. The small-scale industry sectors play a vital role in the growth of the country. It contributes almost 40% of the gross industrial value added in the Indian economy.

**Parthajeet Das**, MSMEs in India; Opportunities, Issues & Challenges: MSMEs growth rate and employment generation was the main highlights of this paper. MSMEs contribution is huge in Indian economy in terms of containing regional disparities, fostering equitable economic growth and enhancing export potential of the country. Some infrastructural deficiencies and challenges like flow of institutional credit and inadequate market linkages, this sector has registered remarkable success with regard to increase in number, quantum of investment, scale of production and overall contribution to national GDP. Study tells about the huge growth potential and opportunities available in India for development of MSME sector, to identify important issues and challenges and offer suggestions to address the same.

**Dr. Ram Jass Yadav**, Issues in SME Finance: Some facts were given by the study like it is surprisingly noticed that about 5% SMEs are only covered by institutional funding and approximately 95% of units still require to be brought into banking fold. This Study shows the important recommendation on based of empirical observation from analysis like Training to bank employees, a model project cost & overall viability report of various industries that can be developed by a bank, SME chambers or associations should collaborate with banks training institutes.

**Jaskaran Singh**, problems related to the financing of Small Firms in India: MSME sector has consistently registered higher growth rate compared to the overall industrial sector in India. MSMEs rapid growth could be seen as Indian entrepreneurs are making remarkable progress in various Industries like Manufacturing, Precision Engineering Design, Food Processing, Pharmaceutical, Textile & Garments, Retail, Agro and Service sector. Still, MSME's contribution is phenomenal in the growth of Indian economy; simultaneously it has been observed that they are facing intense pressure and constraints to sustain their competitiveness in a globalized world. Issues such as the recession, low demand, finance, heavy competition from MNCs etc. are becoming exposed problem to MSMEs in India. The availability of external finance for them is a topic of significant research interest to academics and an important issue to policy makers around the globe. Suggestion was made regarding government initiatives were given in the study to remove the obstacles faced by MSMEs.

### 3. RESEARCH METHODOLOGY

#### 3.1 Objective

1. To study the alternative sources to improve financial constraints of MSMEs
  2. To explore the impact of sentiment analysis on financial constraints faced by MSMEs
- #### 3.2 Scope of Study:

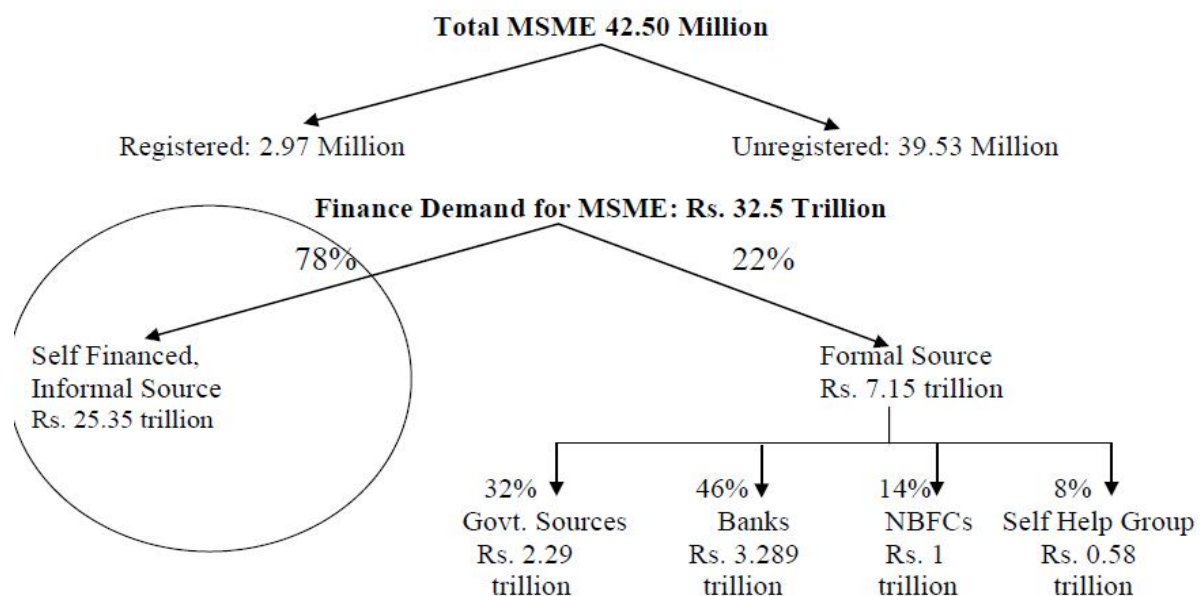
Upcoming alternative sources to raise funds are increasing day by day. One of the alternative sources is Peer to Peer lending (P2P), where in Europe, the total number of loan was sanctioned was Rs. 375.1 Million Euros in 2016-17 through P2P lending to MSMEs. P2P in India is on a nascent stage but has a huge potential to develop this kind of lending in near future. RBI has regulated P2P lending as registered platform under NBFCs in India.

### 3.3 Limitation

Despite of all the alternative sources of raising fund, we can't ignore the growing NPAs which are one of the major constraints in limiting the growth in India. Also MSMEs has to properly register in order to avail the benefits given to them by the Indian Government.

#### 4. Analysis:

1. To study the alternative sources to improve financial constraints of MSMEs



Source: MSME Annual Report 2016-17

MSMEs face lot of problems in availing loan facilities from Government agencies & Financial Institutes. All the Financial Institutes ask for lots of documentation which forces MSMEs to go to informal sources of finance which charges a huge percentage of interest. As it is clear from the above that only 22% of the MSMEs go to formal sources but 78% of MSMEs go for informal sources of finance, the huge potential lies here. MSMEs requires fund for long term, for short term, for liquidity, purchase of raw materials and for working capital, etc, Peer to Peer lending companies can play a very important role for MSMEs. Government can initiate P2P companies to target more for MSMEs as the documentation process is less, easy access to money, quick loan approval, and cheaper interest rates.

Since the long term loans are provided by SFCs, SIDBI, and SIDCs, there can be collaboration between P2P companies and Government agencies which will help MSMEs to get easy access to money.

2. This study proposes to explore the impact of sentiment analysis on financial constraints faced by MSMEs using Sentiment Analysis as a tool on discussion forum which can invoke customer emotions.

Sentiment analysis as a digital tool for measurement content using NLP, statistics, or machine learning methods to extract, identify, or otherwise characterize the sentiment content of a text unit.: Pang, B., & Lee, L. (2008): With the explosion of Web 2.0 platforms such as blogs, discussion forums, peer-to-peer networks, and various soapbox of unprecedented reach and power by which to share their brand experiences and opinions, positive or negative, regarding any product or service. Liu (2010) describes sentiment analysis as a process that categorizes a body of textual information to determine feelings, attitude and emotions towards a particular issue or object. The definition points to the way sentiment analysis works and describes the outcome of polar classification.

Our purpose was to test whether we could automatically predict audiences' views on a number of emotions from their responses and it would help the lending institutions predict that the MSME loan seeker whether or not he or she would be a Non Performing Asset. A machine learning classification approach was chosen in which an algorithm "emotions" was to classify comments into categories from a given set of ranking of

emotions based on their effectiveness. For further accuracy of prediction it is important that a study should conduct content analysis of the data. The data collected should be first put through 'data cleaning' to remove anomalies. For such analysis software's like Watson and Hamlet can be used for more accurate observations.

In this particular case, MSMEs with the help of Big Data Analysis has an opportunity to tap into the large number of population in India. Customers do transactions with numerous banks depending on the requirement or need for funds, hence the data sharing among various institutions is of critical importance to ensure the credit profile of the customers. This data can be quite useful to all the MSMEs and the lending companies to increase their presences in Indian Financial Innovation digital world.

## **5. FINDINGS & CONCLUSION**

1. Government is already taking many initiatives for MSMEs sustainability in India, but an initiative has to been taken to route those 78% financial demand of MSMEs going for informal sources. This will reduce their risk of paying higher interest rate.
2. Once the formal source of finance demand increases, government can collaborate with various agencies or private sector which will help MSMEs to get easy access to money. The study suggests about the P2P lending companies as one of the ways to overcome the financial constraints faced by MSMEs in India.
3. Using sentiment analysis one can easily identify whether the person taking loan will become NPA for the company which is the biggest question for all the financial firms while giving loan to individual or to any firms.

## **CONCLUSION**

Country will grow more if MSMEs grow and for MSMEs growth one of the major obstacles is raising fund. It is found that MSMEs depend much more on their initial capital or informal sources since the interest rate is high but the access to money is quite faster than any other formal sources. But a huge financial risk comes along with the funds which is one of the major reasons for the failure of MSMEs in India. In this study, an attempt has been made to show the different route all together to improve the financial constraints faced by MSMEs but the initiative has to be from both sides i.e. from government as well as MSMEs. P2P Lending companies can increase their share in Indian market if an opportunity is given by government to them. In India MSMEs are important and for their working all they want is quick and easy access to funds, and for the same P2P Lending companies has the huge potential. One can further take the research using sentiment analysis which will help to identify the sentiments of the individual taking loan. Whether individual will be able to return the money or become NPA that can be identified using sentiment analysis.

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**ROLE OF INFORMATION TECHNOLOGY AND BIG DATA IN THE HOLISTIC BUSINESS DEVELOPMENT OF MSME COMPANIES**

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**ABSTRACT**

*Information Technology plays an important role in MSME companies. These days when we consider operation of any company right from the gate to the exit of various goods from the company all are recorded on a computer. In older days these entries were made using pen and paper, now the ERP software gives support to record details of each and every activity in the company. ERP (Enterprise Resource Planning) is the software that takes care of all the entries related to HR, Production, Vendor management, Customer management, Sales etc. This study mentions the advantages of using ERP software in any company. Though the company is from the medium or small scale, ERP is beneficial for the overall growth of the company. The data gathered was basically used to generate reports, but now it can also be used for predictive analysis, useful for taking managerial decisions and strategic decisions. Big data technology can also be applied to the gathered data for refining the decision making process.*

*Keywords: MSME, ERP, big data*

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**INTRODUCTION**

This study is based on the benefits of ERP implementation in MSMEs. As the use of ERPs is increasing day by day in every sector of life, MSMEs cannot remain aloof from it. The following part of paper consists of understanding an ERP, its usefulness in MSME sector, role of Government in ERP implementation, brief description of certain case studies, role of big data in MSME sector, and future possible work in this area.

**I. OBJECTIVES OF THIS RESEARCH**

The objectives of this study are as follows

1. To study the advantages and disadvantages of IT implementation in MSME sector.
2. To study the impacts of IT implementation in MSME sector.
3. To study the usefulness of Big Data in MSME sector.

**II. ERP AND ITS ROLE IN MSME**

Enterprise Resource Planning (ERP) system is a holistic solution to all types of operations in an enterprise. This information system is user-interfaced and designed to gather the data related to all the activities happening in an enterprise. The data thus gathered can be used right from producing simply reports and to provide information processing capability to support the strategy, operations, management analysis, and decision-making functions in an organization.

Gone are the days when all the data was stored using pen and paper. Later the applications like spreadsheets, and certain statistical packages were used. Though these tools were available, the data was scattered, redundant. It took much time to produce a complex report that required data spread over the time. The obvious solution is ERP system, which provides good interfaces and data processing capabilities and is customizable.

ERP system has a modular structure, where each module works on one process in an enterprise. These modules can be integrated easily so that the users feel it as one system.

**III. BENEFITS OF ERP IN MSMEs**

In the current scenario Entrepreneurship has been redefined. Many MSMEs are coming up. Considering the prevailing competition a small business also needs to be uniquely identifiable, smart and efficient to grow. Now-a-days, no business is 'too small' to adopt a systematic approach through ERP solution to frame line all their work flow.

ERP software keeps all the data related to a given enterprise at one place. Starting from raw material usage, yield productivity, monitoring finance, daily sales, future business plans and managing B2B or B2C becomes smoother, hassle free and convenient.

Before ERP we can say that the data in an enterprise was disorganized. Expense Tracking was difficult. There was a coordination gap among the employees, less bonding with the customer and difficult to maintain the data among multiple branches.



ERP provides 3600 view of enterprise, real time visibility, and increase in productivity [5].

As mentioned earlier, ERP software is generally provided in modules. An enterprise may not require all the packages provided. The enterprise has the liberty to select the only the required modules. The implementation is hence module wise. This distributes the total cost and implementation over a time period. Parent enterprise may need more modules than the child enterprise. This also reduces the cost. Only problem here is that different modules might be developed by different programmers and hence may have different look and feel, also they may store redundant data. As compared to this cloud based ERP is less costly, but it doesn't come in modules. Most cloud ERPs come as a stand-alone package with all the functionality of any module in a combined package. An enterprise may not use all the functionalities. These can be hidden but they remain in the system and might affect the overall functioning.

Considering all the pros and cons, an enterprise might select the method of implementing an ERP system [17].

#### IV. BENEFITS OF CLOUD ERP

When we say that we have to setup Information technology in any enterprise, first point that comes to our mind is its cost. We know that to have a good setup of IT we need good hardware along with good software, which actually costs a lot, and any MSME would be least interested in this type of investment. There is a good solution for the same and it is Cloud Computing. Cloud computing gives a platform with good software and hardware in a very small price. In simple language it works on the basis of sharing the resources to achieve coherence and economies of scale, similar to a public utility. Third-party clouds enable organizations to focus on their core businesses instead of expending resources on computer infrastructure and maintenance, i.e. it minimizes the IT infrastructure cost. Cloud computing enables faster execution, improved manageability and less maintenance. It works on the principle "Pay for use" [19,20].

Following Figures a and b show the services provided by various cloud systems and the architectural layers of cloud computing system.



Fig-a. Cloud Computing Services

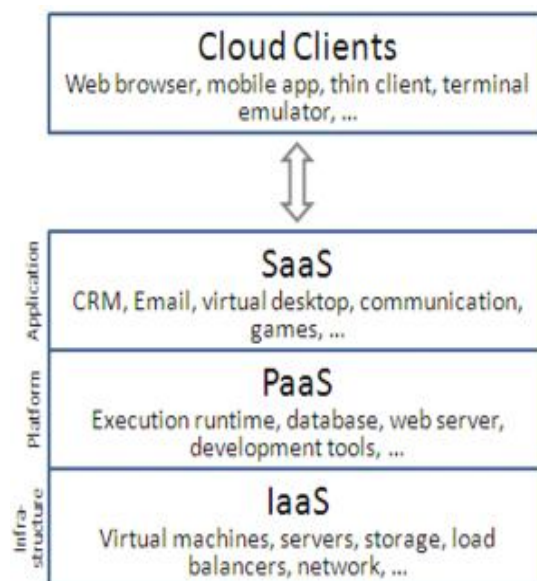


Fig-b. Cloud Computing Layers

#### V. ROLE OF GOVERNMENT IN ERP IMPLEMENTATION

Government is taking initiatives to encourage MSMEs to use Information Technology. To boost up MSMEs, Government of India is also taking initiative. As we have seen that ERP is very useful in the growth of a SME, Government is also pushing for the best output from this sector. In June 2017, Ministry of Micro, Small and Medium and SAP India have signed a Memorandum of Understanding (MOU) to jointly launch Bharat ERP to empower MSMEs. This is to make them ready and be at par with other industries in terms of new technology. This can generate about 120 million jobs, and which will in turn boost up the Indian economy [1,4,7].

Ministry of MSME has also made a provision of subsidy to use such cloud services. The maximum amount is of Rs. 1 Lakh.

There are almost 30,000 MSMEs in India. This initiative has the aim to streamline and integrate the key processes like financials, sales, inventory of MSMEs with the help of single business software.

There are many ERP service providers for MSMEs. These are also recognized by the Government of India. Few are mentioned below.

- Technology Centre Systems Programme (TCSP) is a World Bank Project. It is the service provider for Portal Development & ERP Implementation. The portal is a common platform for information dissemination, services and support across many aspects of business that will be required by an MSME. This is helpful right from start of the enterprise along with successful operations and growth. This portal provides the information like TCs services, MSME schemes, MSME-relevant tenders published by Government departments, central MSME databank, technical information, training services provided by TCSP etc. TCSP provides a cloud based ERP solution with the functionalities such as, Accounting and Finance, Purchase & Contract Management, Stores & Inventory Management, Learning / Training management, Production Planning & Manufacturing, and HR and recruitment. This helps in integrating the data of an enterprise [3].
- EffiaERP is the ERP provided by EffiaSoft [5].
- Syscon provides an ERP system on cloud for MSMEs. It allows the enterprise to select the modules as per requirement in initial stage and later add new modules, which can be easily integrated with the modules currently being used. They provide an ERP which is GST ready [6].
- InterPrize provides Oracle Applications consulting for implementing ERPs in an enterprise [9].
- IQMS provides the EnterpriseIQ ERP and MES software solution to improve the efficiency of an enterprise and their profitability [10].

## VI. CASE STUDIES

When new technology is accepted it is not just in of new technology and out of legacy systems, but it is the change that comes in operation of any system, which revolves around the people.

Success in ERP implementation is the result of structured, purposeful approach aimed to help transition of people, teams, and organizations from their current state to the desired future state.

There are many success stories of ERP implementation. Many are in Maharashtra too. The literature on these success stories is not much available and hence can be a topic of research. Along with the success stories there are stories related to the failure of ERP implementation. Reasons behind the failure become lesson for the re-implementation of ERP and also for others. Below is mentioned brief description of case studies. In certain cases the ERP implementation was success and in certain cases it was failure. The reasons behind success and failure both are also discussed at the end. Hence the requirements for successful implementation of ERP can be understood.

### • ERP in Grind Master Machines, Aurangabad – A success story

Grind Master Machines, Aurangabad is a manufacturer of GPMs (General Purpose Machines), SPMs (Special Purpose Machines) in the area of micro finishing, polishing, buffing, deburring etc. the company has wide customer base in the sectors of automotive, metal industry, home appliances, foundry, printing and packaging, arts and sculpture (3D printing), heavy engineering and many more. They have implemented the ERP Accepta from Wipro. The enterprise is successfully using the modules like HR, Customer, invoicing, accounting, production, sales, and services. Data is maintained for every operation in the company which includes the entry passes at the gate which record who has entered into the company's premises and the purpose to visit. Maintaining all the data in ERP system makes the data readily available to the employees. The top managerial people, directors are able to access the data on the go. The employees from sales and services people are many-a-times not at the head office due to the nature of their job. This never hinders their work. All data is available through the ERP on internet and helps them to work comfortably from any place. This helps in smooth execution of day-to-day operations and in turn improves the overall productivity and profitability of the company [14].

### • Cadbury – A success story

Cadbury is a 123 year-old confectioner currently owned by American snack foods conglomerate Mondelez International. The company was fast growing, but also facing certain problems in solving the problems in production and distribution requirements. SAP implemented ERP system in the company. It gave importance to multi-node resources management, supply chain, warehouse and distribution processes.

This reduces significantly the cost in overall operations. It helped in improving better production efficiencies through its manufacturing chain. Thus ERP implementation was a success at Cadbury.



- **Nestle - A success story**

Nestle SA is headquartered in Konicki Switzerland. They have three operating companies namely, Nestle SA, Nestle UK, and Nestle USA. These three operating companies were initially implemented SAP ERP at their individual level. Then it was thought that all these three companies should be integrated. Integration process was hindered due to reasons like different requirements, organizational, and policy problems. Gradually the integration was successfully done and the company has positive results out of it. This resulted in better and efficient communications through its supply chain and increased confidence level of workforce. This also led to get rid of the old and outdated accounting system.

- **Hershey Candies – A failure story**

Hershey is a 147 year-old confectioner, headquartered in Hershey Pennsylvania. The company implemented ERP from SAP. During this process implementation of ERP was in the centre. It was implemented simultaneously at all the operating centers. For an enterprise growth of business should be the basic goal. The basic goal was subsided during the implementation of ERP systems. This approach led to bad results chaos in the company due to management problems. This further led to the loss of \$150 million in revenue, a 19% reduction in share price, and the loss of 12% in international market share.

- **PG&E – A failure story**

San Francisco's Pacific Gas and Electric implemented Oracle ERP. Implementation was done properly. At the time of testing a manager chose live information database to test the system. The sensitive information was open and company had to pay for costly recovery programs. Company also lost public confidence.

After understanding the case studies it is found that requirement gathering is the area where we need give more attention. Integration across different sites requires a lot of upfront effort, but it pays off in the long run. A perfect system will not help if it not managed properly and if the basic goal is subsided. Staff should be well trained that they should not carry out the roles they are not meant to [8, 11].

- **A global medical testing equipment manufacturing company – A failure story**

A big global medical testing equipment manufacturer initially implemented ERP system few years back, but the implementation was failure due to obvious reasons because future state of the company was not mentioned properly, hence system could not cope up with the changes in the company. While the requirement gathering was performed future state was not considered and the current system as it is converted into ERP system. The core project team did not have the proper allocation of time or resources to work effectively. There was not coordination in the team activities, which finally halted the ERP project [18].

Successful implementation needs the awareness of change promoters, adopters, influencers, and resisters as they transition from current to the future state. People, process and technology should be correctly directed [16, 12].

People tend to resist the new system because of the way of work changes. Implementation of new technology might give different platform to work on, new and different interfaces, data entry is changed and report formats are different. Users often find these changes unnecessary and therefore refuse to accept them. Enterprise has to encourage people positively to accept the changes and work with the new system. This can be achieved by involving people in the ERP system implementation i.e. by keeping the user in the centre [13].

## **VII. BIG DATA AND ANALYTICS IN SMES**

Big data is extremely large amount of data sets with complex structure. It consists of the routine operational data, video, audio, various sensors like RFID, social media data like blogs, data on various websites and many more. The amount of data is increasing every day.

SMEs will witness a CAGR of 43% before the year 2018. It is also suggested that around a quarter of worldwide revenues will be generated from companies with less than 500 employees on board i.e. MSMEs. Big data Analytics has many opportunities that can be used to create a competitive strategic influence on decision making.

SMEs have limited scale, storage, capital, and security. Hence they always face challenges to prove themselves against the big companies. Careful selection of BDA can convert the investment into profit. SMEs can use the benefits of BDA to improve understanding their customers and also penetrating into new markets. Using cloud services this service can be obtained in affordable cost [12, 15].

BDA along with robust analytics tools are helpful to small businesses to meet their goals in a short span of time. They get ensured higher ROI and continued business success [13].

**VIII. CONCLUSION**

After understanding the Information technology tools, ERP and Big Data Analytics for MSMEs, it can be said that implementation of Information Technology is necessary for a MSME. This will improve the productivity, efficiency, better understanding of customers, day-to-day operations etc. for an enterprise. This finally leads to success and overall growth of the enterprise.

**IX. FUTURE WORK**

The literature review shows that not much study has been taken up to research on the results of implementing IT in an MSME in Maharashtra. IT has been implemented in MSMEs in other countries. Many case studies are available to explain the success and failure reasons. This type of study can be undertaken in Maharashtra, which will help us to understand the IT implementation in state scenario. This study will help us to know how IT implementation has been welcomed by people working in an enterprise in Maharashtra, the success of this implementation will depend on if a handsome improvement is seen in overall operations and profit of the enterprise.

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**FINANCIAL INCLUSION KEY TO GROWTH: ISSUES AND CHALLENGES FROM MSME PERSPECTIVE**

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**ABSTRACT**

*Micro credit has emerged as the new boon and financial tool which can contribute towards the financial freedom of the MSMEs in India. An IFC study in 2012 estimated there were 29.8 million micro, small and medium enterprises (MSMEs) in India in 2010. That number grew to 51 million enterprises in 2015 and the sector employs an estimated 115 million individuals today. The best of innovations and plans can fail due to lack of adequate finance not being available at the right time. MSMEs need credit support for running and managing the enterprise and also for diversification and expansion. In general, MSMEs operate on tight budgets, often financed through owner's own contribution, loans from friends and relatives and some bank credit. Also, the information asymmetries associated with lending to small scale borrowers have restricted the flow of finance to the micro enterprises.*

*This research study aims to study the role of financial inclusion in the growth of MSME. The research also focuses on challenges faced by the MSME in financial area and initiatives taken by the financial institutions to promote the easy finance to MSME. The research shows that there are many challenges which are faced by the MSME. If MSMEs are provided with ample finance facilities their performance in terms of productivity will further grow and they will be able to perform as per their capability. Today MSMEs have more options to get the finance including Banks, Stock Exchanges, Private Equity, Factoring Agencies, and Venture Capitalists. Financial institutions and government of India has also launched many initiative's for the MSME. The one of the latest initiative taken by government as a reforms is the revising the definition of MSME. As our economy needs the GDP growth of more than 7%*

*To achieve this growth it is important to focus on the manufacturing and service sectors. Both this sector has huge potential India provided our small and MSME sector can overcome the challenges ahead of it.*

*Keywords: Financial Inclusion, Credit, micro enterprises*

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**ROLE OF FINANCIAL INCLUSION IN GROWTH OF MSME**

Financial inclusion has become a national and a government imperative in the last few years, and with this budget the government has also doubled its target for the financial inclusion. Micro credit has emerged as the new boon and financial tool which can contribute towards the financial freedom of the MSMEs in India. This agenda has reached a crescendo this year with increased focus from the government, various policymakers and some genuine progress by the private sector and financial institutions. Rana Kapoor(2011). MSMEs plays a crucial role in reducing the poverty, development of rural areas, employment generation, and globally promoting the economic development. MSMEs are the most important pillar of developing countries' economy and they play a crucial role in strengthening growth, innovation and prosperity. A report from the Ministry of Micro, Small and Medium Enterprises states that the sector accounts for 45% of manufacturing output, contributes more than 40% to exports and is responsible for 8% of India's GDP. (Silicon Valley) Palmarudi and Agussalim (2013), observed that MSMEs have historically been the main players in domestic economic activities, especially as providers of employment opportunities, and hence generators of primary and secondary sources of income for many households. Ojokuku and Sajuyigbe (2014) confirmed that MSMEs have been recognized globally as the engine of economy growth and development, providing solutions to the problem of slow economic development among developing countries

An IFC study in 2012 estimated there were 29.8 million micro, small and medium enterprises (MSMEs) in India in 2010. That number grew to 51 million enterprises in 2015 and the sector employs an estimated 115 million individuals today. The best of innovations and plans can fail due to lack of adequate finance not being available at the right time. MSMEs need credit support for running and managing the enterprise and also for diversification and expansion. In general, MSMEs operate on tight budgets, often financed through owner's own contribution, loans from friends and relatives and some bank credit. Also, the information asymmetries associated with lending to small scale borrowers have restricted the flow of finance to the micro enterprises.

The lack of financial resources hinders many MSMEs from initiating or - even worse - completing their innovative ideas. MSMEs had abounded innovation activities. They have problems to acquire loans because

financial institutions are often reluctant to (co-)finance risky innovation projects. Another financial constraint refers to the problem of getting access to public funding for innovative ideas and bureaucratic application procedures associated with them. Further, it was pointed out that innovation projects must be delayed owing to regulatory reasons until the application has been approved

## 2. STATEMENT OF THE PROBLEM

Financial inclusion has become a national and a government imperative in the last few years, and with this budget the government has also doubled its target for the financial inclusion. This agenda has reached a crescendo this year with increased focus from the government, various policymakers and some genuine progress by the private sector and financial institutions (Rana Kapoor (2011)). However, there is still a lot of gap between the agreement on the importance and execution part of it. A lot of challenges have been observed on the part of banks and MSMEs.

## 3. OBJECTIVE OF THE STUDY

This research study aims to study the role of financial inclusion in the growth of MSME. The research also focuses on challenges faced by the MSME in financial area and initiatives taken by the financial institutions to promote the easy finance to MSME.

## 4. RESEARCH METHODOLOGY

The survey research design method was used in this study, involving the use of questionnaires in collecting data from respondents.

### 4.1 Method of Data Collection

A total of 124 entrepreneurs were selected, out of which 104 was able to respond and 100 responses have been selected from them for data analysis. All these respondents are small scale entrepreneurs who are in the business for less than five years.

### 4.2 Period of Study

The survey was conducted in May 2017 and geographical area was in and around Nasik District.

## 5. REVIEW OF LITERATURE

Tulus T. H. Tambunan - In this paper, they try to identify the aspects of obtaining financing that SMEs have most problems with as well as to determine which firm-specific factors contribute to the firms' ability to borrow. The results of their survey indicate that the main reasons firms do not apply for financing from financial institutions are that they are unable or unwilling to provide information required, high interest rates charged by the financial institutions, the lack of proper business plans and the need to show good sales turnover. **Singh & Singh (2014)** has presented four key issues under financial management of the MSME in their paper. These include Shortage of own financial resources for innovation, Difficulty in access to finance via bank loans, Government subsidies etc., Slow process for loan applications, Lack of Government policies like subsidies, relief in taxes etc. They believe that Effective management of these issues can lead to the better performance of MSMEs in the competitive environment faced by them. **Jeswal (2012)** has discussed that the role of MSMEs in Indian economy. The role of small and medium enterprises in the economic and social development of the country is well established. MSMEs emerge as leaders during the period of recession, restoring jobs and business activity lost during the time despite a slow and fragile economy. The small-scale industry sectors play a vital role in the growth of the country. It contributes almost 40% of the gross industrial value added in the Indian economy.

## 6. DATA ANALYSIS

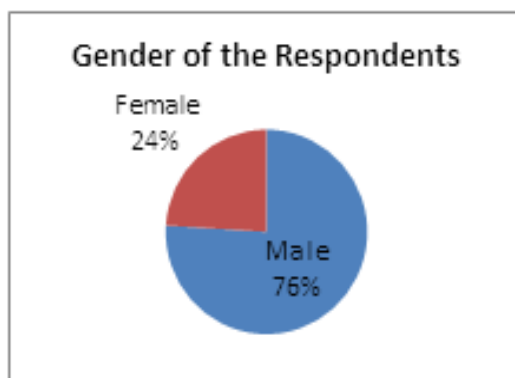


Figure-1: Gender of Respondents

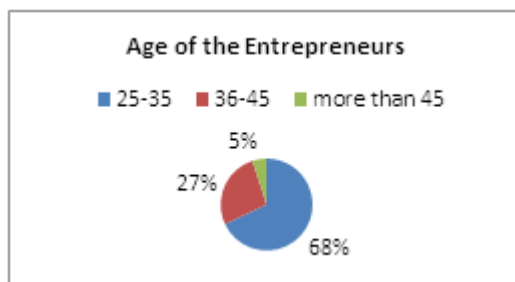


Figure-2: Age of the Respondents

**Table-1: Showing Response of the Respondents (MSME)**

Response	Yes	No
Easy finance by the bank would help my business	88%	12%
Are you aware about the different schemes which government are providing	46%	54%
Have you approached the bank for the finance	78%	22%
Do you get the finance easily	34%	66%
Do you understand the documentation process	58%	42%
Do you think government is providing enough support for the promotion of small scale business	54%	46%
Infrastructure facility provided in the industrial area is sufficient	62%	38%

Source (Primary Data)

**Table-2: Problems Associated with SME faced by the banks (Analysis based upon primary survey)**

Response	Yes	No
Lack of suitable collateral	88%	12%
Inadequate financial records	76%	24%
Inconsistency in Product/Service delivery	75%	25%
Poor Corporate Governenace	88%	12%
Weak Management Skills	75%	25%
High Default Rates	58%	42%

## 7. FINDINGS

### 7.1 Challenges faced by the MSME in getting the finance

Tedious loan procedures, long disbursal periods, collateral requirement, huge paperwork and high interest rates are the challenges which the SMEs are facing in getting the finance. Over and above these MSME felt that banks are not able to understand their needs Banks are reluctant to lend to these small entrepreneurs and they perceived that credit to be high risk in absence of sufficient collateral. Due to the perceived risk associated with SMEs, banking institutions demand collateral which most SMEs, particularly start-ups are unable to avail As these SME are approaching for the seed capital, at this stage for them giving the collateral is too difficult .They also lack the credit guarantee or credit reference because of the nature of their business due to high rates of business failure. The absence of robust credit reference bureaus for tracking defaulters has compounded the risk-averse behavior of banks as most SMEs, particularly start-ups, lack borrowing history.. In the survey it has been reported by the majority of the MSME that there is a lot of delay in fund disbursement due to Long-drawn decisions on credit financing .Few of them feel that there is a specific bias against smaller-sized loan portfolios. They are also facing the challenge in obtaining Private Equity Funding

### 7.2 Challenges faced by the banks

In order to cater to the needs of these small scale entrepreneurs' lenders banks require a different skill set from a people, technology and processes standpoint. Lending to MSMEs requires capabilities to analyze and project future cash flows of the business but maximum number of MSEMS are not having a standardized form of accounting system or many of them are not doing the 100 regulatory compliances too. Incomplete and asymmetric information is another area of challenges which banks are facing for lending to these enterprises and doing for doing the credit worthiness verification.

As per the data available with the banks defaults rates are too high and risk associated while lending to these enterprise is very high due to lack of sufficient collateral. SMEs frequently lack adequate or sufficient collateral owing to legal barriers such as inheriting property or owning property

Banks are reluctant to lend to SMEs which are perceived to be high risk due to high rates of business failure. No previous business history which suggests no track record of competence and in being in the inception stage of their business they are having the low profitability. Bank officials have reported that these MSME are maximum the first generation entrepreneurs and have Limited or no credit history The absence of robust credit reference bureaus for tracking defaulters has compounded the risk-averse behavior of banks as most SMEs, particularly start-ups, lack borrowing history. Banks too face lot of challenges in transaction lending.. There is also equality in the availability of low credit facilities because of the origin and size of banks

## **8. CONCLUSION**

Micro and small Industries from the backbone for national development and are one of the important components for the growth of national economy and the growth of the MSMEs sector at a healthy rate is crucial for overall growth of the industry. However, lack of proper financial facilities is the barrier of good and efficient performance. There are not many financial innovative available for innovation activities within the MSMEs. Despite of the importance of the MSMEs in Indian economic growth, the sector is facing challenges and does not get the required support from the concerned Government Departments, Banks, Financial Institutions and Corporate which is proving to be a hurdle in the growth path of the MSMEs, while there is a growing awareness and agreement on the importance of financial inclusion, the same consensus doesn't seem to reflect around its 'definition' and the 'execution process to achieve' financial inclusion.

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**MANUFACTURING VS SERVICE SUPPLY CHAINS – AN INDUSTRY PERSPECTIVE**

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**ABSTRACT**

*As the Indian economy is progressing to the demands of new age marketplaces and the transformation it undergoes due to technology, more and more manufacturers have diversified in extending their supply chain into the service domain. Hence it is pertinent to understand this transition and the framework requirements for the same. This research article tries to examine how this transition is happening and the challenges that lie therein.*

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**INTRODUCTION**

Manufacturing outfits in the automotive segment have realized that there is more value in business post the sale of their product. This means that after-sales service and part sales represents an enormous opportunity and marketplace to capitalize on. In the world of parts sales, for example, profit margins on OEM parts are often as much as 5x the margin on the original sale. That means an automobile manufacturer, for example, can net as much from selling \$10 billion in parts as \$50 billion worth of vehicles.

Unfortunately, most companies aren't prepared to utilize this opportunity due to inefficient distribution channels, antiquated sales methods, and outdated technology. Dealers are geographically dispersed, have wide and variable levels of technical capability, and are difficult to train uniformly. There may also be a cultural element in play, since manufacturers are highly educated and attuned to sophisticated ways of maximizing production efficiencies, but the same mindset doesn't apply to the service segment of their businesses. The anomalies are obvious and hence the challenge.

**METHODOLOGY**

In order to explore the reasoning for why this constitutes a challenge we need to examine the basic differences between manufacturing and service supply chains. In order to do so a standardized scale of parameters was devised. These parameters are as follows:

- Market Demand
- Response time
- Number of products
- Type of Products
- Distribution Channels
- Inventory goals
- Logistics
- Length of Customer Relationship
- Product Turnover
- Technology Maturity

**Market Demand**

For the manufacturing framework this changes gradually over time and can be somewhat accurately predicted. For the service framework it varies based on factors that are not easily measured or predicted (e.g., weather, product malfunction); service must react quickly and adapt to change

**Response time**

For the manufacturing framework it is long-term and scheduled in advance by manufacturer. For the service framework this needs to be more spontaneous in nature as end customers have immediate needs for parts or service

**Number of Products**

In case of manufacturing this is relatively few, however for services this can be infinite since the service domain is customized in nature. More so when we consider variety factor in automotive parts and types of services delivered.



**Type of Products**

For manufacturing products are similar whereas for services this can be widely variable, can include personnel as part of service delivery

**Distribution Channels**

In the manufacturing domain, typically there are multiple distribution channels, however for the service domain there is one network which delivers multiple services.

**Inventory Goal**

The goal for a manufacturing domain typically is pacing up the movement of resources through the production process. In case of service framework however it is all about having the right resources at the right place at the right time.

**Logistics**

In manufacturing the movement typically is one way traffic, however for the service domain it needs to incorporate reverse logistics as well.

**Length of Customer Relationship**

In most cases for the manufacturing domain the relationship with the customer typically ends after the product is sold, however attempts are made to retain and create repeat purchases. But in case of service domain it is perpetually long term with clear focus on revenue streams.

**Product Turnover**

In manufacturing domain this is typically higher than the service framework. For manufacturing if it is 50x for service it would be 4x.

**Technology Maturity**

For manufacturing this has evolved considerably, with state of the art CAD/CAM, ERP and EAM systems in place. However for the service domain the integration is in its nascent stages and needs time to evolve.

**FINDINGS**

As is obvious, there are many areas of opportunity for forward-thinking companies to gain a competitive advantage and increase top-line revenues from after-sales service and OEM parts sales. In order to do so, they should focus on each of the items listed and determine if improvement can be addressed through new technology implementation, workflow or process improvement, or other action.

Can market demand be more accurately predicted with a better system for tracking customer behavior? Can response time be speeded up through a more efficient ordering process, or better inventory management? Can the delivery of technical documentation be upgraded to provide dealers and service personnel with updated, rich content? Answer these questions correctly and manufacturers can take a big step toward increased loyalty and better sales figures.

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## A CONCEPTUAL STUDY ON MANAGEMENT IN TURBULENT TIME

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### ABSTRACT

*Overseeing Change in a turbulent situation relies upon three standards, objective orientated and reconfigurable structures; showcase orientated, general objective frameworks, and the capacity to chase up new impacts out of the earth. The paper demonstrates perspectives and strategies to understand these standards underway frameworks.*

*Keywords: turbulent, optimisation, R&D*

### INTRODUCTION

Nature of the present organizations is portrayed by speedier changes and eccentric impacts. Cases of this "turbulence" are the fast improvement in data and correspondence advancements, fulfilled markets, a high rivalry that prompts more client introduction and additionally the political changes in East Europe, where markets separate in couple of months. Endeavours need to change their procedure and their association to reaction to these new conditions. Today, more than 60% of every single German analyze rearranged their structures as of late. Be that as it may, just around 30% of all rearrangements were effectively.

The reasons of this awful adjust are the distinctive utilization of rearrangement achievement factors. Concentrating on client needs and requests, introduction at the undertaking methodology, decentralization, change of control ranges, staff mix, process introduction and parallel item improvement are some of them. In any case, redesign is no business that lone relies upon progress factors. It isn't just the topic of dealing with a revamping procedure. The everlasting achievement must be bolstered when organizations figure out how to oversee "change". Each re-association will be considered as fizzled when the earth changes and the revamped structures and procedures don't fit in this new circumstance. Overseeing change implies having structures and instruments that always "chase up" possibilities or necessities to change and build up an ideal response to the market.

### PRINCIPLES OF MANAGING A TURBULENT ENVIRONMENT:

Modern advertising and system instruments offer a much separated method for acting in the market. The issue is frequently a simple treatment of procedure instruments and techniques by little and medium measured organizations yet in addition the info sizes: even the best instrument will create un-valuable yield when the information does not mirror the genuine market circumstance. Getting in this way right and early data's about new impacts out of the organization's condition is a standout amongst the most critical components for fruitful creation. Another imperative factor is the procedure of methodology execute. This implies the consistent change of the market circumstance in a general organization objective framework and also the usage of objective orientated and reconfigurable structures.

### GOAL ORIENT A TED AND CHANGEABLE STRUCTURES:

Unthinking hierarchical structures are exceptionally fruitful in a steady domain. Its various levelled shape and inflexible departmentalization make it simple to work under stable conditions. Be that as it may, turbulent markets and a high vulnerability require new administration ideas that enable an organization to react quickly. That does not intend to change continually but rather to envision changes and acknowledge them speedier than normal. The Fractal Company is an approach that is based on these standards. It has been acknowledged commonly and works effectively for all most five years. Hartmann built up a model to help a constant change process. He understood the standards of a reconfigurable association:

- Self-association
- Self-streamlining
- Self similitude

Space of movement: The fundamental model to work with these standards is in opposition to the traditional sets of responsibilities: Instead of depicting and solidifying each grasp of the staff a group gets a space of action that is circumscribed by:

- Objectives (objectives that are a piece of the organization 's objective framework)
- Free assets (e. g. free spending plan or free ability to respond on advertise developments)
- Constraints (e. g. fringes by working circumstances or instalment contracts)

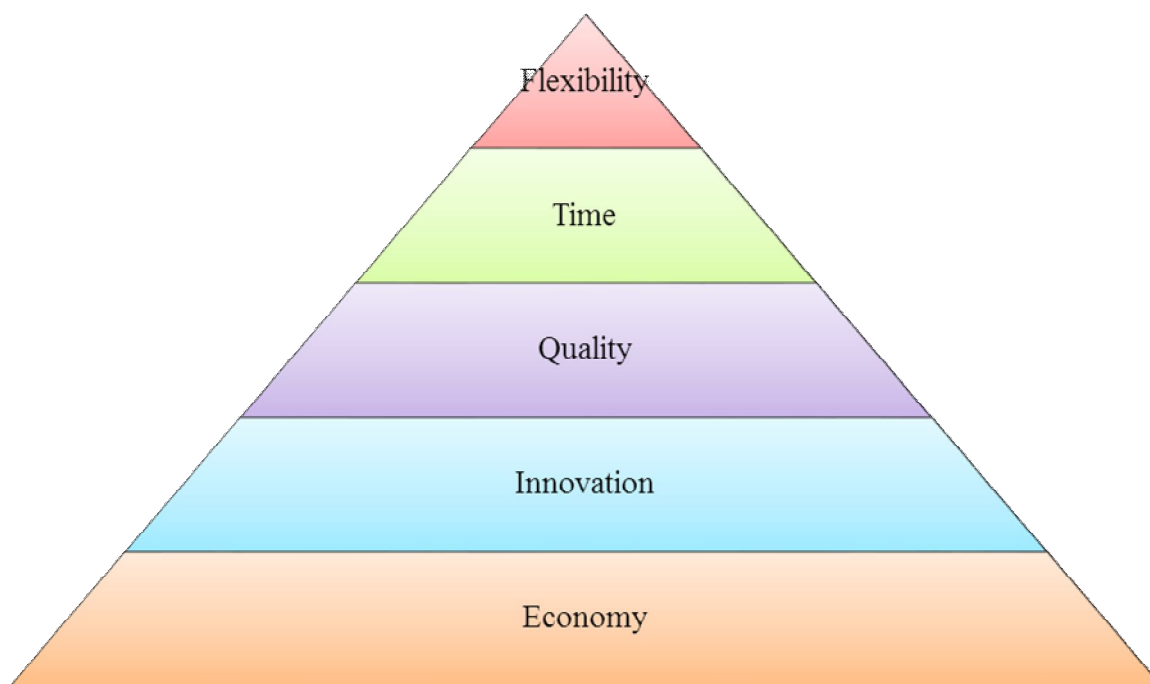
**Self-Organization:** A situation outside the region powers the group to redress its position. On the off chance that it isn't feasible for the group to move inside by upgrading its procedures or other authoritative measures it can either participate with different groups or split of into two groups with two new spaces of exercises. This progression must be composed in all groups in the same authoritative level. Self-association depends on response of new impacts.

**Self-Optimization:** Self-enhancement depends on self-propelled activities of the group to reply on new (showcase) risks in the market or the earth. The point of self-advancement is the use of new possibilities. To broaden its space of exercises the group can develop new assets (e. g. capability of staff) or achieve new objectives (e. g. better administration).

**Self Similarity:** Self likeness ensures that all groups have a synergetic introduction. This introduction is given by a general objective framework that is depicted in the accompanying area.

### MARKET ORIENTATED, GENERAL GOAL SYSTEM

A market orientated, general objective framework shields the organization from visually impaired and lost execution. It covers distinctive levels of objectives. The most abnormal amount, the organization's adage, is trailed by vital and agent objectives. Execution numbers at the most reduced level explore the framework. They are orientated at the particular targets of the unit. Fig. 1 demonstrates a piece of the objective arrangement of an organization with the organization's objective pyramided (most noteworthy adaptability) and the objectives of three groups. The groups don't really have similar objectives yet they get a similar introduction with a synergetic supplement of their objectives. In the case a quality-orientated group (e. g. key-account-group) cooperates with the adaptability pros (e. g. client benefit group) and the advancement group (e. g. Item advancement). Organization's objectives are showcase orientated and mirror the system.



Another hierarchical pattern is the improvement of market or item orientated groups. These groups respond in due order regarding extraordinary market sections, item gatherings or Strategic Business Areas (SBA). Especially in the current condition of various satisfied markets. New specialties must be found to secure development of the organization. Notwithstanding, new and quickly developing markets must be taken after (or better foreseen) by the hierarchical improvement. In this manner showcase orientated groups have an existence cycle like its market. Life Cycles of business sectors and market orientated groups. A group that is particular on one market fragment follows in increment and diminishing the market. Subsequently, essential methodologies (e. g. focus, broadening or cost-initiative) to position the organization in one extraordinary fragment highly affect the authoritative advancement and can be transported by the organization's objective framework.

New understandings of item life-cycles are less admired. Periods of development and expansion are blended. An early broadening of items maintains a strategic distance from high costs for R&D in light of the fact that the advancement begins up on a larger amount of volume and experience. After a volume expands another product offering will be created to benefit by the impacts of the separation.

Item life-cycles took after by the improvement of item orientated groups. Another comprehension of item life-cycles depends on development and early enhancement. In this model item orientated groups are compelled to take position in this difference in development and expansion. Just a general objective framework can transport organization's (advertising) methodology and the choices of the item into authoritative groups.

### **CONCLUSIONS**

The principles of directing change in a turbulent circumstance are starting at now associated in various associations. In any case, the mix of reconfigurable structures, general objective frameworks and additionally the systematized see on nature is just acknowledged in few cases. Strategies and instruments to spread the ways and experience to more organizations are as yet absent. Rules to upgrade this procedure should likewise be produced.

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**A CRITICAL STUDY ON FACTORS INFLUENCING THE GROWTH AND EMPLOYMENT RISE IN SERVICE SECTOR**

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**ABSTRACT**

*The contribution of the service sector has increased rapidly in India's GDP, with foreign markets showing interest in the country's service exports. This is attributed largely to India's pool of highly skilled, low cost and educated manpower. Foreign companies are outsourcing their work to India especially in the area of business services, including business process outsourcing and information technology services. This has given a major boost to the services sector in India, which in turn has increased the services share in the GDP chart. The present paper gives a glimpse of service sector and its share into our growing economy. The study also compares the total employment share in our economy vis-à-vis rest of the developing economy of the world. Further the study also attempts to explore various factors contributing the growth of service growth. The paper discusses several aspects that persuade the workforce to take up employment with service industry. The discussion concludes with the need for government intervention in sustaining the ever increasing employment demand in service industry*

*Keywords: GDP, Services, FDI, ILO*

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**INTRODUCTION**

The Service sector has proven to be a vital component in growth of Indian economy over several years. As economies grow richer, tastes switch away from the basic needs of food and shelter towards non material goods, including services. In other words, the increasing service employment share recorded in post-industrial economies could be the result of rising per capita income levels. The services sector is not only the dominant sector in India's GDP, but has also attracted significant foreign investment flows, contributed significantly to exports as well as provided large-scale employment. India's services sector covers a wide variety of activities such as trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, business services, community, social and personal services, and services associated with construction. The Indian services sector has attracted the highest amount of Foreign Direct Investment (FDI) inflows. Service sector employment will remain the most dynamic with respect to job creation in the next five years." As per Raymond Torres, ILO Research Department. The shift of employment to services and the decline in manufacturing means a significant change in the skills demanded by the labour market.

**RESEARCH OBJECTIVES**

- 1) To explore the scope of service sector in catalyzing the economic growth of India.
- 2) To identify the factors which contribute to the development of service sector.
- 3) To study those aspects that persuade the workforce to take up service sector employment.

**LITERATURE REVIEW**

The growth of India's service sector has attracted international attention. Unlike other countries where economic growth has led to a shift from agriculture to industries, in India there has been a shift from agriculture to the service sector. In this respect, India has been considered as an outlier among South Asia and other emerging countries (Ansari 1995). Gordan and Gupta (2003) and Jain and Ninan (2010) have, however, pointed out that with the rise in per capita income, the share of services in GDP increases. Kochhar et al. (2006) argued that India was a negative outlier in 1981 compared to other emerging markets as the share of services in value added and employment was below that of other countries. After the 1990s, the service sector grew, and in 2000 India became a positive outlier in terms of the share of services in value added but continued to be a negative outlier in terms of its share in employment.

Existing literature shows that with economic growth and the rise in per capita income, demand changed from necessary to discretionary consumption and propelled the growth of services (McKinsey & Company 2007), and the elasticity of demand for services at high incomes has contributed to the growth of the sector (Bhattacharya and Mitra 1990, Gordan and Gupta 2003). Technological progress and the availability of highly skilled manpower has led to the growth of services in information and communication technology (ICT) and ICT-enabled services (Chanda 2002). Developed countries now outsource services to developing countries like India, leading to a rise in demand for services (Bhagwati 1984, Hansda 2001). Significant government expenditures on community, social, and personal services have also accelerated growth in the sector (Ansari 1995).

Mukherjee Arpita, (2012), in her study on service sector in India, trends, issues and way forward indicated inclusive growth, increased productivity, employment generation, trade investment and which enhances India's global competitiveness in services. It also identifies a number of barriers faced by the service sector and suggested policy measures. The study focuses creating quality employment in the service sector, it is important to encourage growth in the formal sector. The government can work with industries and with educational institutions in public-private partnerships to identify skill requirements and design appropriate courses and training programs to facilitate their development.

There has been a lot of debate about the capacity of the service sector to generate employment. It has been argued that employment growth has not kept pace with income growth in the sector (Bosworth and Maertens 2010) or with the rise in its share of GDP (Kochhar et al. 2006). Furthermore, the change in the production structure from agriculture to services has not been reflected by a proportionate change in the occupational structure (Bhattacharya and Mitra 1990). As a result, service-led growth has been jobless growth (Banga 2005). Overall, employment in the service sector in India is lower than its share in GDP, but it is growing. Trade, hotels, and restaurants are the only activities in which the share of the public sector is less than that of the private sector.

Glenn Bassett, author of *Operations Management for Service Industries* said "Service supplier skill should be distinguished on at least two levels," "The first is the technical product/service knowledge level. The service giver is expected to know the offering in depth and detail so that information about its utility and application can be provided on demand. He or she must also be technically competent to deliver the service expected, adapting as needed to varied or changing customer need. The second level of skill pertains to customer relationship. Here it is often as simple as whether the service-giver treats the customer as an object to be controlled and used, or as a unique, important individual to be served."

## RESEARCH METHODOLOGY

This paper is based on the secondary data collection through various published sources like journals, sector reports, Government data, books, websites etc. The data has been analyzed to serve the objective of research.

## RESULT & DISCUSSIONS

### 1) Scope of Service Sector in economic growth

India's economy has returned to high rates of growth, according to the latest figures. In 2015-16 the GDP growth rate reached 7.6 per cent, up from 5.6 per cent in 2012-13. The challenge continues to be to ensure that economic growth translates into better labour market conditions. The Indian economy is dominated by the services sector, which accounted for 53.4 per cent of GVA in 2015-16. In terms of employment, the share of the services sector in urban areas was 58.7 per cent (2011-12), compared to just 16.1 per cent in rural regions. When urban areas are excluded from these figures, the agricultural sector still accounts for 62.7 per cent of India's employment, although this share has fallen significantly, from 77.6 per cent in 1993-94

#### 1.1) Broad spectrum of service industry

- Professional services (physicians, pharmacists, dentists, attorneys, architects, civil engineers)
- Business services (advertising, financial planning, mailing services, computer and data processing, consulting, training, recruiting)
- Counseling services (marriage, weight loss, career planning, pastoral, psychiatric)
- Transportation services (trucking, busing, taxicab service, limousine service, car rental)
- Personal services (pet grooming, health clubs, catering, beauticians, barbers, hairdressers, tailors and seamstresses, photography studios, realtors, funeral parlors, wedding planning)
- Restaurants and lodging (diners, family restaurants, tavern, hotels, cottages)
- Social services (individual and family services, child day care, residential care)
- Maintenance services (landscaping, plumbing and electrical, appliance, equipment, automobile, bicycle)

#### 1.2) The performance of service sector in terms of share of total employment

Figure-1

**PERFORMANCE OF SERVICES SECTOR: INTERNATIONAL COMPARISON**

Country	Rank in		Services growth rate			Share of services in			Services export growth			
			(%) Y-o-Y			GVA			(%) Y-o-Y			
	Overall GDP	Services GVA	2001	2015	CAGR 2010-15	2015	2016*	2016	2001	2016	CAGR 2001-08	CAGR 2010-16
USA	1	1	2.0	2.8	1.6	79.3	80.0	33.5	-3.6	0.3	9.5	5.1
China	2	6	10.3	8.3	8.4	49.7	42.4	9.0	9.1	-4.3	23.6	2.6
UK	5	4	3.4	2.4	2.2	79.9	80.0	44.6	-0.8	-4.9	14.5	3.3
India	7	13	7.2	9.0	8.5	53.2	28.6	37.9	4.8	3.6	30.0	5.6
Brazil	9	10	2.2	-2.7	1.3	72.0	68.9	14.9	-2.7	-1.3	18.6	1.8
S. Korea	11	12	4.9	2.9	3.0	59.7	70.2	15.6	-4.9	-5.0	17.4	1.8
Mexico	15	9	1.1	3.6	3.4	60.4	61.2	6.1	-7.5	5.3	5.3	7.9
World			2.6	2.6	2.4	67.2	50.9	23.0	0.1	0.4	14.9	3.8

SOURCE: COMPUTED FROM UN NATIONAL ACCOUNTS STATISTICS FOR GDP/GVA, ILO AND WORLD BANK DATABASE FOR EMPLOYMENT AND WORLD TRADE ORGANIZATION (WTO) DATABASE FOR SERVICES TRADE.

Note: Rank and share are based on current prices (2015); growth rates are based on constant prices (US\$); construction sector is excluded in services GDP; \* For employment data in 2016 for China, India and World, the available data of nearest preceding year is used

Source: <http://businessworld.in>

The accompanying chart- Fig. 1 taken from ILO database 2016 shows the wide gap between the share of the services sector in India in the economy and its share of total employment. The chart also shows that India is an outlier in this respect—in most other economies the share of services in gross value added is more or less similar to its share in total employment.

For example, in China the share of services in the economy is 49.7%, while its share of employment is 42.4%. For India, the share of the services sector in GVA is 53.2%, while its share of total employment is much less, at 28.6%. Note that the construction sector has not been included in services.

## 2) Key factors that contribute to the development of the service sector

The key factors that contribute to the growth of the service sector include rapid urbanization, expansion of the public sector, increased demand for intermediate and final consumer services, domestic investments and openness, education skills, cultural adaptability, financial attractiveness, business environment, expansion of quality health services, application of information and technology, increase in consumption expenditure, incentive system and investing more in research and development. The reasons for such a sudden spurt in service sector are discussed below :

**a) Increase in standard of living :** As consumers have become more affluent, they have increasingly chosen to purchase services such as restaurants and lodging to personal services which helps them to attain the comfort of a luxury living

**b) Increased leisure time**—Some part of the population have been able to avail themselves larger chunks of free time; this trend, coupled with increased wealth, has spurred a higher demand for certain service businesses such as travel agencies and resorts, adult education courses, guide services, golf courses, health clubs, etc.

**c) Improved work force demographics**—Over the past few decades, the number of women entering the work force has increased. This has spurred greater demand for services in such realms as child care, housekeeping, dry cleaning, etc.

**d) Increase in life expectancy**—Yet another development that has had a particular impact on certain service sectors, particularly in the health care industries is the greater life expectancy

**e) Complexity of products/technological advancement** —High-tech products have created a corresponding increase in demand for specialists who can fix and maintain those products (computers, cars, electronic equipment, etc.).

**f) Increased complexity of life**— Because of the orientation of service sector toward helping individuals and businesses stay on top, it has enjoyed tremendous growth for instance Tax preparers, psychiatrists and counselors, and legal advisors



**g) Environmental awareness**—Increased ecological sensitivity and enlightened natural resource management practices have improved growth in environmental service sectors (waste management, recycling, environmental advocacy).

### **3) Aspects that persuade the workforce to take up service sector employment**

Changes in employment status are linked to the process of structural transformation, as resources (capital and workers) are moved from low to high-productivity sectors. This is evident from the growing number of employees joining service sector. Some of the prime reasons which served as a motivator for the workforce to join the sector are :

#### **a) Flexible Hours**

Being employed in service sector provides an individual with great flexibility over their daily schedule. Most of the service industry like Restaurants, hospitals, retail outlets give employees the opportunity to work unconventional shifts, often during the evening hours, freeing up the daytime for other tasks and responsibilities.

#### **b) Steady Work**

Manufacturing-based jobs tend to get eroded by technological advances that make human presence less crucial, on the contrary service industry jobs will always be in demand as people are the only resource and rest of the industry continue to look to these businesses to meet their various needs. The health care industry, in particular, is expected to remain vital over the next few years as the general population continues to age.

#### **c) Entrepreneurism**

As larger manufacturing corporations downsize their staffs and people seek to take more control over their dream careers , the service industry allows them multiple options for becoming entrepreneurs. Freelancers, from plumbers and personal trainers to agents, can service a large spectrum of clients and, for the most part, can set their own pay rates and schedules.

#### **d) Soft Skill Enhancement**

Soft skills are extensively used in service industry as a backbone to the business thus it is most sought after competency to remain in industry. Also working in such an industry can help an individual develop and sharpen specific interpersonal skills every day, such as effective communication and managing conflict resolution. Day to day challenge of handling customer at front end jobs hone the skills.

### **SUGGESTIONS**

The government of India has already taken major policy initiatives like Digital India, Start-up India and Ease of doing business to lay strong foundation for this new economic development paradigm. However there is a pressing need to focus these initiatives to activate the following leverage points which are critical for the success of service sector and its employment:

**1. Digital infrastructure-** It is as important as that of any physical infrastructure in today's era. This should cover all layers of technology – high quality broadband, low cost smart phones, societal platforms etc.

**2. Encourage micro entrepreneurs** – Capital growth for micro entrepreneurs has to be scaled up rapidly, with easy mechanism to access them.

**3. Skilling & Learning ecosystem** – a concept of 'life-long learning system' can be introduced that will ensure availability of matching skills required for new kinds of jobs with different skill profiles in coming future.

**4. Revised Labour norms** – Labour norms need to be refurbished so that they also cater and support the new employment structure:- new types of workers and their employers who will drive growth in this new paradigm.

### **CONCLUSION**

The Services sector, with a share of 55.2% in India's Gross Value Added (GVA), continued to be the key driver of India's economic growth. The service sector will be the main source of employment and output. India's distinctive competencies and competitive advantage formed by the knowledge-based services makes it unique emerging market in the world. Backed by several government initiatives, the services sector in India has the potential to unlock a opportunity which can create symbiotic growth for all nations. The study which emphasized the service sector as the largest and fastest growing sector in India, but there is a need to create employment in terms of number and quality. Keeping in view the barriers to inclusive growth of the service sector government should spearhead policy recommendation to enhance global competitiveness of the sector and develop India as a knowledge hub.

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**A STUDY ON TRUST IN ONLINE SHOPPING: A COMPARATIVE STUDY AMONG VARIOUS DEMOGRAPHIC GROUPS OF MUMBAI SHOPPERS**

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**ABSTRACT**

*The online shopping is very new to India but since beginning it has reached up to two percent in very less time if we compare it with the growth of organized offline retailing. The CAGR of online retailing is around fourty percent as compared to its offline retailing counterpart, which is around twenty percent. So it is catching very fast. What could be the reasons? As per the review of literature one of the main reasons is trust among the shoppers in online retailing. The online vendors were successfully established their brands in the minds of the online shoppers. The question arises does males and females equally having the trust in online shopping? In current paper the researchers studied trusts of the respondents of Mumbai city in online shopping. The respondents are youth having the age between 18- 35 years. The five elements of trust, found as per review of literature, have been tested among the independent samples of males and females through independent sample t-test. The result shows that there is no difference of trust between the male and female shoppers of Mumbai.*

*Keywords: Online purchase, E-Shoppers, Demographic Variables, trust*

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**INTRODUCTION**

The idea "trust" is characterized as the eagerness of a gathering to be defenseless against the activities of another gathering in view of the desire that the other will play out a specific activity imperative to the trustee's, independent of the capacity to screen or control that other gathering (Mayer, Davis and Schoorman, 1995). This definition is generally perceived and regularly referred to in other researchers' work. Later Doney and Cannon (1997) characterized trust as the apparent believability and generosity of an objective of trust. As indicated by another two researchers trust is additionally distinguished as "the comprehension of a hazardous strategy on the sure desire that all people associated with the activity will act capability and obediently". What's more, definitely, Bhattacharya, Devinney and Pillutla (1998) and Boon and Holmes (1991) considered trust as consistency and dependence upon someone else under dubious and hazardous conditions. In the electronic business setting, an expansive number of researchers have proposed both applied and observational investigations of trust. A few researchers saw trust as a general conviction that another gathering can be trusted (Gefen 2000; Hosmer 1995; Moorman, Zaltman and Deshpande 1992). A standout amongst the most well known examinations on electronic business trust is the one led by Mayer, Davis and Schoorman (1995) who saw trust as a trustor's aim to go for broke and proposed the trustor's observations about a trustee's qualities as the fundamental indicators of trust. Another regularly referred to think about is the applied model of McKnight, Cummings and Chervany (1998) where the researchers characterized trust as trusting convictions and trusting goal just in questionable and dangerous circumstances and the approach was broadly tried by later examinations. For instance, Schlosser, White and Lloyd (2006) received the model and saw trust as an approach to diminish vulnerability and multifaceted nature in site customers. Among different investigations is the one that distinguished trust as a purchaser's impression of fitting conditions being set up to encourage exchange accomplishment with online vendors (Pavlou and Gefen, 2004). As pointed out by Sonja (2002), trust assumes an urgent part in the advancement of electronic business and some significant factors in the development of trust issues in on exchanges ought to be accordingly broke down. Online shopping following buyers demeanor towards online shopping and featuring the two principle research inquiries as

- Factors influencing and impacting purchasers to shop online and
- Who are online customers as far as demography?

**ONLINE SHOPPING**

Online shopping is fundamentally a procedure of offering and purchasing of products and ventures on World Wide Web. As (Forsythe and Shi, 2003) clarifies "Internet shopping has turned into the quickest developing utilization of the Internet; most online buyers, nonetheless, utilize data accumulated online to make buys disconnected". As indicated by a report (ACNielsen Report on Global Consumer Attitudes towards Online Shopping, 2005) distributed on [www.acnielsen.com](http://www.acnielsen.com), one tenth of the total populace is shopping online, till October 2005, 627 million individuals have done online shopping, and as per a similar report Germans and British are on the highest priority on the rundown on Online Shopping. Furthermore report (ACNielsen Report

on Global Consumer Attitudes towards Online Shopping, 2005) distributed on [www.acnielsen.com](http://www.acnielsen.com) affirms that Products most acquired online are Books on the best took after by DVD/Video/Games and Plane Reservations, the installment strategy that is being utilized for the most part is Credit Card.

### **LITERATURE REVIEW**

Research of the Internet customer has ordinarily included demographic inquiries of age, education and family unit income (Fram and Grady, 1995). After some time the Internet purchaser, once thought about the pioneer or early adopter, has changed. While once youthful, proficient guys with higher educational levels, incomes, resistance for chance, societal position and a lower reliance on the broad communications or the need to disparage set up retail channels (Ernst and Young, 2001; Mahajan, Muller and Bass, 1990), the present Internet purchaser demonstrates a decent variety of income and education (U. S. Dept. of Commerce, 2003).

For Internet purchasers, gender, marital status, private area, age, education, and family income were habitually observed to be vital indicators of Internet acquiring (Fram and Grady, 1997; Kunz, 1997; Mehta and Sivasdas, 1995; Sultan and Henrichs, 2000). Sultan and Henrichs (2000) announced that the buyer's eagerness to and inclination for receiving the Internet as his or her shopping medium was additionally decidedly identified with income, family unit size, and imaginativeness. In 2000, ladies spoke to the major online Christmas season purchaser (Rainne, 2002; Sultan and Henrichs, 2000). As indicated by a report by the Pew Research Center (2001), the quantity of ladies (58%) who purchased online surpassed the quantity of men (42%) by 16%. Among the lady who purchased, 37% revealed getting a charge out of the experience "a considerable measure" contrasted with just 17% of male customers who delighted in the experience "a great deal". Akhter (2002) showed that more taught, more youthful, guys, and wealthier individuals as opposed to less instructed, more established, females, and less wealthier will probably utilize the Internet for buying.

With India turning net astute, online shopping has turned into the most recent prevailing fashion in India with the greater part of the net surfers suggesting web shopping. The investigation, directed by Internet and Mobile Association of India (IAMAI, 2006) in a joint effort with cross tab promoting administrations, obviously settled the predominance of individuals to-individuals (P2P) reference in online shopping space, with 31% respondents finding such locales through verbal. As much as 55% guests to web based business locales have received web as a shopping medium, out of which 25% of consistent customers are in the 18-25 age gathering, while 46% in the 26-35 age gathering and 18% in the 35-45 age gathering. A study attempted by JuxtConsult, (April 2007), a Delhi-based online research firm, on 10,000 family units in 31 urban communities (of populace sizes 20,000 or more) uncovered some fascinating certainties about the Internet shopping situation in India. According to research discoveries, eBay (barring online travel sites) is the most favored website for online shopping took after by Rediff, Google and Yahoo. eBay leads with 34 for every penny online customers as they liking to visit it the most. Rediff takes after at the second spot with 25 for every penny online customers liking to visit it. Nonetheless, both eBay and Rediff have lost usage share on favored premise over the most recent one year, while new contestant Future bazaar alongside Google have been the greatest gainers. The main two of the best 10 items purchased on the Net by online purchasers are prepare tickets (53 for every penny) and air tickets (45 for each penny). The research additionally demonstrated that three-fourth of all normal online Indians (76 for every penny) look for items and administrations online. This has demonstrated a 60 for every penny development in the base of online customers in most recent one year, making it 19.1 million. With regards to the base of real online purchasers, 43 for every penny of all general online urban Indians have purchased online. This implies a development of 76 for every penny throughout the most recent year, influencing the online purchaser to base achieve a solid 10.8 million stamps. In spite of such colossal development in the quantity of online purchasers by and large, the base of extremely 'dynamic' online purchasers (the individuals who purchase online in any event once per month) is relatively dormant at 2.2 million (same as a year ago). Be that as it may, the way that online purchasing is infiltrating among the littler towns and lower segment bunches doesn't really imply that the financial profile of the online purchasers is bringing down. The greatest 'subjective increase' about online shopping is its enhanced recognition on exceptionally vital and bad-to-the-bone 'commercial center' factors like 'more extensive decision and accessibility of items' and 'better costs and deals', and not simply on the 'accommodation' factors like sparing of time and endeavors, home conveyance and adaptability of purchasing whenever. However 'item quality' and 'conveyance' concerns might nullify a portion of the additions made. However 'abuse of a Mastercard' is a nonissue among online purchasers, the research uncovers that 'absence of a charge card' is as yet an unequivocally seen barrier to development of online purchasing.

Zhou, et al., (2007) it is to a great degree fundamental for the clients to utilize the innovation in arrangements to acknowledge online shopping. As indicated by creators the innovation situated acknowledgment of the online shopper of online shopping is being clarified by investigative specialized details, for example, site substance

and plan, UI highlights and framework ease of use of an online store. Without the acknowledgment of innovation there would not have been an expansion in online business. The shoppers' eagerness to acknowledge the innovation prompts the achievement of electronic market. Berry et al., (2002) and Seiders et al., (2005, 2007) mean to group unmistakable online shopping straightforwardness and measurements that confirm the recognized significant simplicity, measurements and their related highlights, and build up a practical and legitimate online shopping ease estimation instrument. Generally, few research have tended to the issue of customer saw ease in online shopping. In the setting of web benefits over the remote system, Jih, (2007) has separated two measurements, for example, exchange ease and operational simplicity, and has contended that the previous measurement applies a critical impact on the shopper's online shopping expectations. Many investigations have been worried about distinguishing the qualities of online clients. Factors examined in this regard have included demographics, psychographics, and states of mind. For instance, Verchopoulos et al., (2001) found that adopters of Internet shopping in Greece have by and large been youthful, very, taught, high-income acquiring guys who have beforehand utilized it. Sin and Tse, (2002) found that adopters in Hong Kong have comparative demographic profiles, notwithstanding being additional time-cognizant, self-assured, and heavier clients of the Internet. On account of Saudi Arabia, Abdul-Muhmin and AL-Abdali, (2004) found that the appropriation of online shopping is more noteworthy among more seasoned, profoundly taught, high-income respondents.

### RESEARCH METHODOLOGY

Samples were collected through structured questionnaire as data collection tool. In the questionnaire the questions were asked on 7-point likert scale, where 1 indicates 'highly disagree' & 7 indicates 'highly agree'. The samples were collected between the age group of 18- 35 years as per the definition of youth by the Youth and Sports Ministry, Government of India. The research tool to test the difference between the males and the females. Male respondents were 137 & female respondents were 68. Sample size was 205. Sampling technique used was simple random sampling of probability sampling. Independent samples t-test was used as testing tool to assess whether any difference exists between male and female respondents in terms of their trust in the online shopping. Following questions were the part of the questionnaire to assess five elements of trusts- 'I am confident that the e-retailers will be complete transparent in the transaction' (integrity), 'I rely on the information provided on the site/s by the e-retailer' (Benevolence which means intention or willingness), 'I believe that the online retailer will keep me updated about new offers' (Predictability), 'I prefer to buy from familiar websites' (Familiarity), and 'I only shop from the website which is convenient to browse' (Competency). The Cronbach's Alpha score of five items of trust came to .715, which is a better score.

**Table-1: Personal profile of the respondents**

<b>Gender</b>	<b>Percent</b>
Female	33.2
Male	66.8
<b>Total</b>	<b>100</b>
<b>Age Group</b>	
18- 25 years	53.2
26 -30 years	28.3
31- 35 years	18.5
<b>Total</b>	<b>100</b>
<b>Marital Status</b>	
Married	35.1
Single/Never Married	64.9
<b>Total</b>	<b>100</b>
<b>Education</b>	
Above Postgraduate Degree	6.3
Bachelor Degree	14.6
Postgraduate Degree	67.8
Professional Degree	11.2
<b>Total</b>	<b>100</b>
<b>Occupation</b>	
Company Employee	22
Self-employed	7.3

Service	39.5
Student	31.2
<b>Total</b>	<b>100</b>
<b>Monthly Income</b>	
0- 10000	29.8
10001-30000	32.7
30001-50000	27.3
50001 & above	10.2
<b>Total</b>	<b>100</b>

By observing the table no.-1, we can find out that the male respondents are more than the female respondents. Unmarried respondents are more than the married respondents. Respondents having the age group of 18- 25 years are more as compared to the respondents of other age groups. In terms of education postgraduate respondents are the majority among the respondents. In case of occupation maximum respondents are the service holders and the major respondents having the monthly income in the range of Rs. 10001 to 30000. By looking into above observations, we are interested in finding whether the level of trust is same or different in the male respondents and the female respondents. To find out above we need to design objectives as follows:

### RESEARCH OBJECTIVES

- To study the different demographic variables of the respondents
- To study whether any difference exists between male and female respondents in terms of their trust in the online shopping.

### HYPOTHESES

1. H0: There is no difference in the level of integrity between the male and female shoppers.

H1: Otherwise

2. H0: There is no difference in the level of benevolence between the male and female shoppers.

H1: Otherwise

3. H0: There is no difference in the level of predictability between the male and female shoppers.

H1: Otherwise

4. (e) H0: There is no difference in the level of familiarity between the male and female shoppers.

H1: Otherwise

5. H0: There is no difference in the level of competency between the male and female shoppers.

H1: Otherwise

Table-2: Group Statistics					
Gender		N	Mean	Std. Deviation	Std. Error Mean
Integrity	Male	137	4.8102	1.36948	0.11700
	Female	68	4.4853	1.32138	0.16024
Benevolence	Male	137	4.6277	1.32846	0.11350
	Female	68	4.6912	1.44818	.17562
Predictability	Male	137	5.562	1.27107	.10859
	Female	68	5.5441	1.28637	.15599
Familiarity	Male	137	5.8248	1.29987	.11106
	Female	68	6.0882	1.08910	.13207
Competency	Male	137	5.2117	1.65579	.14146
	Female	68	5.0735	1.74763	.21193

Table-3: Independent Sample Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std Error Difference	95% Confidence Interval of the Difference	
									Low	High
Integrity	Equal Variance assumed	0.15	0.901	1.618	203	0.107	0.32492	0.20082	0.07104	0.72089
Benevolence	Equal Variance assumed	0.278	0.599	0.312	203	0.755	0.06344	0.2031	0.46389	0.33702
Predictability	Equal Variance assumed	0.042	0.839	0.095	203	0.925	0.01793	0.1893	0.35533	0.39118
Familiarity	Equal Variance not assumed	4.594	0.033	1.527	156.659	0.129	0.26342	0.17256	0.60426	0.07742
Competency	Equal Variance assumed	0.257	0.613	0.552	203	0.581	0.13815	0.2502	0.35518	0.63147

Table-4: Results of hypotheses

Hypothesis no.	Components	Hypothesis Result
1.	Integrity	Not Rejected
2.	Benevolence	Not Rejected
3.	Predictability	Not Rejected
4.	Familiarity	Not Rejected
5.	Competency	Not Rejected

**Interpretation of Integrity:** An independent two-samples t-test was conducted to compare the trust scores for males and females. There was no significant difference in scores for males ( $M = 4.8102$ ,  $SD = 1.36948$ ) and females ( $M = 4.48$ ,  $SD = 1.32$ ;  $t(205) = 1.618$ ,  $p = .107$ , two-tailed). The magnitude of the differences in the means (mean difference = .324, 95% CI: -.07 to .72) was very small. Hence, there is no difference in the level of integrity between the male and female shoppers of Mumbai.

**Interpretation of Benevolence:** An independent two-samples t-test was conducted to compare the trust scores for males and females. There was no significant difference in scores for males ( $M = 4.62$ ,  $SD = 1.32$ ) and females ( $M = 4.69$ ,  $SD = 1.44$ ;  $t(205) = -.312$ ,  $p = .755$ , two-tailed). The magnitude of the differences in the means (mean difference = .203, 95% CI: -.46 to .33) was very small. Hence, there is no difference in the level of benevolence between the male and female shoppers of Mumbai.

**Interpretation of Predictability:** An independent two-samples t-test was conducted to compare the trust scores for males and females. There was no significant difference in scores for males ( $M = 5.56$ ,  $SD = 1.27$ ) and females ( $M = 5.54$ ,  $SD = 1.28$ ;  $t(205) = .095$ ,  $p = .925$ , two-tailed). The magnitude of the differences in the means (mean difference = .017, 95% CI: -.35 to .39) was very small. Hence, there is no difference in the level of predictability between the male and female shoppers of Mumbai.

**Interpretation of Familiarity:** An independent two-samples t-test was conducted to compare the trust scores for males and females. There was no significant difference in scores for males ( $M = 5.82$ ,  $SD = 1.29$ ) and females ( $M = 6.08$ ,  $SD = 1.08$ ;  $t(205) = -1.52$ ,  $p = .129$ , two-tailed). The magnitude of the differences in the means (mean difference = -.263, 95% CI: -.60 to .07) was very small. Hence, there is no difference in the level of familiarity between the male and female shoppers of Mumbai.

**Interpretation of Competency:** An independent two-samples t-test was conducted to compare the trust scores for males and females. There was no significant difference in scores for males ( $M = 5.21$ ,  $SD = 1.65$ ) and females ( $M = 5.07$ ,  $SD = 1.74$ ;  $t(205) = .552$ ,  $p = .581$ , two-tailed). The magnitude of the differences in the means (mean difference = .138, 95% CI: -.35 to .63) was very small. Hence, there is no difference in the level of competency between the male and female shoppers of Mumbai.

**FINDINGS, CONCLUSION, LIMITATIONS & SCOPE OF FUTURE RESEARCH**

In current paper elements of trust have been studied- Integrity, Benevolence, Predictability, Familiarity and Competency. As the mean value of male shoppers and female shoppers of Mumbai are nearly equal, at the same time all the null hypotheses are 'not rejected', hence we can safely say that the online male shoppers of Mumbai are equal to online female shoppers of Mumbai in terms of Integrity, Benevolence, Predictability, Familiarity and Competency.

In current study only, Integrity, Benevolence, Predictability, Familiarity and Competency have been studied. As per the latest review of literature some more elements of trust may be found out by the new researchers, those elements have not been studied in the current study. These trusts can be studied further.

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**GAINING COMPETITIVE ADVANTAGE USING INFORMATION TECHNOLOGY–  
CHALLENGES IN BANKING SERVICES**

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**ABSTRACT**

*Banking industry is one of the strong pillars of Indian Economy. Banks are most trusted mean for financial services availed by the people. These financial services are complex in nature and required to gain confidence of end user for the use of technology. The technology brought change in the banking sector from paper-based banking to on line banking. Technology is playing major role in information transfer which include access, process, storage and broadcasting of information electronically. Indian Banking industry is fast growing with the use of technology in the form of ATMs, on-line banking, Telephone banking, Mobile banking etc. The technology brought paradigm shift in banking operation. Though bank system is facing the challenges with stiff competition and advancement of technology, the services provided by banks have become more easy and convenient. The new technologies are creating value and helping in managing customer relationship in better manner. The effectiveness of services matters with ease in use and timely results. The banks are gaining competitive advantage with such unique selling prepositions.*

*The purpose of the paper is to highlight the differentiators which enable creation of competitive advantage and the challenges faced by the Banking sector.*

*Keywords: Banking Sector, Competitive Advantage, Growth Strategy, Innovation, Value Chain*

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**INTRODUCTION**

The Indian banking sector is fairly evolved over a period of time. It is ripened in terms of products and services provided to the customer. Banks are taking efforts to provide satisfactory services by adopting new technologies. ATM, Net Banking, Mobile banking has become day today affair for the customers. Though bank system is facing the challenges with stiff competition and advancement of technology, the services provided by banks have become more easy and convenient. The new technologies are creating value and helping in managing customer relationship in better manner. The effectiveness of services matters with ease in use and timely results. The banks are gaining competitive advantage with such unique selling prepositions.

Mr. N Chandrashekar, COO & ED, Tata Consulting Services while addressing CII banking Tech Summit as a chairman emphasized on necessity to adapt new technology in order to bring down the cost of transactions while maintaining the business flow.

The technology brought paradigm shift in banking operation. It is necessary for banking industry to adopt new technologies along with skilled human resource, well-regulated risk, credit appraisal, treasury management, and product diversification in order to achieve the excellence for competing in global market. It is expected that the Indian banking industry to invest significantly in technology innovation to drive next generation framework for transaction banking.

**RESEARCH OBJECTIVES**

1. To understand the differentiators which create competitive advantage for the banks.
2. To know challenges faced by banking sector while adopting information technology.

**OVERVIEW OF BANKING INDUSTRY**

The banking industry in India exhibits a different structure as compared to other economies and it caters to our social, economic, political and geographic characteristic. Indian economy is agriculture driven with a large population and wide diversity. The structure of banking industry in India can be mapped through the functions performed by banks associated with the economy. The structure of the banking industry in this context has to be flexible enough to allow for economic expansion and simultaneously provide stability to the financial system of the economy.

The acceptance of the Narasimham Committee recommendations by the Government has resulted in transformation of highly over bureaucratized banking system into market driven and extremely competitive one. These recommendations changed face of banking industry drastically.

The banking industry entered into a new phase in which was full of competition from non-banks not only in the domestic market but in the international markets also.

The first phase of financial reforms resulted in the nationalization of 14 major banks in 1969 and resulted in a shift from Class banking to Mass banking. This resulted in to significant growth in the geographical spread over of banks. Every bank had to assign a minimum percentage of their loan portfolio to sectors identified as “priority sectors”. In 1970’s banking sector was critical source for the growth of manufacturing sector. The next wave of reforms saw the nationalization of 6 more commercial banks in 1980. Since then the number of scheduled commercial banks increased four-fold and the number of bank branches increased eight-fold. After the second phase of reforms and liberalization of the sector in the early nineties, the rise of private sector bank, the Public-Sector Banks (PSB) s found it extremely difficult to compete with the new private sector banks and the foreign banks. These banks established themselves with the state of the art technology, which help them to provide better service than domestic bank.

In the year 2000, the State Bank of India (SBI) and its 7 associates accounted for a 25 percent share in deposits and 28.1 percent share in credit. The 20 nationalized banks accounted for 53.2 percent of the deposits and 47.5 percent of credit during the same period.

The share of foreign banks (42 Nos), regional rural banks and other scheduled commercial banks accounted for 5.7 percent, 3.9 percent and 12.2 percent respectively in deposits and 8.41 percent, 3.14 percent and 12.85 percent respectively in the credit side.

Currently, the Indian banking system consists of 27 public sector banks, 26 private sector banks, 46 foreign banks, 56 regional rural banks, 1,574 urban cooperative banks and 93,913 rural cooperative banks, in addition to cooperative credit institutions. Public-sector banks control more than 70 per cent of the banking system assets, thereby leaving a comparatively smaller share for its private peers.

## RESEARCH METHODOLOGY

This descriptive research is based on secondary data. The data is collected from the articles published by various authorities related to the topic consider for the study. The other source was published research paper in various conference proceedings, national and international journals which are linked with the topic such as acceptance of information technology in banking by bankers as well as customers, banking technology framework etc. The relevant information collected from RBI report and various websites.

## DISCUSSION

### Competitive Advantage

Competitive advantage can be defined as ‘a product or service that an organization’s customers value more highly than similar offerings from its competitors.’ It is necessary for every organization to stay ahead always in the dynamic business environment. One of the way to remain in the competition is reinvent, update your technology aspects on regular basis.

### Information Technology – The differentiator

The banks can follow number of strategic choices and combinations, the options can be summarised as follows:

1. Cost Leadership – Market leader as a low-cost producer
2. Differentiation Strategy – Differentiated product line as compared to competitor
3. Innovation Strategy – Doing Business by new way
4. Growth Strategy – Expanding Business by various ways
5. Alliance Strategy – Linkage with customer, competitor, suppliers and other company for growth

Following table shows how information system can play vital role in gaining competitive advantage.

Competitive Strategy	Roles of Information Systems
Cost Leadership	Organizations can use information systems to fundamentally shift the cost of doing business (Booth, Roberts & Sikes 2011) or reduce the cost so business processes or/and to lower the cost so customers or suppliers, i.e., using online business to consumer & business to business <b>models</b> , e-procurement systems to reduce operating costs.
Differentiation	Organizations can use information systems to develop differentiated features or/and to reduce competitors’ differentiation advantages, i.e., using online live chatting systems and social networks to better understand and serve customers; using technology to create intermediaries to offer

	value-added service and improve customers' stickiness to your website/business(Booth,Roberts,andSikes2011);applying advanced and established measures for online operations to offline practices(i.e. more accurate and systematic way so measuring efficiency and effectiveness of advertising)(Manyika2009).
Innovation	Organizations can use information systems to identify and create (or assist in creating) new products and services or/and to develop new/niche markets or/and to radically change business processes via automation (i.e., using digital modelling and simulation of product design to reduce the time and cost to the market (Chui & Fleming 2011). They also can work on new initiatives of establishing pure online businesses/operations. At the same time, the Internet and telecommunications networks provide better capabilities and opportunities for innovation. "Combinational innovation" and Open innovation are two good examples. There are a large number of component parts on the networks that are very expensive or extremely different before the establishment of the networks, and organizations could combine or recombine components/parts on the networks to create new innovations (Manyika 2009). Meanwhile everyone is connected via personal computers, laptops and other mobile devices through cabled Internet or wireless networks or mobile networks, there are plenty of opportunities to co-create with customers, external partners and internal people.
Growth (including mergers and acquisitions)	Organizations can use information systems to expand domestic and international operations or/and to diversify and integrate into other products and services, i.e., establishing global intranet and global operation platform; establishing omni-channel strategy to gain growth (omni-channel strategy looks at leveraging advantages of both online (or digital) and offline (or non-digital) channels) (Rigby 2011).
Strategic Alliance	Organizations can use information systems to create and enhance relations with partners via applications, such as developing virtual organizations and inter-organizational information systems.

### Competitive Strategy and Role of Information System

Source: Management Information Systems: J. Xu and M. Quaddus

The value chain concept was put forth by Michel Porter, it recognizes an organisation as a chain, or series, of processes, and it classified an organization's activities into two categories: primary activities (i.e., inbound logistics, operations, sales and marketing, customer service, and outbound logistics) and secondary/support activities (i.e., administration, human resources, technology, and procurement). Information system can be better contributor for each activity in the value chain. Even this support can be extended for interaction with outside world like for managing supply chain within and outside organization. Information system can be useful for interaction with other companies, for making strategic alliances. The customer can be connected better way through digital media. Organization can have healthier relation with customer by providing value added services by the use of information technology. It can be result into better cooperation and collaboration, which will help any organization to sustain in the dynamic business environment. As a thought process, "Accountability of information systems projects should be applied to both information systems and business parts in the organisation" in order to outsmarting in the business world.

As stated by Marion (2008), Information technology is a medium that has revolutionized banking and everyday bank operations. With all the banking operations at the button click, enabling sophisticated product development and better infrastructure. With the implementation of reliable techniques for controlling of risks banks are now reaching geographically at far distant and diversified markets. Through e-banking services there is significant cost saving in the banking operations. Online banking is becoming cheaper delivery channel for banking transactions. It also indicates that banking services delivery are the profitable channel for banking products. On the other hand, customers are now getting used to new banking technology affairs thereby enjoying freedom from time restrictions. Customers can make withdrawals, deposits and access balances at their own convenience. Because of this there is substantial reduction in queuing in banks allowing banking staff to serve better.

As per Fitzsimmons and Fitzsimmons (1997), adoption of banking technology is giving competitive edge to banking sector considering the facets like creation of entry barriers, enhancement of productivity, and increased revenue generation from new services.

Increased competition, various types of risks involved in financial transactions posing financial innovation to offer new products and services to suit for different circumstances of financial systems. These financial innovations are the outcome of Government regulations, tax policies, globalization, liberalization, privatization, integration with the international financial market along with increasing risk in the domestic financial market. Technology has made it possible to deliver services throughout the banking network, providing instant updates for checking accounts and rapid movement of money or stock transfers.

Thus, it can be stated that, technology has become driving strategy for the banking industry. In order to remain in the race and retain the customer, it has become necessary for banks to adopt new technology like artificial intelligence (AI), Application Programming Interface (API) and the Block Chain. The companies are exploring newer technology options for advancing their business model. Hilary Johnson (2017), rightly mentioned in his article that, in response to new competitive landscape, banks are striving to think two or three steps beyond the offerings they currently provide to corporate customers.

The digitization must be adopted by selecting and implementing information technology infrastructure. Banks can choose optimal and customized solution in order to gain flexibility and efficiency in the banking operations. It is also acknowledged that, modernization of banks is possible through customization at various level of banking operations. The most important aspect is fulfilment of customer expectations and satisfaction. One of the key imperatives is ‘Re-thinking business, operating models and technology architecture’ It is critical to note that, for improvising reliability and business quality it is necessary to modernize current core banking system through simplified information technology environment. This will be key for innovation and growth for the banks.

Capability	Success metric
Enabling smarter commerce through the flexible, focused and fast delivery of customer-centric capabilities and compelling, customized risk-adjusted offers	Improved customer in sight, customer retention, and in creased share of wallet
Enabling efficient and effective operations	Improved cost-to-income ratio and higher return onequity
Providing modern product management capabilities that create and maintain flexible products and product bundles more effectively	Time-to-market
Leveraging customer profitability to create relationship pricing	Accepted versus rejected offers, cross-sell ratios of banking products per customer
Enabling improved risk in sight and regulatory compliance	Improved transparency to real-time risk and required risk-based provisioning of working capital
Creating an adaptable business model and supporting technology architecture. These can improve collaboration witho the rparties and enable better synergies from mergers, acquisitions and divestitures.	Return on capital, increase revenue and reduced operating cost

Sustainable Differentiation Goals for Banks

Source: IBM Financial Services – Point of View (2011)

According to McKinsey’s study almost 75% of the banking processes are automated and banks are invested lots of money in technology advancement.

It will absolutely be going to help banks to gain competitive advantage, because of the use of information technology. Information technology incorporate IT operating model, in right sense business technology operating model which start with plan, then design followed by build and finally run. It is stated that IT to be a part of all business decisions, able to give digital insights to shape overall banking strategy. Banks can create digital lab with in legacy to report directly to CIO. It is predictable to make quicker integration between information technology and operations for speedy process through digitization.

EY and Indian Banking Association (2014) published report on “Banking on Technology - Perspectives on the Indian Banking Industry” which based on The Award-winning articles contributed by various banks. About banking on Technology, report states that due to launch of ATM, mobile banking, kiosks, and internet banking the technology gap between public sector bank and private bank is lessened. Eventually technology leveraged for gaining competitive advantage. The banks offerings become more robust to provide right solutions to the customers as per their requirement. Over a period, banks are increasing their investment in technology. The

technology definitely going to play major role in giving better customer experience with reduced cost and distinguish revenue model.

The financial inclusion in India is budding stage. The opportunity for this is provided by enhanced use of banking technology, mobile banking, growing urbanization and increasing middle class people. Financial services are now on fingertips due to information technology. It is possible due to reach of technology, convenience in use and low-cost delivery. Still there are obstacles for enablement of financial inclusion like fear of use of technology, lack of customer education, lack of clear value propositions for government and individual and Gaps between access and use. These obstacles may be overcome by understanding of customers using data, narrowing the gap between access and use of technology and creating interpretability of technology and payment.

While India as a country has come a long way in shaping economy, showing reduction in poverty and improving standard of living it continues to witness other challenges. The top 5 challenges can be summarized as below

### **CHALLENGES FACED BY THE BANKING SECTOR**

1. Rise in inequality - The income gap amongst the India's states, and a growing urban-rural divide. It is important to note that India continues to have the largest number of poor in the world (approximately 300 million are in extreme poverty), and nearly half of the poor are concentrated in five states.
2. Growth opportunities - Overall growth has slowed down in recent years. There are additional challenges that the government and policy makers have injected and hence bringing more people into the process of generating growth is difficult
3. Digital divide - As per the world economic forum data - India is still shown with 5.5% population with mobile broadband and 12% households with a personal computer. The banks are moving ahead with their digital propositions and making future plans however the digital divide is a real challenge
4. Access to Banking facilities - The common man of the country has been struggling with access to minimum banking requirements. The challenge is also compounded by the level of education / understanding and realising own right's when it comes to accessing the banking facilities. The world economic forum has acknowledged accelerated penetration from 35 % to 53% (year 2011 to 2014) however as a country still needs more work to be done by government / banks and every one to reach to a 100% mark
5. Unfair practices / manipulation of legal and governance framework - One of the deterrent for the investors to establish business in India has been around ease of doing business quotient. Given that bureaucratic processes still exist, there are number of unfair practices (e.g. Bribe, poor KYC norms, and ability to influence reports) which has impact on businesses. The investors do not feel safe to operate in such environment and specially banks who have to manage through such complicated eco system find it more challenging to navigate.

The BCG report (2010) found two major challenges for banking sector in India. The first one is the exclusion of customer who are just above bottom of the pyramid. The second is reduction of cost. Both of the challenges can be overcome through the use of appropriate technology. For this active finance literacy is must as stated in the report. The financial literacy campaign essential not only for external customer but also for internal customer.

### **CONCLUSION**

It can be stated that, while socio economic forces are slowing down the growth for Banking sector and posing unique challenges, technology can really be a game changer. For example, the digital divide can present an opportunity to the banks to innovate and leverage new technology where working without a high speed internet connection may be possible. The banks are already investing heavily in such technologies and innovation where users can simply use phone to perform basic banking transactions without an internet.

Each bank obviously may present a different response to the socio economic challenges faced by them and will try and out a solution within the possible constraints. The fact still remains that, technology will certainly create a differentiator for banks to navigate and sail through the socio-economic challenges.

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**A STUDY OF FACTORS INFLUENCING ONLINE CONSUMER'S BEHAVIOR**

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**ABSTRACT**

*This paper concentrates on the central issues of e-advertising about to pulling in and succeeding upon the buyer in the focused and hyper competitive Internet marketplace. It also examines the factors influencing the online buyer's conduct and looks at how e-advertisers can impact the result of the virtual association and purchasing process by concentrating and showcasing activities on components molding the client's virtual experience, the Web involvement. Recognizing the Web encounter segments and understanding their role as contributions to the online customer decision making process are the initial phase in creating and conveying an appealing on the web nearness liable to have the most extreme effect on Internet users. Snap and-mortar firms conveying superior Web experience impact their physical customers' observations and dispositions, driving extra activity to conventional dealer outlets. Gives a commitment to the hypothetical level headed discussion around the components impacting the online shopper's conduct and blueprints some recognizable similitude's and contrasts between the conventional and virtual customers.*

*Keywords: Internet marketing, World wide web, Online operation, Consumer behavior.*

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**INTRODUCTION**

Online shopping is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the internet using a web browser. The internet is being developed rapidly since last two decades, and with relevant digital economy that is driven by information technology also being developed worldwide. Some new technology also have been developed and used for web developing, those lead to firms can promote and enhance images of product and services through web site. Therefore, detailed product information and improved service attracts more people changed their consumer behavior from the traditional mode to more rely on the internet shopping.

Understanding behavior of consumers is a key to the success of business organizations. Marketing personnel are constantly analyzing the patterns of buying behavior and purchase decisions to predict the future trends. Consumer behavior can be explained as the analysis of how, when, what and why people buy. consumer behavior is defined as "Consumer behavior is the study of the processes involved when an individual selects, purchases, uses or disposes of products, services, ideas, or experiences to satisfy needs and desires".

**OBJECTIVES**

1. To find out the various online shopping factors influence the customer behavior.
2. To study the influence of various demographic factors of the respondents on customer buying behavior dimensions.

**HYPOTHESIS OF THE STUDY**

H1: There is no significance difference in the customer behavior of the students with regards to the various online shopping factors of customer behavior.

**SCOPE OF THE RESEARCH**

This study focused on online purchasing intentions. The target respondents were college students. Since these respondents are recorded as the majority of internet users in colleges, the study was conducted in Thane. Students were requested to answer all questions regarding their purchasing intentions toward online shopping.

**LITERATURE REVIEW**

Efthymios Constantinides, (2004) addresses one of the major issues of e-marketing: how to draw in and prevail upon the shopper in the exceptionally aggressive Internet commercial center. Examinations the elements influencing the online purchaser's conduct and analyzes how e-marketers can impact the result of the virtual collaboration and purchasing process by concentrating their advertising endeavors on components forming the client's virtual experience, the Web understanding. Distinguishing the Web encounter parts and understanding their part as contributions to the online client's decision-making procedure are the initial phase in creating and conveying an alluring on the web nearness liable to have the most extreme effect on Internet clients. Click-and-mortar firms conveying unrivaled Web encounter impact their physical customers' recognitions and demeanors, driving extra activity to customary deals outlets. Gives a commitment to the hypothetical verbal



confrontation around the components impacting the online purchaser's conduct and diagrams some perceptible likenesses and contrasts between the customary and virtual buyers.

Nowadays, Electronic Commerce, an online business, has been implemented in several countries (Chang et al, 2004). It is a new emerging business channel through the Internet that is helping businesspersons, corporate managements, and marketing persons to expand their market share, generate more revenue, and increase product distribution channels to wider areas.

Jayawardhena et al (2003) in their study found that convenience is the second reason on why people buy goods and services online. The findings of Khalifa and Limayem's (2003) study also pointed out that the convenience variable does not significantly affect the shoppers' intentions toward shopping online. Smith and Rupp (2003) have argued that the transactions in online shops are very convenient to shoppers but not for some goods such as clothing that shoppers need to touch and try on before buying.

Ranganathan and Ganapathy (2002); Yang and Lester (2004) signify that convenience is the factor significantly influencing shoppers to shop online. Internet shoppers prefer to have delivery services from the shop after they have bought products rather than carry them home by themselves; this is another advantage of online shop which offers a convenience provision from sellers to shopper Khare and Rakesh (2011), in their study conducted in India on "Antecedents of Online Shopping Behavior in India: An Examination," found that Indian students' intention to purchase online is influenced by utilitarian value, attitude toward online shopping, availability of information, and hedonic values UshaVaidehi (2014), it was revealed that male students are more interested in purchasing goods online when compared to female students. This study exhibits that the Factors such as shopping online saves time, availability of the product for less price, promotions that E- Retailers are providing, ease in payment are the motivating drives to encourage students to shop more online. However both male & female respondents preferred to purchase goods online and they were more interested to buy apparels, electronic goods and books through online.

## METHODOLOGY OF STUDY

To meet the said objectives, the study used quantitative researches. Data was collected from primary sources. The study was conducted in Thane city with 50 students of colleges. A questionnaire method was used to know the factor affecting online shopping decision of consumer. The questionnaires were given to 50 students. The instruments of this study involved two parts: the first section of the instrument consisted of forced-choice questions about demographic characteristics: gender, age, occupation, educational qualification and monthly income level. The second section variables chosen for this study in order to measure the influence of customer buying behavior dimensions contains 15 factors are evaluated on a five-point Likert scale ranging from 1 to 5, using the anchors "5=strongly agree,4=agree,3=Neutral,2=Disagree ,1= Strongly disagree".

## DATA ANALYSIS

To complete the analysis of the collected data, descriptive statistics , including means, standard deviations were implemented one-way analysis of variance (ANOVA) were used to determine whether various online shopping factors influence the customer behavior.

**Table-1: Demographic characteristics of the respondents**

n=50			
Sr. No.	Characteristics	Category	Frequency/percentage
1	Gender	Male	30
		Female	20
2	Age	20-25 years	26
		25-30 years	24
3	Occupation	Student	28
		Part time job	22
4	Educational Qualification	Graduate	27
		Post Graduate	23
5	Family Monthly Income	Rs 20,000- Rs 25,000	10
		Rs 25,000- Rs 30,000	10
		Rs 30,000- Rs 35,000	17
		Rs 35,000- Rs 40,000	13

**Table-2: Frequency distribution of the students about factors affecting online shopping**

n=50

Sr. No.	Factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Transaction security and multiple payment options	22	13	3	2	0
2	Price is my primary concern for shopping online.	24	20	4	2	0
3	Personal privacy and security	17	20	10	2	1
4	Time saving is my main reason for shopping online.	13	22	11	4	0
5	The speed of access	19	21	9	1	0
6	After – sales service	12	23	6	6	3
7	Warranty or guarantee on the product	18	12	15	3	2
8	All time shopping accessibility	25	17	5	3	0
9	Shorter delivery period	9	11	22	2	6
10	Ease of product price and quality Comparison	16	24	7	3	0
11	Variety of globally available product	21	15	3	1	0
12	Customer's review and product rating availability	15	25	3	6	1
13	Appearance of the website	14	21	8	5	2
14	Website provide sufficient product information and explanation	12	26	9	3	0
15	My colleagues influence me to go shopping online.	11	21	7	7	4

**RESULT OF DATA ANALYSIS**

The table 3 provides some very useful descriptive statistics the mean, standard deviation for the dependent variables for all the groups and when all groups are combined (Total). The F ration value is 60.09731 and the P value is 0.00001 which is below 0.05 and therefore there is the significance difference in the customer behavior of the students with regards to the various online shopping factors of customer behavior.

**Table-3**

Summary of data						
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
N	15	15	15	15	15	75
$\sum X$	248	291	122	50	19	730
Mean	16.5333	19.4	8.1333	3.3333	1.2667	9.7333
$\sum X^2$	4436	5961	1358	216	71	12042
Std. Dev.	4.897	4.7479	5.1111	1.8772	1.831	8.1677

Result Details				
Source	SS	df	MS	
Between Treatment	3823.3333	4	955.8333	F=60.09731
Within Treatment	1113.3333	70	15.9048	
Total	4936.6667	74		

**LIMITATIONS AND FUTURE SCOPE**

It is often suggested that the scope of the findings of qualitative investigations is restricted. In our research, the students who participated in the depth interviews were from one educational campus in Thane. When interviews are conducted with a small number of individuals in a certain locality, they argue that it is impossible to know how the findings can be generalized to other settings. Also, the people who are interviewed in qualitative research are not meant to be representative of a population and it may more or less impossible to enumerate the population in any precise manner. Hence with this limitation, we suggest future researchers must replicate this study in different educational campuses in Mumbai as well as other cities in India. Qualitative research is unstructured, exploratory in nature, based on small samples and given these characteristics of the research

process, the findings of the exploratory research should be regarded as tentative or as input to further research. Typically, such research is followed by further exploratory or conclusive research. Thus, the findings of our study can be used by the researchers as a foundation in the application of further exploratory or conclusive research, in the area of online buying behavior.

### **FINDINGS**

Significant differences existed among the customer behavior and the various online shopping factors of the respondents.

### **CONCLUSION**

In this study, an attempt was made to explore the factors influencing the online buying behavior of the college students, in Thane. The main influencing factors for online shopping were identified as availability, low price, promotions, comparison, convenience, customer service, perceived ease of use, time consciousness and variety seeking.

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**ISSUES, CHALLENGES & OPPORTUNITIES OF MICRO, SMALL & MEDIUM ENTERPRISES (MSMES) – AN INDIAN PERSPECTIVE**

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**ABSTRACT**

*In every country of the world, Micro, small & medium enterprises (MSMEs) plays a vital role to strengthen the economy of that country. MSMEs not only nourish the economic growth of the country, but also generate huge employment opportunities and assist social development. MSMEs are considered as the catalyst in the process of building the competitive position in the global business market for developed as well as for developing countries. Though there are several challenges like – lack of sufficient capital, poor infrastructure, lack of access to advanced technology, access to market etc., Indian MSMEs are contributing 8% to the GDP and contributes 40% to exports from India. Despite of certain issues related to infrastructure in India and insufficient linkages with market, this sector have registered a remarkable footmark towards economic development of the country and have various opportunities. When MSMEs are playing the role of backbone of Indian economy, at the same time “Make in India” drive opened up the doors of lots of opportunities in this sector. The study and research in this paper is an attempt to put some light on the issues, challenges and growth opportunities available in India towards development of micro, small and medium enterprises.*

*Keywords: Micro, small & medium enterprises (MSMEs), opportunities, challenges, employment, economy.*

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**INTRODUCTION**

Micro, small & medium enterprises (MSMEs) had shown a consistent employment generation and growth rate not only in India, but also throughout the globe. During recession and economic slowdown of any country, MSMEs play an important role to maintain the economic crisis situation. During recent time, Indian economy shows a considerable growth by creating millions of employment opportunities and enhancing the export potential of the country. As MSMEs are acting as a catalyst for the economic growth of the country and one of the measures to bridge the development gap between rural and urban India, it is very important for the country to frame the suitable policies to nourish the MSME sector for the holistic development of this sector. At the same time, for the sustainable growth and survival in global competition, it is the responsibility of this sector to address the infrastructural as well as the policy issues of the sector to government.

**Objectives of the Study**

**The objectives of this study are as follows**

- 1) To highlight the scenario of functioning of MSMEs in India
- 2) To discuss the opportunities available for MSME sector
- 3) Functional issues and challenges faced by MSME sector in India

**RESEARCH METHODOLOGY**

As the study is based on the MSMEs, the primary information is collected from entrepreneurs of various manufacturing & service enterprises, workers and the stakeholders of these enterprises. Major discussion and interferences are based on the secondary data. Secondary data is referred from various Government websites for MSME sector, Annual Reports published by various Government committees as well as from the Industrial Associations, books, industrial magazines and official websites.

**REVIEW OF LITERATURE**

The gap between the functioning policies of MSMEs and the policies framed by government to manage this sector is discussed by various researchers from time-to-time.

Victor Murinde, Colin H. Kirkpatrick & Christopher J. Green (2006) examined and analyzed the financial policies of Government that supports the growth of MSME sector. These policies result not only in the growth of this sector, but also generate employment and reduce the poverty. The discussion in this paper is majorly on the role of micro-financing of MSME sector.

De, Sankar (2009) concluded that MSMEs in India have many functional challenges. But it's very difficult for this sector to tackle the situations when strong financial support is required. The views of Ramana, Nanda & William (2009) are exactly the same.

Export-Import Bank of India (2012) has examined the financial support systems and the laws which are available for MSME sector in India. It has been concluded in the report that this sector in India should be provided with more opportunities / access to funds to avoid bankruptcies. It is also suggested that instead of facing the global competition alone by the entrepreneurs, the Government policies should cultivate the culture of cluster development of various players in this sector.

### INDIAN MSMES – AN OVERVIEW

As per the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two Classes:

1. **Manufacturing Enterprises:** Those enterprises engaged in the manufacture or production of goods related to any industry and had set up plant and machinery in the process of adding value to the final product. Manufacturing enterprises are defined on the basis of their investment in plant & machinery.
2. **Service Enterprises:** Those enterprises which are catering services to the citizens of the country. Service enterprises are defined on the basis of their investment in equipment.

As per Ministry of Micro, Small & Medium Enterprises and Development Commissioner (MSME) of Government of India, manufacturing and service enterprises are categorized based on the investment as follows:

**Table-1: Manufacturing sector enterprises**

Type of Enterprise	Investment in Plant & Machinery
Micro	Less than INR 25 Lakhs
Small	More than INR 25 Lakhs but Less than INR 5 Crores
Medium	More than INR 5 Crores but Less than INR 10 Crores

Source: www.dcsmse.gov.in

**Table-2: Service sector enterprises**

Type of Enterprise	Investment in equipment
Micro	Less than INR 10 Lakhs
Small	More than INR 10 Lakhs but Less than INR 2 Crores
Medium	More than INR 2 Crores but Less than INR 5 Crores

Source: www.dcsmse.gov.in

Over the past decades, the development & growth of MSME sector in India has shown a consistent growth. As per the statistics available, in India there were 4.1 crore MSME units in year 2009-10 as compared to 1.1 crore units in 2001-02. This number has increased to 4.48 in year 2014-15. Indian MSMEs are producing more than 8,000 products and contribute 8% of the GDP of the country. 35% of the Indian export is contributed by Indian MSMEs. As per survey reports, 60% Indian MSMEs are in rural areas and 40% are in urban areas. Government of India has taken various initiatives towards the development of MSMEs. Some of the programs are – i) Establishment of Small Industries Development Bank of India (SIDBI) in 1990, ii) Credit Guarantee Fund Trust of Micro and Small Enterprises (CGTMSE) in 2000, iii) Prime Minister's Employment Generation Program (PMEGP) in 2008 etc.

**Table-3: Contribution of manufacturing output & share of MSME sector in GDP in India**

Manufacturing Output			MSME contribution to GDP (%)		
Year	MSME Manufacturing Output (INR Crore)	Share of MSME manufacturing to total manufacturing output (%)	MSME Manufacturing Sector	MSME Service Sector	Total
2011-12	2167110	33.12	6.16	23.81	29.97
2012-13	2385248	33.22	6.27	24.13	30.40
2013-14	2653329	33.27	6.27	24.37	30.64
2015-16	2783433	33.40	6.11	24.63	30.74

Source: MSME Annual Report 2016-17, Ministry of Micro, Small & Medium Enterprises, Government of India

**Table-4: Break-up of Male & Female proprietors and employment provided by each in India**

Ownership	Number of Enterprises	Number of Workers
Male owner	3,40,26,592	7,11,15,400
	86.28%	87.9%
Female owner	52,89,052	93,94,832
	13.41%	11.6%
Other owner	1,21,371	3,83,213
	0.31%	0.5%
<b>Total</b>	<b>3,94,37,015</b>	<b>8,08,93,445</b>

Source: MSME Annual Report 2016-17, Ministry of Micro, Small & Medium Enterprises, Government of India

### OPPORTUNITIES TO MSMEs IN INDIA

After agricultural sector, MSME sector in India holds second position in terms of generation of employment. About 95% of the total industrial units are MSME units in India, contributing to large proportion of Indian export market. MSME sector has a great scope and lots of opportunities in terms of supplementary units to other MSMEs! Under cluster development program, MSMEs have greater scope as this sector is less capital sensitive and generating huge employment opportunities. These units require easily available raw material and even can avail various subsidies provided by Government. Though there is always a scarcity of resources, using available resources, India has huge development potential to promote and enhance the capacity of service and manufacturing MSME units across the country. Development of this sector in the country is extremely important as it would be the key to success of economic development of the country.

India is ranked at 4<sup>th</sup> position in terms of largest economy of the world and 2<sup>nd</sup> largest in Asia. This growth is easily visible as there is huge investment in infrastructural development, huge employment generation, private sector investing largely in manufacturing and service corporate houses etc. Indian MSMEs are contributing to entire supply chain- starting from a manufacturer to the retailer- including each and every member of the channel. Liberal financial policies of Government and subsidy policies opened up new doors to the growth of this sector in India. Factors like; ample human capital, availability of raw material, Government initiatives for funding MSMEs, innovations, adoption to modern technology, global market linkages etc. are the indicators of the opportunities available to MSME sector in India.

### ISSUES AND CHALLENGES TO MSMEs IN INDIA

Though MSMEs in India are acting as the backbone of the economy and strengthening the competitive position of the country in global rivalry, this sector in the country is facing several problems and challenges. Certain key issues are still to be addressed and remedial actions to be taken to various policies formed by Government for this sector in the country. These challenges includes – i) Delayed / irregular payments from the buyers, which affects the working capital of the business, ii) Lack of information about the policies and subsidies provided by Government, iii) Inability of financial institutions to assess and bear the risk of funding MSME units, iv) Loss bearing capacity of entrepreneurs in the country etc. & many more.

Out of various challenges faced by MSMEs in India, some of the highlighted challenges are as discussed below:

- 1) Infrastructural challenges & issues:** Inadequate access to basic facilities like transportation connectivity, water, power supply. This inadequacy results in the high operational costs of this sector, reducing the profit margin and making this sector less attractive in certain regions of the country.
- 2) Absence of adequate capital & knowledge:** One of the biggest challenges faced by Indian MSMEs is the adequacy of strong financial support. Financial institutions in the country – including private as well public sector financial institutions – are incapable of assessing the creditworthiness of micro and small units. This results in the rejections in the financial assistance proposals proposed by these enterprises. High interest rates further create problems for entrepreneurs. Further to this, various schemes and subsidies provided by Government are not transparently communicated, resulting in challenging situation to obtain financial assistance by the MSMEs.
- 3) Absence of timely financial assistance:** After following the robust loan procedures, loans are not disbursed in time by the financial institutions. This results in the delays and failure of the business planning of the entrepreneurs.
- 4) Non availability of skilled labor and human resources at affordable cost:** Availability of suitable human resources near the establishment is very important. Few regions in the country do not have skilled labors nearby the business set-up. Even the same is available; it is costing wise difficult for the entrepreneurs to

avail the services from this labor force. Lack of managerial competences, lack of proper training and development programs etc. are some of the further challenges for this sector.

- 5) **Ineffective marketing strategies:** Lack of sufficient marketing infrastructure in terms distribution channels & readily available markets, difficulties in procuring material from the suppliers, spread of MSMEs over a large geographical region, are some of the challenges resulting in failure of marketing strategies designed by the enterprises.
- 6) **Non-availability of suitable technology:** To sustain in the global competition, every business unit must adopt the modern world class technology. Huge capital requirement & skilled labor to adopt this technology are main challenges in India. This results in reduced productivity and eventually reduced profit margins.
- 7) **Non-adherence to Government policies:** Though government is always coming up with the suitable policies to nourish the MSME sector in India, all these policies are not properly availed by the enterprises. Non-adherence to RBI guidelines regarding revival of sick units by the financial institutions is another policy constraints towards the development of MSME sector in India.

### **CONCLUSION & SUGGESTIONS**

As discussed, MSMEs have considered as one of the important element of economic development of the country. This sector is generating huge employment and helping in industrialization of rural India. This sector have a great potential to accelerate the economic growth of the country and even to absolutely support and success of 'Make in India' drive of the government. This sector is the perfect blend of using tradition skills with advanced technology at optimum cost. Appropriate financial assistance should be established to develop this sector in the country. MSMEs in the country can be nourished and developed with the establishment of proper infrastructure, by creating adequate domestic as well global marketing linkages, by developing the skillset of human resources with proper training and development program, by providing access to modern technology and lastly by framing suitable government policies. This will definitely result in the strong competitive position of the country in global competition.

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**FAMILY BUSINESS ISSUES AND ITS IMPACT ON PERFORMANCE**

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**ABSTRACT**

*The study examines perceived issues and its impact on performance of family business. Also it highlights specific problems, which family business comes across in long run due to nature of business and ownership structure. The author of paper made use of primary and secondary data, also individuals were supervised with structured questionnaire for family business responses. Significant association was observed between specific issue and performance of family business. Secondary data were supplemented by a theoretical context and specialized evaluation of the author. Finally, future research directions and insights for practitioners were outlined.*

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**INTRODUCTION**

Family businesses have always been an integral part of the Indian economy and society. Largely founded on the joint family principle of ownership and management, their contribution has always remained very high. However, family business as a system has inherited an identity associated with features such as, non-professionalism, conservatism and poor governance. The fast-paced changes in business environment in the past two decades have altered this to an extent. Today family owned businesses are perceived as much more respected, entrepreneurial, growth driven and much better governed, contributing immensely to the country's growth story.

Family Business is seen as significant source for economic growth and development in today's world. Family businesses have the potential to outperform any other form of business organization through their inherent synergies between capital and management. Performance is an essential indicator of the organizational success and competitive advantage of firms. If firms are able to identify the factors that determine improved performance, they could take advantage of their specific features.

In a family business, the business is passed from one generation to the next, with younger generation given training to enter the business and taking different duties from their parents over time. Family Business enhances the prospects for firm survival, by helping to create and sustain conditions of trust, identity, and norms of reciprocity and obligation. Typically, family members will hold key roles in terms of being decision makers, improving their skills and talents by hiring employees that are capable of managing other tasks. Performance is an essential indicator of the organizational success and competitive advantage of firms. If firms are able to identify the factors that determine improved performance, they could take advantage of their specific features. Family business may want to know the key drivers of success to direct their efforts to the accomplishment of those measures. Hence, the purpose of this research is to give insight in the effects of the influence of a family on the aforementioned components, and how these are related to success of a firm and to have a better picture of the ambiguous and imperfect literature on family businesses. The outcome of our research will be formed by answering the following research question: "Which issues of family business play important role in performance objectives of a firm?"

**BRIEF REFERENCE TO LITERATURE**

Family businesses comprise one of today's most important types of businesses. The family-business interconnectedness consists of several components, as members of the family must fulfill many roles in the business such as owner, manager, and employee. An additional component that family businesses must also address is that of cultural relations. Based on the aforementioned components, it is expected that family can bias the business, that is, family can influence the course of the business.

It is certainly possible that family members can influence the business, particularly in the role of manager or owner of the business; however, the influence is generally the result of a combination of several factors rather than a single factor. To state it more clearly, the influence of family on business is the result of a combination of various factors, such as ownership, management, institutionalization, succession relationships, similarities between family business values, contributions of the family to the business, experience of the family with respect to business issues, and the influence of the founder, successor, and spouses.

Based on a survey of the literature, it was determined that the focus of this study should also cover the sales and operations performance of the family-owned business. The number of scientific studies related to family owned businesses began to increase in the 1970s. When these literatures are evaluated collectively, family businesses



are found to be defined by many different ways Barnes and Hershon (1989) considered that a family business is one in which complete control of the business is in the hands of a particular family, whereas Donckels and Fröhlich (1991) stipulated that a family business is one in which a family owns at least a 60% share of the business. Ward and Dolan (2010), conversely, stipulated that a family owned business is one in which the family has a majority of the votes in business decisions.

Anderson and Reeb (2003) provided three conditions that must be met for a business to be considered a family business which also shows ownership of business. First, the family should own shares of the business. Second, family members should be members of the management, governance, and/or advisory boards of the business. Third, the business should be actively managed by the founder or a first-degree relative of the founder.

Furthermore few researchers also mentioned that family business is also considered as institutionalization of the business and it should be considered together with the influence of the family. In particular, studies in Turkey that address the institutionalization of family businesses evaluate institutionalization as a transition of the business to a professional management platform (2007), the development of new work models (2007), and the formation of family constitutions and family councils (2006). As a result, on the one hand, institutionalization is associated with the concept of management, whereas on the other hand, it consists of the regulation of relationships between family members and the business via the family constitution (2004), as well as the shaping of the future of the business by the family via the family council (2005).

In general terms, performance can be defined as an expression of how well individuals, groups, or organizations that perform a task attain their planned targets (191), or returns, as a whole, with respect to a given issue (1999).

Dirk Rossouw et. al. (1955) observed that education and awareness are two key factors for potential development of any organization. These factors are changes and relaxations in government policies, granting various schemes to organization. The researcher suggested for educating and spreading awareness about government policies and schemes amongst organization will help to outshine in enterprises field.

Various leading public and private sector banks have been providing finance under different schemes to entrepreneurs with a relief in interest rate. Chinna Ashappa and Hanamanthappa P. Sedamkar (2011) highlighted in their study that rural entrepreneurs were unaware about policies and programs of the Central and State Governments and also suggested to create awareness towards the programs. Faraha Nawaz (2012) observed lack of awareness among family business is a major obstacle for development of business.

The study commenced with a review of existing literature on family business, its values and norms have a considerable impact on family businesses (Astrachan, Klein and Smyrniotis, 2002; Dyer, 2003; Fletcher, 2002; Habbershon & Williams, 1999). Over the past two decades family business researchers have cited some critical concerns that affect family firms. Business decision making in family firms is susceptible to be clouded by family emotions in cases where family and business are closely entwined (Chrisman, Steier and Chua, 2008). Optimizing the interests of both the business and the family has been cited in literature as a major concern for family business leadership (Hollander and Elman, 1988; Whiteside and Brown, 1991).

Transition of leadership and business ownership from one generation to the next is another major area that has attracted the attention of family business (Brockhaus 2004; Chrisman, Chua and Sharma, 1998). Successful family businesses generate wealth for the owning family but prudent management of this wealth is crucial for sustainability of both the family and its business. Understanding and managing the intricate family relationships is essential for steering a family business (Lansberg and Astrachan, 1994). Professionalization of family firm and the complexities it involves have also been pursuits of in-depth analyses by family business researchers. (Dyer, 1989; Hall and Nordqvist, 2008; Klein, 2007) based on the literature review, five key areas were identified where family firms faced unique issues, namely – Leadership, Succession Planning, Family Wealth Management, Managing Family Relationships and Professionalization. Each of these issues had several dimensions. These dimensions were identified through a review of the literature. These were refined based on practical insights developed. The questionnaire that was thus developed was piloted with a small group of family business owners. Thereafter the instrument was calibrated and finalized.

## **OBJECTIVES OF STUDY**

1. To study association between generation of business and awareness about government service and facility.
2. To study factors affecting sales performance and operations performance,

## **HYPOTHESIS**

1. There is no significant difference in generation heading of business and awareness about government service.
2. There is no relationship between factors and sales performance , operations performance

**RESEARCH DESIGN**

The research design is descriptive and convenient sampling method was adopted to select the respondents. The sampling was done in Navi Mumbai. A total 90 respondents were interviewed. The data was collected by personally interviewing respondents using a pretested structured questionnaire.

**DATA ANALYSIS AND INTERPRETATION**

The details about description of respondents are presented here in table 1.

Particulars	No of Respondents
<b>Generation heading the Business</b>	
1 <sup>st</sup> Generation	29
2 <sup>nd</sup> Generation	38
3 <sup>rd</sup> Generation	23
<b>Ownership of business controlled by</b>	
Individual	34
Family members	31
Widely held ( family & non family)	25
<b>Industry</b>	
Real Estate, professional and administrative services	12
Transport, storage and communications	10
Wholesale and retail trade	19
Education	10
Manufacturing	16
Hotels and Restaurants	13
Financial services	10
<b>Issues faced by Family business</b>	
Competition in Market	78
Recruiting skilled staff	66
Lack of Entrepreneurship skill	62
Lack of Managerial skills	65
Lack of training / entrepreneur education	59
Price of Raw materials	81
Availability of finance	72
Awareness about Government policy / regulations	69
Market conditions / uncertainty	76
Supplier / Vendor Management	68

**Hypothesis 1**

Null: There is no significant difference in generation heading of business and awareness about government service.

Alternate: There is significant difference in generation heading of business and awareness about government service.

Above hypothesis result is tested with the help of ANOVA and F-test. The details for same is presented here in below table2.

Table-2: ANOVA					
Service_awareness_score					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	502.867	2	251.4335	3.74264	0.028
Within Groups	5844.73	87	67.1808391		
Total	6347.6	89			

The Sig. value in above table shows that it is 0.028. This value is less than 0.05. Because of this, we can conclude that there is a statistically significant difference between generation heading of business and awareness about government service. Respondent's opinion about issues and impact of issues on sales and operation performance, the same is presented here in below table 3.

Factor	Particular	Expected Mean	Observed Mean
F1	Recruiting skilled staff	3	1.5144
F2	Lack of managerial, Entrepreneurship skill and training	3	4.4072
F3	information about sources of finance	3	2.6048
F4	Awareness about Government policy / regulations	3	2.8702
F5	Training on supplier / vendor management	3	1.7696

### Hypothesis-2

Null: There is no relationship between factors and sales performance, operations performance.

Alternate: There is relationship between factors and sales performance, operations performance.

Table 4 shows the relationship between factors and sale, operation performance. These relationships were found to be statistically significant (for  $p < 0.05$ ).

Table-4 : Correlations between the components							
	F1	F2	F3	F4	F5	Sales performance	Operation performance
F1	1.00						
F2	0.17	1.00					
F3	-0.05	-0.03	1.00				
F4	-0.28	-0.05	0.16	1.00			
F5	0.12	0.02	-0.02	-0.03	1.00		
Sales performance	0.07	0.02	-0.28	0.03	-0.14	1.00	
Operation performance	0.12	-0.12	-0.29	-0.04	-0.21	0.88	1.00

From above table it is observed that relations between sales performance with Recruiting skilled staff and Lack of managerial, Entrepreneurship skill and training is positive low correlation i.e. 0.07 and 0.02 respectively. However with information about sources of finance it is negative degree of association it is -0.28. Also it is observed that Awareness about Government policy / regulations and sales performance has positive low degree of association. Furthermore Sales performance and Training on supplier / vendor management has negative correlation.

Table also discussed about negative correlation between operation performance and Lack of managerial, Entrepreneurship skill and training, information about sources of finance, Awareness about Government policy / regulations, Training on supplier / vendor management that is -0.12, -0.29, -0.04 and -0.21 respectively.

Significantly positive degree of association is reflecting for sales performance and operation performance that is 0.88. Also there is inverse relationship between information about sources of finance and both performances.

### CONCLUSION

The response pattern was found to be similar for family businesses regardless of the firm size, age, and ownership structure or the family generation that heads them. In other words, across various industry, age or size of the business or the generation heading them, findings about family firms were on similar lines. The study covered 10 issues on which the family business owners were questioned. Also checked about the impact of those issues on firm performance, it is observed that lack of business education and required skill also put impact on decisional area and ultimately on performance. In the conclusion individual can say that family firms are increasingly moving towards a professional approach to managing Businesses. The progression of family business towards professionalization is an emerging trend that this research firmly establishes. Also it is observed that how family business issues has impact on organizational sales and operation performance. The above concluding observations have limitations i.e. conclusion is drawn on the bases of just study of opinion of 90 respondents in Navi Mumbai and result are not inversely representing. The data do not exhibit a general trend as diversity, which can be noticed when cover larger samples other than selected area of study. Hence there is a significant scope for research work in this area.

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**ARTIFICIAL SWEETENER MARKET POTENTIAL IN INDIAN MARKET**

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**ABSTRACT**

*Artificial sweeteners (A.S.) are defined as substances that are used in place of sweeteners and are derived from sugar or sugar alcohols. They may also be called sugar substitutes, nonnutritive sweeteners (NNS), and non-caloric sweeteners. All artificial sweeteners are chemically processed. They can be added to food and during preparation. Sugar substitutes can help people trying to lose weight. They provide sweetness to foods and drinks without adding extra calories. Using artificial sweeteners in place of sugar can also help prevent dental decay and aid in blood sugar control in people with diabetes. In India; you will find four main types of artificial sweeteners that are currently selling. They are known as Saccharine, Aspartame, Sucralose and Stevia.*

*India is the second largest manufacturer of sugar and its largest consumer in the world – much of it being used in sweetmeats. . India has the without doubt of being called the diabetic capital of the world – but also the capital of obesity and heart diseases. According to a recent report of CDC (Center for Disease Control and Prevention), more than 36% of the adult population in the India, which is more than one-fourth of the population, is suffering from obesity. Moreover, increasing prevalence of the obesity related problems such as stroke, type 2 diabetes, cancer, and heart attack is expected to fuel demand for consumption of food products with low calories and sugar content. In order to expand their customer base, the leading companies are focusing on making range of sugar-free food products including bakery products, ice creams, and beverages*

*Online study carried out for the artificial sweetener people are now aware of thing that sugar is harmful for the health of human being. More people are ready to give up the sugar and ready to adopt the low calorie intake. Study also suggest that more health conscious and ready to give up traditional sugar from their diet. This proves that India in near future will be the biggest market for sugar substitutes. The Artificial Sweetener market value categorized under healthcare products is about Rs. 1350 cr. Per annum. About 21 brands are available in the market as per the market research carried out. Sugar Free is currently the clear market leader in the sweetener category with over 40 % market share. The current market size is not very remarkable but future is likely to be attractive. Indian Pharmaceutical major, Alkem Laboratories Ltd started manufacturing sugar replacement sucralose for in all the foods applications like Bakery, Confectionery, Dairy products, Ready to Eat Packed foods, Fruits & Vegetable products - Juices, Jams, Sauces, Ketchups, Syrups, Jellies etc. An another Indian pharmaceutical company has completed a new sucralose facility and is ready to begin production of the popular sweetener sucralose*

*Keywords: Artificial sweeteners, non-caloric sweeteners, Stevia*

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**INTRODUCTION**

After 1991 when India adopted liberalisation, Privatization and Globalization the changing lifestyles, rising disposable incomes and hectic lifestyles of the increasing working population drove the Indians towards convenience foods, baked foods, sugar confectionery items and beverages. However, the craving to consume animal products (meat and dairy products), sugar and fatty foods has increased the number of obese people, and diabetics. India is the second largest manufacturer of sugar and its largest consumer in the world – much of it being used in sweetmeats. Sweetmeats being an integral part of the “Indian Thali” become inevitable at times.

Our cultural and religious feelings also force us to take ‘Prasad’ which is typically loaded with sugar and fats. But increasingly, the massive intake of sugar-based products is being associated not only with diabetes. India has the without doubt of being called the diabetic capital of the world – but also the capital of obesity and heart diseases.

India has now accorded itself with the diabetic nation tag. As per 2017 data, it was observed that the females accounted for a upper percentage in the diabetic segment when compared to males. The main reason was that of more Indian women being either obese/overweight. This has escalated the calorie consciousness among the consumers and not only the diabetic and overweight segment are preferring artificial/sugar substitute sweeteners, a bulk of the health and fitness conscious Indians are going for artificial sweeteners.

Artificial sweeteners (A.S.) are defined as substances that are used in place of sweeteners and are derived from sugar or sugar alcohols. They are also called as sugar substitutes, non-caloric sweeteners and nonnutritive sweeteners. The sugar substitutes are seen as an alternative option for people trying to lose weight, without altering the sweetness or adding extra calories. People with blood sugar and tooth decay problems also seem to

use artificial sweeteners. The most usually used artificial sweeteners in the Indian market are Aspartame, Acesulfame potassium, Sucralose, Saccharin. The use of artificial sweeteners in different food applications is regulated by Food Safety and Standard Authority of India (FSSAI). Increasing use of sugar substitutes by the confectionery players in acceptance to consumer demand is driving the market. Artificial sweeteners which come under the 'bulk sweeteners' category include sucrose, fructose, lactose and others.

In India, you will find four main types of artificial sweeteners that are currently selling. They are known as Saccharine, Aspartame, Sucralose and Stevia. Let us take a brief look at each of these sweeteners:

**Saccharine** - This is sold under the brand names Sweet n Low or Sugar Free. It is an organic molecule derived from petroleum and is almost 300 times sweeter than regular sweetener. Saccharine is not affected by heat and so has the prime advantages as it can be used easily in sugar free cakes and other sweetmeats. It contains no calories at all and is very effective in controlling blood sugar levels. Saccharine was stated to be a potential 'carcinogen'. Lots of studies conducted on male lab rats confirmed that saccharine does rise chances of bladder cancer.

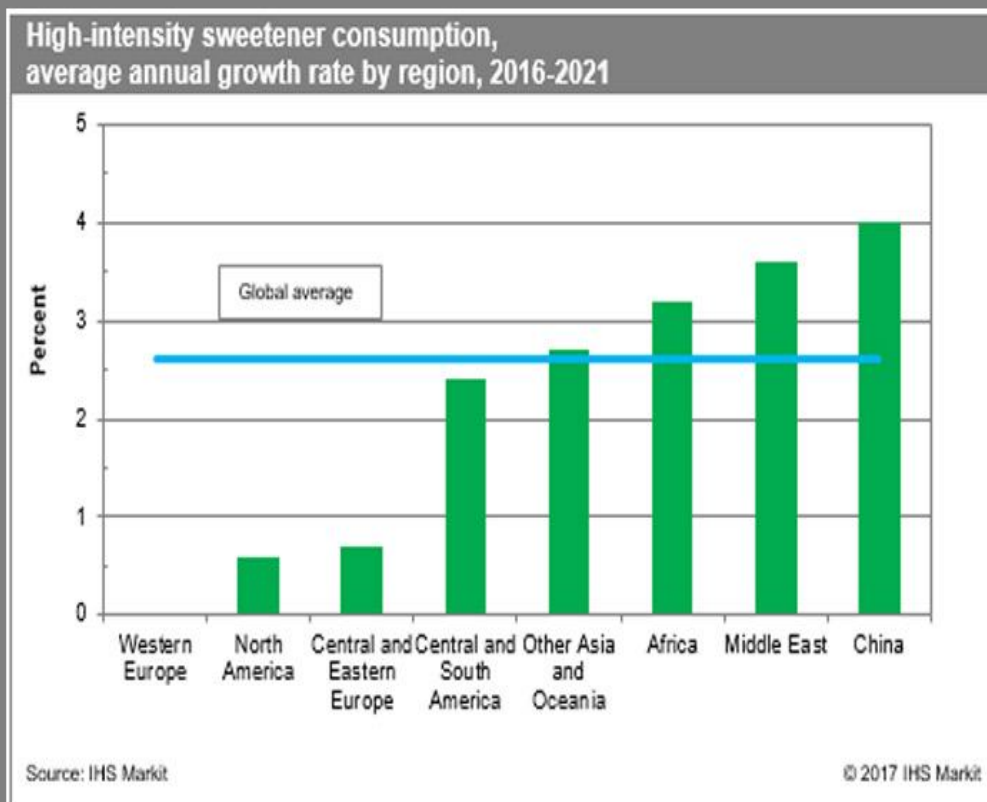
**Aspartame** - This is sold under the brand name Equal and Sugar Free Gold is pocket friendly for the user. It is a combination of amino acids – aspartic acid and phenylalanine with menthol. Aspartame is about 180 times sweeter than natural sugar. This sweetener has slow onset as well as longer taste, which is sometimes not favored by users. One gram of aspartame is equal to 4 calories. Yet, because we use a very lesser quantity to sweeten our tea and coffee, the calories amount to almost nothing. Even with all these benefits, aspartame has been linked to cardiovascular diseases.

**Stevia** – This is unique, it cannot be termed as an 'artificial' sweetener because it is in fact a herb, which makes it an organic sweetener. Sold commonly as brand names BeStevia, Sunova and Steviolcal, These sweeteners have been recognized as safe. It is 250 to even 300 times sweeter than sugar; however it leaves a bitter after-taste in the mouth. It is free of calories and a healthy substitute to sugar. Some people have reported feeling nauseous and swollen after using stevia.

**Sucralose** – This is heat stable sweetener, many doctors and scientists believe that Sucralose is the finest sweetener in the market. Existing as Splenda and Sugar Free Natura in India, It is almost 600 times sweeter than regular sugar, and comes from sugar cane extracts. Sucralose is calories less, so it is effective for those looking to lose weight.

#### RATIONALE FOR FEASTING OF ARTIFICIAL SWEETENER

- Artificial sweeteners help diminish calorie (energy) intake and support weight loss. Social and health concerns relating to obesity is driving the consumption of artificial sweetener.
- Sugar substitutes are considered to be tooth friendly and stops tooth decay.
- The occurrence of diabetes for all age-groups worldwide was estimated to be 2.8% in 2000, 3.2% in 2010 and 4.4% in 2030. The total number of people with diabetes is projected to rise from 171 million in year 2000 to 380 million in 2030. People with diabetes have difficulty in controlling their blood sugar levels. By restraining their sugar intake with artificial sweeteners, they can enjoy a varied diet while carefully controlling their sugar intake.
- Also, some sugar alternatives do release energy, but are metabolized more slowly, allowing blood sugar levels to remain more stable over time.
- People with reactive hypoglycemia will produce an excess of insulin after rapidly absorbing glucose into the bloodstream. This causes their blood glucose levels to drop below the optimum level required for proper physiological function. As a result, like diabetics, they must avoid consumption of high-glycemic foods and often prefer artificial sweeteners as an alternative.



#### Regional consumption - Low calorie sweetener

Sr. No.	Region	MS%	Value (in Mill \$)
1	America	53	530
2	Europe 21 210	21	210
3	Asia 19 190	19	190
4	Rest of the World	07%	70

Source: Artificial Sweeteners Market: Food and Beverage Industry to Dominate the Global Market in Terms of Revenue: Global Industry Analysis (2012 - 2016) and Opportunity dAssessment (2017 - 2026)

Above chart shows global consumption of artificial sweetener worldwide with region in the year 2016-2017 china and Middle East countries are largest consumer of artificial sweetener.

#### CURRENT INDIAN MARKET OVERVIEW

The artificial sweetener market stands at around 200 crores and is clocking double digit growth rates. However, the current category growth rates are no indicator of the potential growth of the industry as till last year the category was administered by numerous restrictions on use of low calorie sweeteners in products other than sugar replacements among others which affected growth of this category.

#### INDIAN ARTIFICIAL SWEETENERS MARKET: DYNAMICS

Growth of the Indian artificial sweeteners market is mainly bound to various micro-economic and macro-economic factors. The report states that the Indian artificial sweeteners market is significantly driven by increasing preference for healthy food products. Growing health concerns among customers has led to surge in demand for fat-free, sugar-free, and diabetes friendly food products. Prevalence of various diseases such as diabetes and obesity is further expected to contribute towards growth of the Indian artificial sweeteners market significantly. According to a recent report of CDC, more than 36% of the adult population in the India, which is more than one-fourth of the population, is suffering from obesity. Moreover, increasing prevalence of the obesity related problems such as stroke, type 2 diabetes, cancer, and heart attack is expected to fuel demand for consumption of food products with low calories and sugar content.

In order to expand their customer base, the leading companies are focusing on offering range of sugar-free food products including bakery products, ice creams, and beverages. In addition, increasing demand for confectionery products among the diabetic population has led the manufacturers to opt for alternatives such as artificial sweeteners. Neotame, Saccharin, Sucralose, and Aspartame are some of the most widely used artificial sweeteners for production of diabetic friendly and sugar-free food products. Surge in demand for artificial sweeteners in the food industry will continue to reflect positively towards growth of the Indian artificial sweeteners market.

### MARKET DRIVING FACTORS IN INDIA

The Artificial sweetener business has evolved hastily over the last 15 years. Whether this evolution has been in response to market forces or is more a case of 'technology push' is, perhaps, an debatable point. Also, the range, composition, and quality of products that rely on artificial sweeteners, predominantly 'diet' or 'light' soft drinks, have changed dramatically during this time. Today, it really is possible to deliver, to a substantial consumer population products whose suitability matches or even exceeds that of their full-sugar equivalents. The growing incidence of obesity and consequent growing calorie consciousness has sparked off a growing consumer base of Artificial Sweetener products. The key factor driving the artificial sweetener market is the consumer demand in international markets.

On the contrary in India, the consumption of artificially sweeteners has been traditionally fuelled by the increasing diabetic segment (with usage being restricted to tea/coffee). Till few years, back 90% of the consumption of sweeteners was by diabetics only for monitoring blood sugar. Sugar substitutes/artificial sweeteners is the smart way to cut on surplus calories of sugar (sucrose) and control your calorie intake. However, with the growing incidence of lifestyle diseases like cholesterol, obesity, etc. has given rise to a corresponding alertness for calorie consciousness amongst urban individuals and triggered a sharp growth in the Indian sweetener market today.

A huge unexploited market lies in the usage of artificial sweeteners in the food and beverage market. Beverages are the biggest market for sugar alternatives, but many products such as bars, yogurt and baked goods also benefit from low-calorie (Artificial Sweetener) substitutes. In India, while consumption of artificial sweeteners is only 2% in the middle-income group while it is more suffering with diabetes and obesity. On another side of this survey shows that 70% of high income group people use this artificially made sweetener in their daily use. Tabletop sweeteners are popular in India with high-profile promotional campaigns pandering the health-conscious to dump sugar and choose its alternatives. Brands such as Equal, a global product from Chicago-based Merisant, Sweetex from Boots Piramal, Sugar Free TM from Zydus Cadila and Sweet'Nlow from New York's Cumberland Packaging Corp are selling their products in India.

Artificial sweeteners are expected to gain popularity as they help in lowering high blood pressure and maintaining the blood glucose level for diabetic patients. Additionally, massive increase in the use of ready to eat foods and regulatory laws driving the growth of the global artificial sweetener (low-calorie) market. Increased acceptance of low-calorie sweeteners as a substitute for conventional sugar has increased its application scope in the food industry. All these factors will contribute to the estimated CAGR of 3.8% of artificial (low-calorie) sweeteners market during the forecast period 2018-2023.

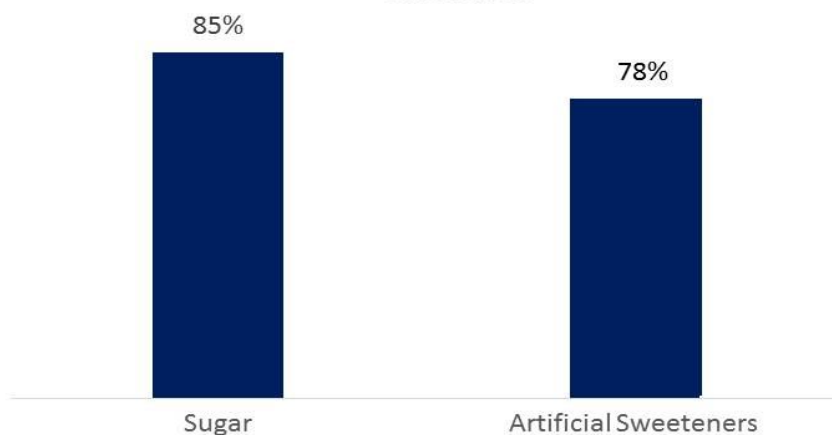


Study also suggest that more health conscious and ready to give up traditional sugar from their diet. This proves that India in near future will be the biggest market for sugar substitutes.



## Indian consumers are looking to cut back on their consumption of sugar & artificial sweeteners

Those Actively Looking to Limit/Avoid Consumption of Sweeteners



Source: PureCircle Proprietary Research, India 2016

Do you actively try to limit the amount of sugar/artificial sweeteners in the foods and beverages that you consume each day?

10 ©PURECIRCLE LIMITED 2015



Online study carried out for the artificial sweetener people are now aware of thing that sugar is harmful for the health of human being. More people are ready to give up the sugar and ready to adopt the low calorie intake

### HEALTHCARE PRODUCT PORTFOLIO

The Artificial Sweetener market value categorized under healthcare products is about Rs. 1350 cr. Per annum Artificial Sweetener market includes three major categories

Sr. No.	Artificial Sweeteners	Market share%	Growth
1	Aspartame	42	Negative
2	Saccharin	28	not significant
3	Sucralose	30	Highly positive

- About 21 brands are available in the market as per the market research carried out
- Sugar Free is currently the clear market leader in the sweetener category with over 40 % market share. It covers both Aspartame and Sucralose category
- Saccharin market showing no significant change in its market size
- Aspartame is showing negative growth as side effects of this sweetener are clear visible.
- Sucralose has been showing very good acceptance in market and enjoying highest growth among artificial sweeteners
- Over 10 brands available in the sucralose category in Indian market

### MARKET POTENTIAL FOR ARTIFICIAL SWEETENER WITH DIFFERENT USAGE

#### The Confectionary and the Soft Drink Sector

The soft drink manufacturers have introduced several health drinks and many food supplementary beverages, especially for the diabetics. Growing awareness towards sugar substitute products will give steady growth to artificial sweetener.

#### Household Usage of Artificial Sweetener

Artificial Sweetener can be used in most of the typical Indian dishes like Chakkara pongal, Payasam, Ravaa laddoo, Sauces, Jams, Juices, Pickles, Tea, Coffee, and even herbal tea. As growing health conscious and diabetic people require low calorie from their intake without hampering original sweet taste and this suggest that India is prominent and promising market for artificial sweetener.

**The Bakery and the Beverage Industry**

The bakery industry too holds a stand to bring an impact by the usage of Artificial Sweetener. All cooked and baked food items like puddings, desserts can be sweetened with only very small quantities of Artificial Sweetener. This industry also in growing stage and they are also attracting diabetic and health conscious people by providing them low calorie product by using artificial sweetener.

**Its Medicinal Property**

Artificial sweetener is such a versatile sugar with incredible sweetness that it can be safely used in herbal medicines, tonics, for diabetics and also in the daily usage products like mouth washes, tooth's pastes. In case of mouthwashes and toothpaste, the artificial sweetener can be used, because of its anti-fungal and anti-bacterial property.

With its medical usage artificial sweetener will have growing demand from pharmaceutical company.

**FINDINGS**

1. The study carried out from secondary data suggest that India in near future will be the biggest market for sugar substitutes.
2. Sugar Free is currently the clear market leader in the sweetener category with over 40 % market share.
3. The current market size for artificial sweetener is not very remarkable but future is likely to be attractive.
4. According to a recent report of CDC(Center for Disease Control and Prevention), more than 36% of the adult population in the India, which is more than one-fourth of the population, is suffering from obesity
5. Increasing prevalence of the obesity related problems such as stroke, type 2 diabetes, cancer, and heart attack is expected to fuel demand for consumption of food products with low calories and sugar content.
6. The artificial sweetener market stands at around 200 crores and is clocking double digit growth rates.
7. Cost of the sugar substitute/ artificial sweetener is biggest obstacle that prevents people from adopting the low calorie intake. But increase in household income will definitely help that more and more people will buy it for their health.
8. Side effects of the artificial sweetener are in minds of customer but new sucralose have reduced the side effects. That should be convey to the market by manufacturer.

**CONCLUSION**

In response to increasing demand for higher taste, low-calorie, sugar-free food products, the number of food stuffs comprising artificial low calorie sweeteners has grown markedly in recent years. In terms of artificial sweetener usage, beverages dairy products diet soft drinks and foodstuffs are demonstrating the growing market for the sugar substitute industry. Rendering to the primary and secondary market data sucralose is the choice of artificial sweetener, and growing with excellent speed.

Changing life style, people with increasing calorie consciousness and increasing Indian diabetic population are the reason to more and more consumers are either losing their sweetening behaviors or are turning to artificial sweeteners. Artificial sweeteners are becoming a huge business in India with high-profile promotional campaigns indulging the health-consciousness to choose substitutes for sugar. Brands such as Equal, a global product from Chicago-based Merisant, Sweetex from Boots Piramal, Sugar Free TM from Zydus Cadila and Zero and elata from Alembic are widespread in India.

Indian market of artificial sweeteners looks very eye-catching and likely to take up good growth in terms of volume and value near future. The current market size is not very noteworthy but future is likely to be attractive. Indian Pharmaceutical major, Alkem Laboratories Ltd started manufacturing sugar replacement sucralose for in all the foods applications like Bakery, Confectionery, Dairy products, Ready to Eat Packed foods, Fruits & Vegetable products - Juices, Jams, Sauces, Ketchups, Syrups, Jellies etc. An another Indian pharmaceutical company has completed a new sucralose facility and is ready to begin production of the popular sweetener sucralose

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**DIGITALISATION: IT'S IMPACT ON GROWING FUND-RAISING OPPURTUNITIES FOR COMPANIES "WITH SPECIAL REFERENCE TO SME SECTOR OF INDIA"**

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**ABSTRACT**

*This study discusses the impact of digitization on India's high potential SME segment for future growth. It has been found that there is a significant rise in growth rate for the India's SME segment since 2000. This was majorly due to digitalization. Digitalization has automated the processes and product thereby improving the quality and operational capability for industries. India's SMEs segment has always suffered amid lack of 'access to finance', despite having huge growth potential. Digitalization has resulted into a tremendous improvement in the performances of SMEs and open doors for them to accessibility to a number of government funding options providing alternate financing. SMEs have shown a tremendous improvement in their operating performance, profitability and productivity, amid an increase in access to alternate funds/schemes available through the digital medium. SME growth in a country is responsible for a significant contribution to the overall trade growth. The study mainly focuses on the growing fund raising opportunities for SME. This study concludes that digitalization has a substantial impact on the inclusive growth of the overall Indian economy and trade.*

*Keywords: Digitalization, performance, profitability, productivity, Schemes etc*

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**RESEARCH OBJECTIVES**

This paper focuses on impact of Information technology (IT) and IT enabled service (ITES) on SME sector.

- 1) To study the impact of digitalisation on growth of SME sector.
- 2) To understand the impact of IT and ITES on accessibility of funding for Indian SME sector.

**1. RESEARCH METHODOLOGY**

The study is done using secondary sources of data like, published articles in newspapers, journals or business magazines, annual report of government authorities, reports, case studies, discussion papers published by both national and international association and government bodies, etc.

The study is an exploratory research where the research paper tries to focus on impact of use of technology and digitalisation on SME's. It tries to study data on impact of ICT on growing access to funding options.

**2. SIGNIFICANCE AND RATIONAL OF THE STUDY**

The paper focusses on growing opportunities for SME's in India for increasing their access to funding opportunities. The growth in IT and ITES has increased the visibility of SME's online thereby helping them to generate demand for their products, creating data online for sales demand, review of their products, etc., thereby increasing their credibility to investors. The growth in digitalisation in Indian MSME (Micro Small Medium Enterprise) Ministry has also helped in creating awareness of the government policies and application to fund raising schemes.

**3. INTRODUCTION**

The SME sector is the one of the prime drivers of employment in India and a strong support for Indian economic growth. Despite its growing contribution to the economy, Indian MSME sector is facing many challenges. SME sector in India is currently facing high level of challenges amid its exposure to international competition. Therefore, it's necessary that the Indian SMEs should take measures to improve their competitiveness and skills to be competitive in the global arena. Easy availability and accessibility of financial resources, are the basic requirements for the small and medium businesses to grow and one of the major challenges faced by the SME's in India.

The major reason of growth in economic trade can be attributed the use of Information Technology (IT) and IT-enabled services (ITES) in manufacturing and services sector by both developed and developing nations. Availability of goods and non-tradable services have open new opportunities and have made them tradable amid the development and use of IT and ITES. Rapid development in IT and ITES is a significant factor for promoting the economic growth and devolvment in any country, and India has shown an exception performance in its contribution to be an IT and ITE's enabled emerging nation, fast few decades. Digitization in

India has shown a positive impact on the total Indian trade, thereby improving the efficiency of SME. India's SME sector has a high potential and Digitization of manufacturing and services has availability of funding options/schemes for them. This is lead to improvement in performance of Small and Medium Enterprises (SME) sector of India. India sees a huge growth potential in its service sector and SME sector, especially in the area of trade. Digitisation is one of the important measures, which would support growth in SMEs and make them available alternatives in finance at the most cost effective rates.

The use of Information and communication technology (ICT) applications has become essential for any enterprise, to grow its business and to sustain growing global competition. ICT has simplified business activities and the pace at which the information flows post digitisation has added a significant role in generating economic value amid global goods trade. Use of technology by SME had been a key enabler for improving quality as product become competitive, improved service and lowered costs for SME's.

India's MSME (Micro, Small & Medium Enterprise) sector has contributed around 6% in gross domestic product (GDP), 33% in manufacturing and 45% in exports in the year 2014-15. The Indian service sector is a significant contributor to India's trade volume, GDP and has also attracted a large amount of FDI inflow. The initiative to boost digitisation has been a key enabler for the service sector since 2000. The contribution of service sector to India's total GDP was around 52 percent for the year 2014-15, and the growth has been increasing year on year. India's service sector grew with a compound annual growth rate of 9 percent in 2014-15, higher than India's GDP growth rate.

As per the data released by MSME, in 2014-15, 78.2% of non-agricultural establishments were self-financed. In rural India, 72.7% of the non-agricultural establishments were self-financed whereas this number was 83.7% in urban India. The report also highlights finance assistance from Government source as the second best option with 7% of MSME currently availing this option. There have been reports from McKinsey and International Finance Corporation (IFC) highlighting low growth of highly opportunist MSME sector, due to lack of 'access to finance'. The McKinsey and IFC reports also mentioned India and China as the red hot destination for the BRIC2 countries' SME finance business. This paper focusses on understanding how digitalisation has done its best to bridge this gap over the last few years, by improving the access to government funding as schemes get digitalised and government finance could widen the scope for growth and development of the SME sector. This study highlights the impact of digitization on India's MSME sectors' development and growth, amid Government digitalisation initiatives.

#### **4. LITERATURE REVIEW**

Simon Kuznets (1973) in his study has discussed modern economic growth factors. According to his study a country long term growth is defined with its capacity to support advancement in technology as it remains a permissive source of economic growth. It he has further argued how advance technological development have significant positive impact on the overall production process of any sector, especially focussing on the ideology for use of new technology for developed nations. Study by Kaldor, (1967) characterized the manufacturing sector as "the main engine of fast growth" whereas Penélope Pacheco-López and A. P. Thirlwall (2013) pointed out that Kaldor's first law of growth is open to another interpretation as there exists a close association between manufacturing output growth and export growth, and between export growth and GDP growth. Study by Kaldor (1967) has further revealed a direct relationship between the manufacturing sector and growth of IT development and advancement. There have also been a number of studies by Dasgupta and Singh (2005); Goldar and Mitra (2008) and Joshi (2007) to understand the relationship between manufacturing sector and IT development. Further Studies also attempt to understand whether there exist any such relationship between the growth of manufacturing sector and ITES.

There have been a number of studies by Chanda (2002), Lal (2007) and Joshi (2009b) discussing demand for manpower and growth of ITES in India, amid technological development. The study has also focussed on use of ICT (Information Communication Technology) infrastructure; communications are the drivers for growth. The studies have also checked the phenomena of non-tradable services become tradable, as ICT developed in different sectors.

SMEs finance in developing nations usually see lack of credit information or transparency as per studies done by Myers and Majluf (1984) and (Morris et al., 2001; Das, 2007). Further study by Petersen and Rajan (2002); Berger et al. (2005a); Frame et al. (2001) and Frame and Woosley (2004) also point out towards impact of banks decision to finance SME's amid low transparency and poor credit scoring by them. Thampy (2010) highlights that the banks do not prefer to extend credit facilities to a number of MSME's as a number of them operating in India face the problem of credit appraisal, credit scoring and unsecured loans. Further studies by

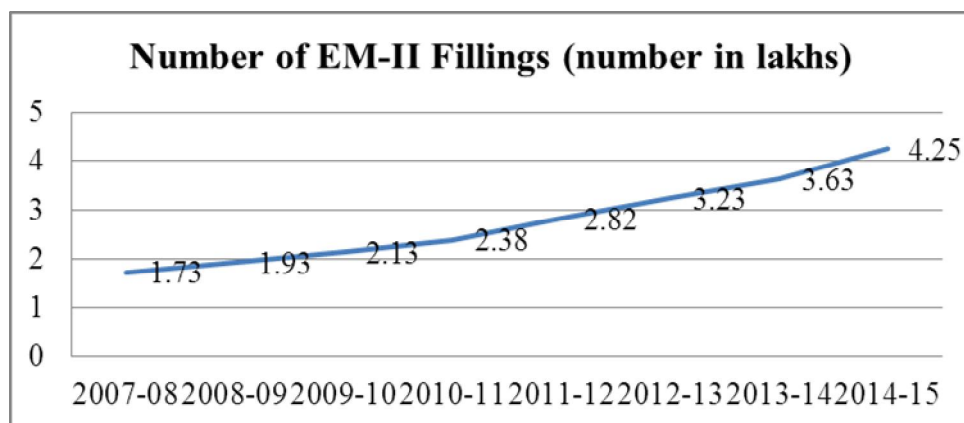
Maturi Rao & Dr. Krishna (2016) reveals lack of demand and shortage of working capital are significantly responsible for the magnitude of sickness in MSME's, though the tendency of sickness is at declining end over the years.

Recent developments in ICT and advancement of technology have significantly contributed in easing transactions, reducing information asymmetry and increasing efficiency. It is acceptable that development of ICT has a direct impact on the performance of companies thereby leading to growth in trade. SMEs are the vehicle for sustainable development for any economy, which a number of Indian SMEs facing major difficulties with 'access to finance'. Advancement in ICT, and development and Government support for MSME to adopt and use new technologies on pay to use model are helping in reducing the financial barriers for the sector, thereby increasing their reach and accessibility to different stakeholders. Thus, growth in ICT and digitalisation by SME's would boost their competitiveness and performance thereby supporting their contribution to the growth of trade.

## 5. IMPACT OF DIGITALIZATION ON INDIA'S MSMES SECTOR

### 5.1. MSMEs Overall Performances

The Figure below shows progressive and health growth rate of opening of new MSME, it depicts the conducive environment for opening and growth of such units in an economy. The data not only depicts growth in number of MSME but also portrays a high morale of entrepreneurs in the macroeconomics of the economy. The number of EM-II filings in the country was 1.73 lakh, which has continuously increased during 2007-08 to 2014-15, with the number of filings growing to 4.25lakh. Digitalisation of the filing process has also led to ease in filings in the recent years.



Source: MSME Annual Report 2016-17

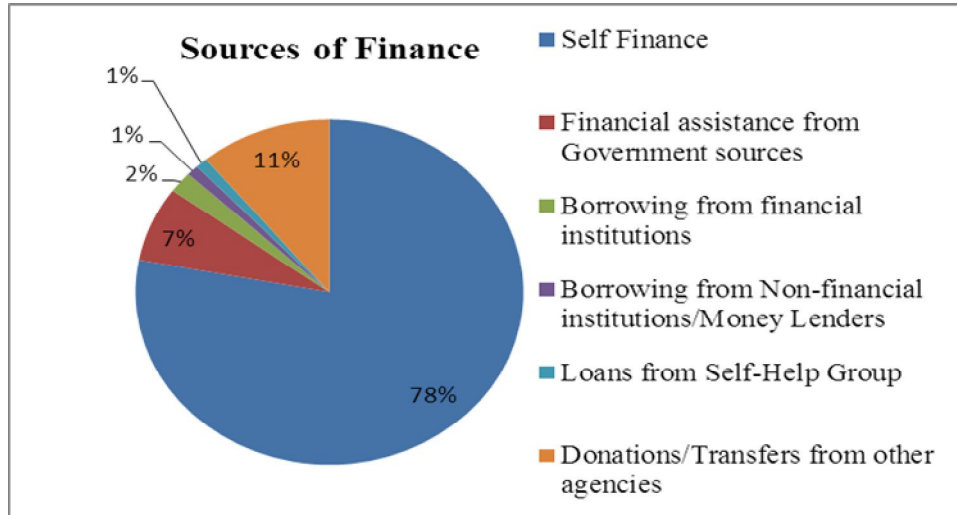
The MSME has not only grown in number but also has increased its contribution to GDP, amid digitalisation and business innovation. Their contribution to GDP is 6%, with 33% in manufacturing sector and 45% in exports.

Share of MSME sector in GDP and total Manufacturing Output								
Manufacturing Output at current price			Share of MSME GVA to GVA/GDP at constant price for base year 2011-12 (%)					
Year	MSME Manufacturing Output1 (Rs. in crore)	Share of Manufacturing Output in total Manufacturing Output (%)	MSME Manufacturing Sector		MSME Service Sector		Total	
			in GVA	in GDP	in GVA	in GDP	in GVA	in GDP
2011-12	2167110	33.12	6.64	6.16	25.66	23.81	32.29	29.97
2012-13	2385248	33.22	6.77	6.27	26.05	24.13	32.89	30.40
2013-14	2653329	33.27	6.79	6.27	26.40	24.37	33.19	30.64
2014-15	2783433	33.40	6.63	6.11	26.72	26.63	33.34	30.74

Source: MSME Annual Report 2016-17

## 5.2. Alternative Avenues for MSME Financing

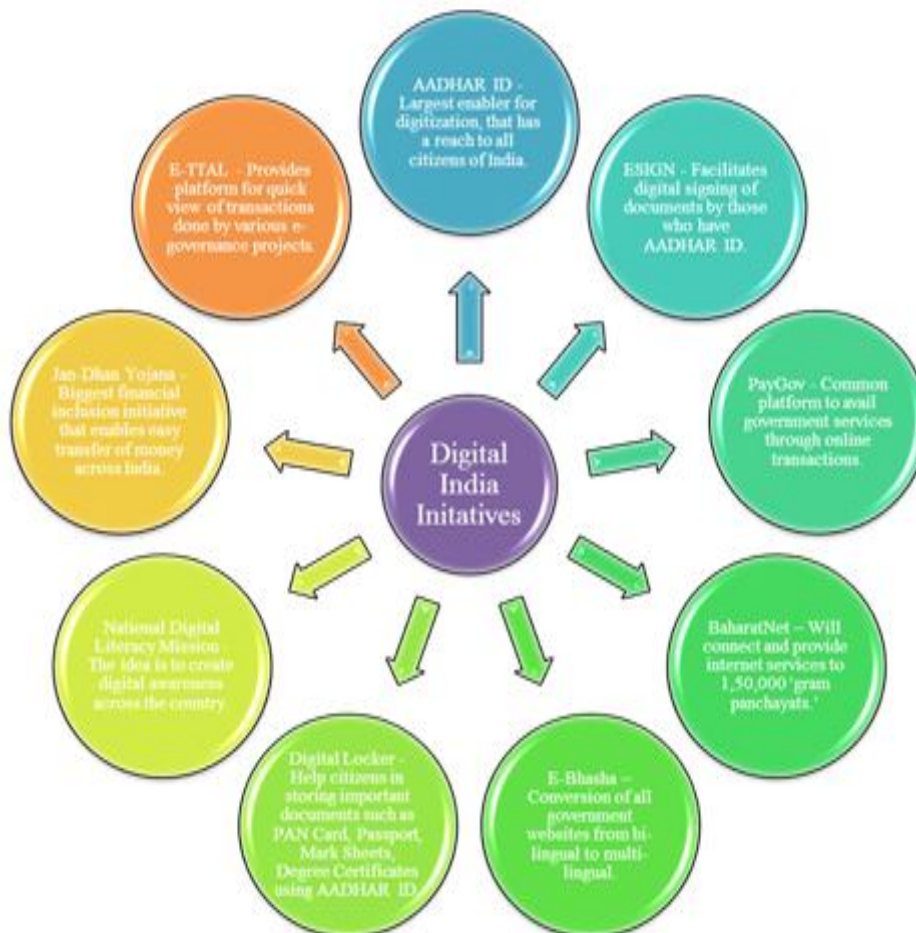
Access to adequate sources of finance is one of the major problems faced by MSMEs in both rural and urban areas, making self-finance (78%) one of the most preferred option for finance. Digitalisation has opened doors to counterfeited this problem with access to new modes for self-financing as well as ease of reaching and receiving financial assistance from Government sources (7%) too making it one of the other preferred options available with the MSME. Borrowing from financial and non-financial sources remained as low as 3%.



Source: Sources of Finance for MSMEs (6<sup>th</sup> Economic Census)

### 5.2.1. Digitalisation – Cloud Computing & E-commerce

Government introduced a few digital initiatives which have increased the visibility of the SME's and help them increase their visibility to boost sales and raise finance. A number of digital initiatives taken up by the Government are as under



Source: Spire Research & Consultancy report for India ICT Reseller Summit 201



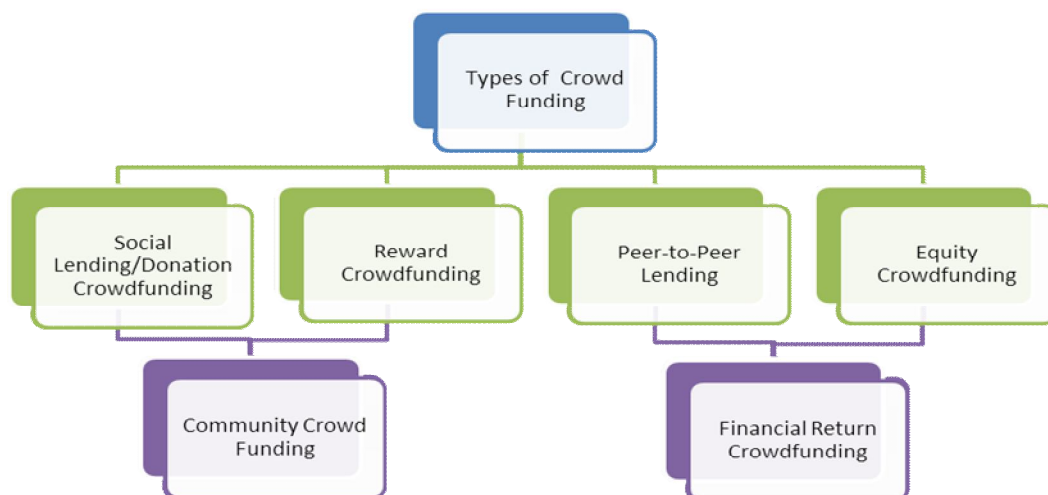
Under the banner of Digitalisation, India has seen a digitalisation of Ministry of MSME, E-office and Mobile friendly website for the enterprises, which has made it simple for all the registered SME's to avail credit or check any information related to their sector at a click of a button. The Government has come up with schemes where in it is supporting the SME's to become digital with an approach to sensitize and encourage them towards new approaches like cloud computing. There are efforts to encourage SME's in adoption of Information and Communications Technology (ICT) in their production and business processes with a view to improve their competitiveness in national and international market. It is expected that the adoption of cloud computing would lead to improvement in quality of the products made by SME's, encourage standardisation of business processes like improvement in delivery time, reduction in inventory cost, improvement in productivity and quality of production. Cloud computing facility provided under the digitisation banner of the Government for MSME are free from burden of Investment on Hardware/Software & Infrastructural Activities, as the same follows "pay as you use" model. Initially it has launched four Service – Verticals are to MSEs through various Service Providers- namely, ERP, Accounting, Manufacturing Design and Regulatory Compliance including GST. These services are provided in three categories:- (i) With Subsidy – Subsidy @60% of user charges each year per unit will be disbursed over a period of 2 years (Max. Rs.1 lakh) to Micro and Small Enterprises, (ii) Without Subsidy – Services at Ultra low Cost (iii) Market Cost – Services at Market cost.

Development of E-commerce platform has provided a marketing avenue to the SMEs to increase their sales, too. This platform is can be used by them for targeting customers, engaging with customers, analysing their preferences etc. Most of the e-commerce sites have detailed information about products, seller, the demand of the product, sales report, product review, quality, etc. This information could be used by the investors to identify potential SMEs for funding or by banks to check the credibility of product/seller incase of the SME's availing loans. Thus digitisation through cloud computing and use of e-commerce platform can be useful for SMEs to boost sales and to avail financing.

There have been reports of decrease in financial assistance pre-digitisation, thus both government and financial institutions have taken measures for financial assistance to SMEs. Seven Financial Facilitation Centres are set up in at Ludhiana, Jalandhar, Guwahati, Bangalore, Hyderabad, Chennai and Jaipur to ensure availability of credit to the MSMEs and National Small Industries Corporation (NSIC). The NSIC has also reduced lending rates on raw material assistance by 1% on micro units and by 0.5% on small industries. The Credit Guarantee Fund Trust for Micro and Small Enterprises, run by the government and SIDBI, provides guarantees which enable both existing and new SMEs to get collateral-free loans at lower rates. The guarantee provided is up to 85% of sanctioned loan facility availed by such enterprises for a fee. This guarantee helps lenders/financial institutions to provide loans to SMEs. As on December 27, 2016, a total of 26.89 lakh proposals from micro and small enterprises have been approved for guarantee cover for aggregate credit of INR 1.24 lakh crores.

### 5.2.2. Crowd Funding

Crowd sourced funding is a means of raising money for a creative project (for instance, music, film, book publication), a benevolent or public-interest cause (for instance, a community based social or co-operative initiative) or a business venture, through small financial contributions from persons who may number in the hundreds or Page 2 of 66 thousands. Those contributions are sought through an online crowd-funding platform, while the offer may also be promoted through social media.<sup>1</sup>



Source: IOSCO Staff Working Paper - Crowd-funding: An Infant Industry Growing Fast, 2014



<sup>1</sup> - Crowd Based Equity Funding – Discussion Paper - Corporations and Markets Advisory Committee, Australia, September, 2013

As per International Organization of Securities Commissions (IOSCO) paper, there are four types of Crowd Funding namely –

- i. Donation Crowdfunding denotes solicitation of funds for social, artistic, philanthropic or other purpose, and not in exchange for anything of tangible value.
- ii. Reward Crowdfunding refers to solicitation of funds, wherein investors receive some existing or future tangible reward (such as an existing or future consumer product or a membership rewards scheme) as consideration.
- iii. In Peer-to-Peer lending, an online platform matches lenders/investors with borrowers/issuers in order to provide unsecured loans and the interest rate is set by the platform. Some Peer-to-Peer platforms arrange loans between individuals, while other platforms pool funds which are then lent to small and medium-sized businesses.
- iv. In Equity Based Crowdfunding, in consideration of funds solicited from investors, Equity Shares of the Company are issued.

Crowdfunding is an innovative way to raise money, as crowdfunding platform is an internet based market place for issuers to sell their own securities to raise capital. The online crowdfunding platforms or websites offers equity or debt interests in its business to investors who make small contributions, through a crowdfunding platform or social media. It provides modest amount of funding to young entrepreneurs and technology professionals needing early stage or seed capital for startup companies which may spur entrepreneurship and ultimately assist in boosting the growth of real economy. Securities Exchange Board of India (SEBI) has taken various steps in the recent past to enable Start-ups and SME to raise funds through various routes. Its role in crowdfunding, primarily includes - recognition of the Crowdfunding Portals, oversight and regulation of the Crowdfunding market in India, playing no role in vetting of the Private Placement Offer letter of the issuing companies, issuance of guidelines/circular regarding information required to be disclosed in Private Placement Offer Letter or on an ongoing basis or requirements of due diligence and screening or any other matter, conduct of periodic inspections or audits of Crowdfunding Platforms and enforcement of Crowdfunding Regulations.

The table below indicates the reasons for the units suffering from sickness/ incipient sickness. Lack of demand and shortage of working capital are the main reasons for sickness/incipient sickness in the MSME sector. It can be observed from the table that the reason lack of demand as accounted for 71.6 percent and 84.1 percent in the registered and unregistered MSME sectors respectively followed by shortage of working capital with 48 percent and 47.1 percent.

Reason for Sickness/incipient Sickness in MSME sector		
Reason for sickness/ incipient sickness	Percent of sickness/incipient sick units	
	Registered MSME sector	Unregistered MSME sector
Lack of demand	71.6	84.1
Shortage of working capital	48	47.1
Non-availability of raw material	15.1	15.2
Power shortage	21.4	14.8
Labour problems	7.4	5.1
Marketing problems	44.5	41.2
Equipment problems	10.6	12.9
Management problems	5.5	5.1

The problems like lack of demand and the shortage of working capital which can be mitigated by the increasing visibility of the SME's on the online platforms, raising money through government support or crowd-funding.

The above discussion justifies that MSMEs development is essential for the sustainable development of any country. It can be achieved by preventing the major bottlenecks in MSME sector by adopting use of latest ICT and 'access to finance'.

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## 6. CONCLUSION

The study discusses the growth in digitisation for SME's has led to an increase in prospects for financial and technical support to them, thereby enabling access to fund-raising opportunities. The effect of digitization amid development in ICT has digitized and automated the overall business process. The development in digitization transformed several non-tradable services into tradable and has increased visibility for fund raising for companies. The share and contribution of SME have increased towards GDP, FDI inflow, trade and employment. India's SME sector is one of the most vibrant sectors and very important for an economy to achieve a sustainable growth. The crucial issue impacting growth in SME is 'access to finance', which is affecting the overall performance of this sector. Despite a number of challenges, India's SME sector has been performing well due to the development of ICT and Government initiatives for development and use of ICT have helped SMEs to grow as well in last few years. Even Fintech companies are expected to drive the growth in the Indian SME's. Amalgamation of 'e-commerce' and 'm-commerce', Rise of 'e-commerce', Easy availability of SME lending Government initiatives, are mainly reasons for SME's up-rise which contributed towards reducing several hurdles to SME credits. Further advancement in ICT can definitely help in developing a strong SME sector for India by removing further difficulties and providing an alternative platform for SME financings like Crowd funding and E-commerce. In a nutshell, India's SME segment has the high potential for future growth with digitization. The inclusive growth of Indian SME segment can give a boost to the volume of trade and India's share with the help of digitization.

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**FAMILY BUSINESS: ISSUES & CHALLENGES**

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**ABSTRACT**

*This is a study about analyzing the issues and challenges faced in Family Business. A family owned business may be defined as any business in which two or more family members are involved and the majority of ownership or control lies within a family. A family business is nothing but an interaction between two separate connections- business and family. The whole family members play an important role in development of their own business and hold positions like... board members, stockholders, working partners, advisors and employees. Conflicts often arise due to the overlap of these roles.*

*There are various issues and challenges possible while doing family business. The ways in which individuals typically communicate within a family, for example, may be inappropriate in business situations. Personal concerns or rivalries may carry over into the work place to the detriment of the firm. The family businesses go through various stages of growth and development over time. Many of these challenges will be found once the second and subsequent generations enter the business. A famous saying about family owned business in Mexico is "Father, founder of the company, son rich, and grandson poor". The founder works and builds a business, the son takes it over and is poorly prepared to manage and make it grow but enjoys the wealth, and grandson inherits a dead business and empty bank account.*

*This study focuses on challenges faced by family business in modern times. We can say that there are a number of common issues that most family businesses face at one time or another. Family businesses often face pressure to hire relatives or close friends who may lack the talent or skill to make useful contribution to the business. The profit sharing among family members is also a big challenge for the family business.*

*Keywords: Family Members, Common issues, Subsequent generations, Business and Family, Big Challenge.*

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**INTRODUCTION OF THE STUDY**

A Family business is one which is actively owned and /or managed by more than one member of the same family. If you own a family business, you probably worry even more than the average entrepreneur about ensuring that your company not only survives, but also thrives to nurture the next generation. Family business has been as common in the Indian economy like elsewhere in the world, it is perceived in a common sense. Various terms like 'family-owned,' family controlled,' 'family managed,' 'business houses,' and 'industrial houses' are used to refer to family business. Single family effectively controls firm through the ownership of greater than 50 per cent of the voting shares; a significant portion of the firm's senior management is drawn from the same family

Thus, the term family business conjures up different meanings to different people. It is a firm which has been closely identified with at least two generations of a family and when this link has had a mutual influence on company policy and on the interests and objectives of the family. While some view it as traditional business, others consider it as community business, and still others mean it as home-based business. Some researchers argue that a broad definition of a family business should incorporate some degree of control over strategic decisions by the family and the intention to leave the business in the family.

In an effort to resolve the definitional ambiguity surrounding family business research, Litz suggests that a business can be defined as a family business when its ownership and management are concentrated within a family unit. Furthermore, he argues that to be considered a family business; the business' members must strive to achieve, maintain, and/or increase intra-organizational family-based relatedness. In sum and substance, a family business can simply be defined as a business one that includes two or more members of a family with financial control of the company. In other words, a family business is one actively owned and/or managed by more than one member of the same family.

**CHARACTERISTICS**

**The definitions of family business given above indicate the following characteristics of family business**

- a. A group of people belonging to one or more families run one business enterprise.
- b. Position in family business is influenced by the relationship the family members enjoy among themselves.
- c. Family exercises control over business in the form of ownership or in the form of management of the firm where family members are employed on key positions.

- d. Family exercises the influence on the firm's policy direction in the mutual interest of family and business.
- e. The succession of family business goes to the next generation.
- f. Family business in India is largely caste-related.
- g. Every caste enjoys a dominant culture which gets duly reflected in their family businesses also.

A business run and managed by a family faces unique challenges. Common issues like managing sibling rivalry, hiring non-family members, and ensuring the success of the business through the next generation do have manageable solutions.



Source: [https://www.google.co.in/search?q=issues+and+challenges+in+family+business&dc=0&source=lnms&tbn=isch&sa=X&ved=0ahUKEwiAuION9PDZAhXGtI8KHSq6BA8Q\\_AUICygC&biw=1366&bih=613#imgrc=vP83KdUM4MC\\_GM:](https://www.google.co.in/search?q=issues+and+challenges+in+family+business&dc=0&source=lnms&tbn=isch&sa=X&ved=0ahUKEwiAuION9PDZAhXGtI8KHSq6BA8Q_AUICygC&biw=1366&bih=613#imgrc=vP83KdUM4MC_GM:)

#### ISSUES & CHALLENGES IN FAMILY BUSINESS

1. **Family problems.** Physical, emotional and financial problems among family members can greatly impact the day-to-day operation of the business.
2. **Informal culture and structure.** For many businesses, having a laid-back culture is a positive. However, the informal structure and culture found in many family businesses can equate to a lack of documentation, policies, and defined strategy and goals.
3. **Pressure to hire family members.** It can be difficult to resist the pressure that comes along with requests from family members who want to join the business. This becomes especially complicated if they lack the basic skills and experience needed for the position.
4. **Lack of training.** The informal culture found in many family businesses can result in a lax approach to training new employees, whether they are family members or not.
5. **High turnover of non-family employees.** Non-family employees may feel that greater opportunities exist within the business for those who are a part of the family and may grow tired of the culture.
6. **Sources for growth.** A huge challenge for family businesses can be determining where and how to get the capital and resources needed to grow the business.
7. **Lack of an external view.** While family members may not always have the same opinions, they often have similar upbringing and life experiences which may lead to a uniform view of the business. Businesses need to have external views of their company and their competition in order to thrive.
8. **Misunderstanding the value of the business and how it is to be divided.** Owners of family businesses may have varying opinions on the value of their business, or even worse, they may have no knowledge about the value of the business and what things contribute to or detract from that value. Further complicating this matter is determining how to split the profits of the business or owners' stakes.
9. **Who will take over the business?** It is important for family businesses to plan ahead for business succession. Many family-owned businesses do not have a plan in place and this can be a source of heated debate and intense family politics when the time arises to select new leadership.

10. **No exit plan.** Family businesses often lack a defined strategy for what will happen if an owner wants to retire, sell the business, or transfer responsibility. This goes hand in hand with succession plan issues. All businesses need a plan for the future.

## LITERATURE REVIEW

The following review of the literature had been discussed on different research reports and study presentation as well as highlights from previous studies on family businesses. Additionally, studies which examine predictive issues & challenges factors for family business will be explored.

- **Alexandra Dawson (2012)** The main focuses on the construct of human capital in family businesses. It makes three key contributions. First, it furthers our understanding of human capital in family businesses by identifying the underlying dimensions of human capital, involving not only knowledge, skills and abilities but also individual attitudes and motivation. Second, the article puts forward the conditions under which family businesses can achieve and sustain over time an alignment of interests between individual human capital and organizational goals. These conditions will vary depending on whether the external environment is static or dynamic. Third, the article heeds the call, shared by strategic management scholars, to focus on the individual level as well as on the (predominant) group- and organizational-level constructs.
- **Casillas et.al (2010)** has examined the present research to improve scholars understanding of the relationship between entrepreneurial orientations (EO) and the growth of family firms in two areas. The authors propose that the EO-growth relationship is contingent on different contextual variables- environmental dynamism and environmental hostility- and an internal variable- generational involvement. Also, they consider EO to be a composite construct integrated from and related to different independent dimensions. Using information from 317 Spanish family firms, results show that (a) EO positively influences growth only in second- generation family businesses; (b) the moderating influence of the generational involvement is related to the risk- taking.
- **Hall and nordquist (2008)** state that the purpose is to challenge the dominant meaning of professional management in family business research and to suggest an extend understand of the concept. Based on a review of selected literature on professional management and with insights from culture theory and symbolic interactions, they draw on interpretive case research to argue that professional family business management rests on two competencies, formal and cultural, of which only the former is explicitly recognized in current family business literature. They have elaborated on the meanings and implications of cultural competence and argue that without it a CEO of a family business is likely to work less effectively, no matter how good the formal qualifications and irrespective of family membership.
- **Lorna Collins, Nicholas O'Regan, (2011)** Family business has evolved significantly over the past decade and today it is a well accepted and respected field of enquiry. In gaining academic acceptance, it has retained its practitioner roots. The paper argues that it is time for a re-think because the focus of previous family business research has become somewhat convoluted with small- and medium-scale enterprises research (at least in the UK) and with particular parts of the family business rather than the entire family business system. To continue its impressive upward trajectory, family business management and research needs to embrace new theoretical perspectives and approaches, particularly those that come from disciplines such as psychology that at the moment have tenuous links to family business studies. It also needs to embrace learning that can be gained from practitioners and develop useful discourse between stakeholder groups in the family business community.
- **Shankar and Astrachan (1996)** note that the criteria used to define a family business can include: Percentage of ownership; Voting control; Power over strategic decisions; Involvement of multiple generations; and Active management of family members.
- **John A. Davis & Michael J. Roberts (2004)** In the world of family business, the entrepreneurs we celebrate are usually founders of companies. These clever, hardworking individuals identify a good business opportunity, scrape together some money and loyal employees, and start a company that takes off. The heirs of the founder and later generations of the family are supposed to take care of and grow the founder's creation; they are not expected to be entrepreneurs themselves. Even attempting to reinvent the family company can be seen as disloyal by the family.
- **Denoble(2007)** states that the importance of succession planning in family owned business in focused on identifying the key dimensions that could comprise a family business the self efficacy scale. He employed an exploratory qualitative research methodology by querying a group of family business presidents to describe

the skills critical for success. Used a resource-based perspective and relevant family business succession literature, they organized this feed back into a framework depicting the key challenges associated with leadership succession. The precedents comments highlight a set of general and family business skills requirements that fall into the domains of social and human capital.

- **Cadieux (2007)** has examined the succession process- the joint management and the withdrawal phase- differ from preceding phase in that they mark the successor's official entry into the family business as future head and the gradual retirement of the predecessors. Alone at the helm until that point, processors are faced with an important period of transition in their life where their role as leader is replaced by other rules that have not yet been clearly defined in the existing literature.

## CONCLUSIONS

Finally, it is concluded that there are various issues and challenges in family owned business. While the opportunities for success are many, family businesses face a unique set of challenges because they are governed by people whose lives are financially and emotionally intertwined. Family business is a vibrant area of growing interest today among research theories, investor's policymakers and many others with good cause. Family business to be sure, confronts substantial challenges but it also often possesses unique advantages born out of unique and dynamic family business interaction.

It is the family that must initiate and implement the changes that are involved. It is now essential for the family to prevent the conflicts between the rules, messages, and expectations for behaviour in each system that are weakening business. A series of vital roles have to be played by the business family to make family business survive. The involvement of the family in managing the business house must necessarily migrate from management to influence, from exercising the powers of the executive to invoking the rights of the shareholder. Owners have to distinguish between managing wealth and managing businesses. The family may not be good at both.

**Thus, it can be finally concluded that there is a great impact of family owned business on Indian economy and this type of business also includes greater issues and challenges too.**

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**ROLE OF THE SMALL SCALE INDUSTRIES IN SOCIO ECONOMIC DEVELOPMENT IN INDIA**

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**ABSTRACT**

*The small scale industries play an important role in the development nation. It contributes significant portion of the industrial production in value addition terms and generate one third of the export revenue. Due to India's present liberalized economy, we can say that the survival and growth of small scale industry (SSI) largely depends on its ability to innovate, improve operational efficiency and increase productivity. The role of small-scale industries in the economic development of India is discussed in this paper.*

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**INTRODUCTION**

Small scale industries play an important role for the development of Indian economy in many ways. Small scale industries are known for bringing innovations. There are lots of examples that industries started as small scale industry are become big business industries. In a developing country like our country, the role and importance of small-scale industries is very significant towards employment generation, **entrepreneurial** development and **Indigenization**, importance of small-scale industries in the economic development of the country. The small-scale industry has been playing an important role in the growth process of Indian economy since independence. It has become important pillar in the development and sustenance of the large sector industries.

The Government of India appointed Village and Small scale industries (Karve Committee) to study various aspects of Small scale industries in 1955. It was first major step by Government towards improvement of Small scale industries. In second plan of planning commission, decision regarding setting up of industrial estates in large numbers to promote small scale industries been taken. The policy of reservation of items for manufacturing in small scale industries was introduced in 1967 and made legal in the year 1984. Then policy packages in the year 1991 after that creation of SEZ. In a way government had provided good attention in a development of SSI.

**The following are some of the important role played by small- scale industries in India.**

**1. Generating Employment**

The Small scale industries are very big industrial sector in India. There are 51 million Small scale industries in India, of which only 10 million are technology ready<sup>1</sup>. Small Scale Industries have potential to provide employment opportunities to more number of people. The Small scale industries are labour incentives. SMEs are employing close to 40% of India's workforce and contributing 45% to India's manufacturing output, SMEs play a critical role in generating millions of jobs, especially at the low-skill level. The country's 1.3 million Small scale industries are sharing good portion of India's total exports<sup>2</sup>. This is important for our country as India is one youngest country of world. That means youth population is more, and they need employment. Hence Small scale industries plays very important role in socioeconomic development in India.

**2. Entrepreneurship Development**

Most of the startups are Small scale industries. The Government of India has undertaken several initiatives and instituted policy measures to foster a culture of innovation and entrepreneurship in the country. As the setting up of Small-Scale industries requires less capital and lower investment in technology and machines, it results in more & more startups. Many youngsters come forward, started their small scale industry and become entrepreneur. As on today about 4,400 technology<sup>3</sup> startups exist in India and the number is expected to reach over 12,000 by 2020. India is also at third place behind US and Britain in terms of the number of startups. The Government initiatives toward startup promote entrepreneurship. Small Scale Industries provide opportunities for entrepreneurs with limited capital.

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<sup>1</sup> <http://www.forbesindia.com/article/special/google-india-aims-to-bring-20-million-smes-online-by-2017/40347/1>

<sup>2</sup> Malini Goyal, "SMEs employ close to 40% of India's workforce, but contribute only 17% to GDP" Economic Times ( Jun 09, 2013), <https://economictimes.indiatimes.com/small-biz/policy-trends/smes-employ-close-to-40-of-indias-workforce-but-contribute-only-17-to-gdp/articleshow/20496337.cms>

<sup>3</sup> <https://inc42.com/startup-101/startup-scheme-indian-government-startups/>



### 3 Special Economic Zone

Special Economic Zone (SEZ) means to give special facilities to the entrepreneur. In SEZ special facilities are provided to the industrialist, who starts their business in this sector. Special facilities for taxes, visa will require in this zone. Development of Special Economic Zone has played very vital role in developing small scale industries across the country. As policy government for the economic development, encourages start of small scale industries. SEZ are expected to contribute financial development, export growth, increase employment of the country, and entrepreneurship development.

### 4. Provides opportunities for development of technology

Innovation is one of the important aspects of small scale industries. The small scale industries mostly start initially as traditional company but then they convert themselves as innovative industry. Application modern techniques such as Lean Manufacturing, Poka Yoke, make small scale industries more innovative & cost effective. Recently start ups particularly in Information Technology are basically works on innovations.

### 6. Indigenisation from small scale to large scale industries

Many well-known large-scale industries started their journey as a small-scale industry. Small-scale industries are the tier 1, tier 2 supplier to large scale industries. As per need they adopt new technology, make a partnership with foreign companies but start producing goods in indigenised way. The small-scale unit make the concept, process indigenised. There are many examples where small scale industries become a large scale industry. Bharat Forge Ltd<sup>1</sup> started its journey in 1961 as forging company manufacturing crank shafts. Now it becomes an Indian multinational company involved in automotives, power, oil and gas, construction & mining, locomotive, marine and aerospace industries. Nirma washing powder, Hero Cycles, Videocon and many more are examples of journey from SSI to large scale industries.

### 7. Promotes exports

The Small-scale industries contribute significant amount in export percentage of India. As per there is Development Commissioner (MSME), Government of India there are 50606 SSI units actively contribute in exports. Thus, SSI help in increasing the country's foreign exchange reserves thereby reduces the pressure on country's balance of payment.

Good amount of the Indian Exports is contributed by SSI Sector. Direct exports from the SSI Sector account for nearly 35% of total exports. The small-scale industries<sup>2</sup> sector plays a vital role in the growth of the country. It contributes almost 40% of the gross industrial value added in the Indian economy. Further products produced by Small Scale Industries are used in the manufacture of products manufactured and exported by large scale industries. Therefore they contribute both directly and indirectly to exports and earn valuable foreign exchange. SSI Sector plays a key role in India's present export performance.

### 8. Supports the growth of large industries

Today's era is an era of supply chain management. In a supply chain of large scale industries, there are many industries. And most of them are small scale industries. The small-scale industries play an important role in the development of large scale industries. They support the growth of large industries by providing, components, accessories and semi-finished goods required by them. On the assembly line of large scale industries, one can find many subcomponents are supplied by small scale industries. Even many SSI have got green channel for supply subcomponents directly to assembly line.

### CONCLUSION

Small scale industries play an important role for the development of Indian economy in many ways. Small-scale industries are very significant towards employment generation, **entrepreneurial** development and **Indigenization**. The SMEs are labour incentives and generates many employment opportunities to people. Now a day's Government is promoting start ups and most of the startup are small scale industries. Establishment of Special Economic Zone means have given opportunities to many entrepreneur and plays significant role in development of start ups. Small scale industries helps in promoting exports, growth of large industries and development of technology. Hence SME plays very important role in socioeconomic development in India.

<sup>1</sup><https://economictimes.indiatimes.com/bharat-forge-ltd/infocompanyhistory/companyid-13958.cms>

<sup>2</sup>GOVT. OF INDIA, DEVELOPMENT COMMISSIONER (MSME), MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES (<http://dcmsme.gov.in/ssiindia/performance.htm>)

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**THE EMERGENCE OF WOMEN ENTREPRENEURS IN INDIA-A CASE STUDY APPROACH**

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CEO and Founder<sup>2</sup>, What'sIn**ABSTRACT**

India is known as 'The Land of Entrepreneurs'. Conservative Indian families had only males running their businesses but with the advent of women in almost every sector of the Indian Economy, the Entrepreneurial bug also hit the women of India. They have shown keen interest to be economically independent, gain recognition, make a mark for themselves and break all the barriers related to Women Entrepreneurship. Although the socio-economic challenges faced by them are more as compared to men, they still have become resilient enough to break the iron-ceiling effect of Entrepreneurship and emerged as warriors by uplifting and empowering other women too. Not only that, this paper also states the two case studies of how women despite having no prior experience, financial stability etc grew as successful Entrepreneurs.

*Keywords: Entrepreneur, Women Entrepreneurs, Challenges, Financial Stability and Socio Economic.*

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**INTRODUCTION**

According to Investopedia, an entrepreneur is an individual who, finds and runs a small business, assuming all the risks and rewards of the venture. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services and business/or procedures. They provide employment opportunities by setting up Micro, Small, Medium Enterprises (MSME) and thereby play an active role in growing the economy. Earlier only males dominated this area as the risks involved were high and other challenges faced, but since the emergence of women in every sector nowadays is not rare, they have left no stone unturned to prove them as successful Women Entrepreneurs. In U.S., 1.5 trillion dollars of sales is generated by more than 9 million firms which are owned by the women entrepreneurs, whereas women own more than 26.6 lakh MSME units in India. 40% of US Entrepreneurs are now women and only 13 percent of those start-up out of necessity. They are also the most educated of the lot, with over 80% of them gaining higher degrees. In India women run a good 14 % of Indian businesses, almost 80 % of which are self-funded. Women entrepreneurs create new jobs for themselves and others thereby empowering other women which eventually helps in driving the economy ahead, thus contributing to the solution to organization and business problem.

**NEED OF WOMEN ENTREPRENEURSHIP**

What pulls or drives Women to Entrepreneurship are various factors like creating their own identity, having a bright future, being independent, creating a mark for themselves, to gain more freedom, flexibility to work, to gain more confidence etc. They also look for recognition too. In the case of an unfortunate event of losing the earning member, they are heavily dependent financially and surviving is tough. Hence, promoting women entrepreneurship is an important activity that any society should promote. One vital thing which drives them towards Entrepreneurship is that they have innovative ideas along with creativity which helps give them a boost to their self-esteem and gradually they become more confident. Thus gaining recognition locally, nationally and thereby globally.

**CHALLENGES FACED BY WOMEN ENTREPRENEURS**

*Financial Barrier:* Since starting a business as well as maintaining it requires a lot of capital as well as there are huge risks involved, this is one of the major obstacles faced by them. Some of them include problems related to expansion strategies, finances required for marketing, operations etc. Some of them lack financial literacy hence are not aware about the loans provided by the banks and other financial institutions. This ultimately results in getting money from friends and family members which is not enough to sustain for long-term in business.

*Social Barrier:* As per the Indian conservative society, women still are made to make choices between family responsibilities and their careers. Which leads to major work-life balance issues. They fear their identity would be at stake as being too ambitious for their goals, they would not be accepted by Indian society and immediate family members. Majority of them have to face Glass ceiling effect.

*Lack of Education and Skills:* As seen from the table 1, Literacy rates of Women in India is less as compared to their male counterparts. Women are denied higher education opportunities. Hence their ability to know and look for opportunities, being innovative and being aware about the market conditions, economy, business opportunities, marketing, trends in the industry is rare. This also makes them fall out of entrepreneurship due to lack of appropriate skills and aptitude.

**Table-1: Literacy Rate in India**

	<b>Total</b>	<b>Males</b>	<b>Females</b>
<b>Population (In Cr)</b>	121.09	62.33	58.76
<b>Literate ( In Cr )</b>	76.36	43.48	32.89
<b>Literacy %</b>	63.07%	69.76%	55.97%
<b>Literacy as % of Total Population</b>	-	35.91%	27.16%

Source: General Census 2011

**Other Barriers include in the following**

- Shortage of Raw Materials
- Lack of Government Support
- Lack of Availability of Motivational Factors (Support system-emotional)
- Tax-related Issues
- Lack of Awareness about Government Schemes and Policies

**OBJECTIVES OF THE STUDY**

The primary purpose of the study is to understand the challenges faced by Women Entrepreneurs and then interpret the same through live examples as to how they emerged out as successful women entrepreneurs and overcome the iron-ceiling effect of Entrepreneurship in India.

**REVIEW OF LITERATURE**

Bulsara, Chandwani, & Gandhi, 2013 in their paper have highlighted that increase in entrepreneurial activities by females herald a progress for women's rights and optimization of their economic and social living index. Parallel to the male counterparts, female entrepreneurs are catalytic in job creation and also through their innovation they contribute towards tangible contribution to GNP of the country. An economy grows faster when women get a level playing field as men. Indian Women, despite all the social hurdles and stand tall from the rest of the crowd and are applauded for their achievements in their respective field. The transformation of social fabric of the Indian society, in terms of increased educational status of women and varied aspirations for better living, necessitated a change in the life style of Indian women. The paper further talks about Innovation brought by women entrepreneurs in India with the help of examples from Gujarat, India.

Garg & Agarwal, 2017 in their study have mentioned that any nation, to grow today in the world of intense competition, requires entrepreneurs for their economic development and growth of an economy. Entrepreneurial activities and entrepreneurship has been dominated by males since ages but with the growth of information technology have made women more aware and have enabled them to venture into male dominated space. Globally, women have become a key player in sustaining both social development and economic growth. However, in a country like India where almost 50% of population is made up of women, the number of enterprises run by women entrepreneurs is only 7.36% or out of 361.76 lakh enterprises in the MSME sector, only 26.61 lakh have women at the top. There are a number of socio-economic hurdles faced by the women while they attempt to venture into setting up and running their own enterprises.

Showkat, 2013 paper laid emphasizes on growing of the women entrepreneurs as the potentially emerging human resource in the 21st century to overcome the economic challenges in global perspective. Being a woman entrepreneur is not a random event, but is influenced by personal characteristics as well as by socio-economic and cultural factors. There are differences in human capital factors such as education levels and intentions or on financial factors such as access to venture capital and credit terms or on the access to social capital at various stages of the entrepreneurial process. Developing and developed nations have realized that developing women entrepreneurship is indispensable to flourish as economically dominant nation in the modern high-tech world

J.Vinothalakshmi, 2013 have discussed in her paper the emergence of women entrepreneur and their contribution the national economy is quite visible in India. The government of India has defined women entrepreneurs based women participation in equity and employment of a business enterprise. Social and economic development of women is necessary for development of any country

**CASE STUDY-1**

Urvashi Yadav a resident of Gurgaon and a former school teacher started selling CholeKulche and Parathas on a cart in her area. The reason being her husband suddenly met with an accident and doctors advised him hip-replacement surgery. She had now responsibilities of her retired father-in-law, husband and 2 school-going

children. But that did not deter her into self-pity mode. Armed with her passion for cooking and determined to not let her adversity affect her she started food business on her cart. At first she faced strong opposition from the family as it did not match with the status. Also it was difficult for her who was used to sitting in Air-conditioner rooms, hardwork indeed pays off and now she is the proud owner of a Rs. 3 crore house in Gurgaon.

### CASE STUDY-2

Four rural women named Jija Bai, Sanjee Bai, Hansa Bai and Babli belonging to a remote area in Rajasthan resided close to the forest. In the forest they noticed custard apples falling in the ground and getting wasted. They decided to sell those custard apples directly on the road to the passer-by or consumers. Soon their sales began to shoot up and they started making profits only to realize that they could launch their own venture called Ghoomar. They roped in other women from the village for additional responsibilities to empower them as well as to get rid of poverty. They have now got tie-ups with Ice-cream companies. Earlier they used to sell Custard Apples for Rs. 8/10 per kg and now the companies give them at Rs. 160 per kg. This got them an astonishing annual turnover of Rs. 1 crore.

### CONCLUSION

The above stated case studies prove that given an opportunity to women in India, they will leave no stone unturned to achieve success in Entrepreneurship. In case of Urvashi Yadav who started selling on a kart had overcome the social barrier of Entrepreneurship by not being ashamed of her identity to sell on road, also she did not care about the opinions of other family members who had first resisted her idea as she belonged to a prestigious family background. In the second case where rural women who are deprived of education facilities as well as basic finances, did not let them dampen their entrepreneurship spirit. They stuck with an idea, executed it well and thereby emerged successful in their endeavour 'Ghoomar'. They not only made profits but also empowered other women to join them which means they provided employment opportunities. During the World Economic Forum which was held on 26<sup>th</sup> Jan 2018 in Davos, Switzerland, Jack Ma owner of China's E-commerce giant stated that "If you want your company to be successful; if you want your company to operate with wisdom, with care, then women are the best. **To gain success a person will need high EQ; if you don't want to lose quickly you will need a high IQ, and if you want to be respected you need high LQ the IQ of love,**" he explained. So women can balance all the three Q's together.

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**ASSOCIATION BETWEEN DEMOGRAPHIC VARIABLES AND DIMENSIONS OF WORKPLACE SPIRITUALITY AMONG TEACHING STAFF IN MANAGEMENT INSTITUTES**

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**ABSTRACT**

*“People are saying we are more than just a cost to the company. We have spirits, we have souls, we have dreams, we want a life that’s meaningful. We want to contribute to the society; we want feel good about what we do.” (Neal 1995). Just because of this workplace spirituality is became booming word in business world. And it has got tremendous importance. Workplace spirituality is nothing but that employees have inner life and it has to be nourished by meaningful work carried out with a sense that it is benefited for society. In this paper association between demographic variables and dimensions of workplace spirituality is studied. Both primary and secondary data has been used to conduct it. Structured questionnaire was used collect data from targeted respondents by using email. And findings are presented.*

*Keywords: Workplace Spirituality, Meaningful work, Sense of community, Organisational values and demographic variables.*

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**INTRODUCTION**

Why the term Workplace spirituality has become more popular? Mintroff in the year 2003 has given some reasons which are as follows. Employees want to understand their complete potential as whole human beings, either on or off the job. . They wish to work for fair organizations. They want to perform exciting and meaningful work. Making money is important, but is not the most important goal for most people. Organizations perceived as “more spiritual” were also viewed as more profitable. Ashmos and Duchon’s (2000) commonly cited definition of workplace spirituality as “the recognition that employees have an inner life that nourishes and is nourished by meaningful work that takes place in the context of community”. Workplace spirituality comprises of various elements but as per Asmosh and Douchon it has three dimensions such as meaningful work, sense of community and alignment with organizational values. As per the results of Milliman et al. “The meaningful work dimension explains affective commitment, intrinsic work satisfaction, job involvement and self-esteem. . The sense of community dimension explains all the attitudes. . Value alignment explains commitment and intention to quit.”

**LITERATURE REVIEW**

**McCormick (1994)** defined workplace spirituality as inner experience of an individual that can be shown by his behavior. **Neck and Milliman (1994, p. 9)** said spirituality “as a desires to find meaning and purpose in our lives and is a process of living out one’s set of deeply held personal values”. **Gibbons (2000)** explained spirituality in the context of held values. **Giacalone (2010)** had given various definitions of workplace spirituality. **Armenio Rego, Miguel Pinae Cunha (2007)** studied the impact of five dimensions of workplace spirituality (team’s sense of community, alignment with organizational values, sense of contribution to society, enjoyment at work, opportunities for inner life) on affective, normative and continuance commitment. And found that spirituality at workplace brings organizational commitment. **Gopalchandra Mahakud, Khagendranath Gangai (2015):** concluded that employees with increased age are more spiritual and committed towards their organization than to the lower age group people, which might be due to the job loss or few chances for job turnover. **Garcia-Zamor, Jean-Claude (2003):** suggested ways the managers and administrators in both public and private sector can use workplace spirituality to increase performance and develops ethical organization. **Milliman, John;Czaplewski, Andrew J;Ferguson, Jeffery (2003):** concluded that spirituality dimensions are significantly related with job attitudes.

**OBJECTIVE**

Primary objective of this study is to find association between demographics such as (age, gender and work experience) with different dimensions of workplace spirituality like (meaning in the work, sense of community and organizational values).

**DESIGN AND SAMPLE**

It is a relational research. Primary data collected through structured questionnaire. Sample is selected by using random sampling. Questionnaire was distributed through emails, 105 completely filled questionnaire got back and used for further study. Statistical analysis is done by cross tabulation.

**RESULTS AND DISCUSSION**

Objectives of this study are tested by using cross tabulation. Required tables with illustrations are given below.

**1. Association Between Age and Meaning in the Work**

age* Ave_MW Crosstabulation						
			Ave_MW			Total
			Neutral	Agree	Strongly Agree	
age	up to 40	Count	16	34	12	62
		% within age	25.8%	54.8%	19.4%	100.0%
	more than 40	Count	1	26	16	43
		% within age	2.3%	60.5%	37.2%	100.0%
Total		Count	17	60	28	105
		% within age	16.2%	57.1%	26.7%	100.0%

Table-1: Cross tabulation between Age and Meaning in the Work.

Above table shows that 75% of respondents from the category of up to 40 years age group find meaning in their work, whereas 88% respondents with age more than 40 find meaning in their work. With the increase in age respondents the number of respondents who find meaning in their work also increases.

**2. Association between Age and Sense of Community**

age * Ave_SC Crosstabulation							
			Ave_SC				Total
			Disagree	Neutral	Agree	Strongly Agree	
age	up to 40	Count	4	16	34	8	62
		% within age	6.5%	25.8%	54.8%	12.9%	100.0%
	more than 40	Count	0	12	27	4	43
		% within age	0.0%	27.9%	62.8%	9.3%	100.0%
Total		Count	4	28	61	12	105
		% within age	3.8%	26.7%	58.1%	11.4%	100.0%

Table-2: Cross tabulation between Age and Sense of Community.

Table mentioned above shows association between age and sense of community. From the age group of less than 40 years 67% of respondents are agree with that they feel sense of community at work. Nearly 26% are neutral and very few disagree, whereas 73% respondents from the age 40 and above find sense of community at their immediate workplace. With increase in age feel of sense of community has increased.

**3. Association between Age and organizational values**

age * Ave_OV Crosstabulation							
			Ave_OV				Total
			Disagree	Neutral	Agree	Strongly Agree	
age	up to 40	Count	19	17	22	4	62
		% within age	30.6%	27.4%	35.5%	6.5%	100.0%
	more than 40	Count	5	12	18	8	43
		% within age	11.6%	27.9%	41.9%	18.6%	100.0%
Total		Count	24	29	40	12	105
		% within age	22.9%	27.6%	38.1%	11.4%	100.0%

Table-3: Cross tabulation between Age and organizational values.

Above table shows that alignment of personal values with organizational values is less. From the group of up to 40 years only 40% of respondents feels that they have aligned organizational values and remaining 60% disagree and neutral, whereas 60% respondents from the age group of more than 40 agreed with organizational values.

#### 4. Association between Gender and Meaning in the work

gender * Ave_MW Crosstabulation						
			Ave_MW			Total
			Neutral	Agree	Strongly Agree	
Gender	Male	Count	0	40	12	52
		% within gender	0.0%	76.9%	23.1%	100.0%
	Female	Count	17	20	16	53
		% within gender	32.1%	37.7%	30.2%	100.0%
Total		Count	17	60	28	105
		% within gender	16.2%	57.1%	26.7%	100.0%

Table-4: Cross tabulation between Gender and Meaning in the work.

Above table shows association between gender and meaning in the work. 32% of female are neutral towards it whereas male are null. All male respondents agreed with that they find meaning in their work, whereas 68% of female are agreed. More male respondents agreed than female towards the meaning in their work.

#### 5. Association between Gender and Sense of community

gender * Ave_SC Crosstabulation							
			Ave_SC				Total
			Disagree	Neutral	Agree	Strongly Agree	
gender	Male	Count	0	16	32	4	52
		% within gender	0.0%	30.8%	61.5%	7.7%	100.0%
	Female	Count	4	12	29	8	53
		% within gender	7.5%	22.6%	54.7%	15.1%	100.0%
Total		Count	4	28	61	12	105
		% within gender	3.8%	26.7%	58.1%	11.4%	100.0%

Table-5: Cross tabulation between Gender and Sense of community.

Above table shows that same respondents from male and female category agreed with that they get sense of community at their workplace. 7% female disagreed where as no male disagreed towards it. More male are neutral towards sense of community than female. There is no significant difference in male and female with reference to sense of community.

#### 6. Association between Gender and Organizational values

gender * Ave_OV Crosstabulation							
			Ave_OV				Total
			Disagree	Neutral	Agree	Strongly Agree	
gender	Male	Count	4	12	32	4	52
		% within gender	7.7%	23.1%	61.5%	7.7%	100.0%
	Female	Count	20	17	8	8	53
		% within gender	37.7%	32.1%	15.1%	15.1%	100.0%
Total		Count	24	29	40	12	105
		% within gender	22.9%	27.6%	38.1%	11.4%	100.0%

Table-6: Cross tabulation between Gender and Organizational values

Above table shows more male respondents are agreed towards organizational values than female respondents. Nearly 38% of female respondents disagree towards organizational values, 32% are neutral and remaining 30% agree with it.



**7. Association between Work experience and meaning in the work.**

Work_ex * Ave_MW Crosstabulation						
			Ave_MW			Total
			Neutral	Agree	Strongly Agree	
Work_ex	up to 10	Count	8	29	12	49
		% within Work_ex	16.3%	59.2%	24.5%	100.0%
	more than10	Count	9	31	16	56
		% within Work_ex	16.1%	55.4%	28.6%	100.0%
Total		Count	17	60	28	105
		% within Work_ex	16.2%	57.1%	26.7%	100.0%

Table-7: Cross tabulation between Work experience and meaning in the work

Above table shows that there is no difference in the opinion based on work experience.

Interpretation 7: Maximum of the respondents is agreed with that they find meaning in their work. There is no much difference in the count of respondents with respect to different categories work experience.

**8. Association between Work experience and Sense of Community**

Work_ex * Ave_SC Crosstabulation							
			Ave_SC				Total
			Disagree	Neutral	Agree	Strongly Agree	
Work_ex	up to 10	Count	4	15	22	8	49
		% within Work_ex	8.2%	30.6%	44.9%	16.3%	100.0%
	more than10	Count	0	13	39	4	56
		% within Work_ex	0.0%	23.2%	69.6%	7.1%	100.0%
Total		Count	4	28	61	12	105
		% within Work_ex	3.8%	26.7%	58.1%	11.4%	100.0%

Table-8: Cross tabulation between Work Experience and Sense of community.

Table mentioned above shows sense of community increases with increase in work experience. 60% respondents with the work experience up to 10 agree with sense of community, whereas 77% of respondents from a category of more than 10 years work experience feels sense of community at their immediate workplace.

**9. Association between Work experience and Organizational values**

Work_ex * Ave_OV Crosstabulation							
			Ave_OV				Total
			Disagree	Neutral	Agree	Strongly Agree	
Work_ex	up to 10	Count	16	12	17	4	49
		% within Work_ex	32.7%	24.5%	34.7%	8.2%	100.0%
	more than10	Count	8	17	23	8	56
		% within Work_ex	14.3%	30.4%	41.1%	14.3%	100.0%
Total		Count	24	29	40	12	105
		% within Work_ex	22.9%	27.6%	38.1%	11.4%	100.0%

Table-9: Cross tabulation between Work experience and Organizational values

Above table shows nearly 50% of respondents belong to the category of disagree and neutral. From the category of up to 10 years work experience only 42% agree with organizational values, whereas from the group of more than 10 years work experience 55% respondents agree with alignment with organizational values. There is no significant difference in the two categories of work experience.

**SCOPE FOR FUTURE RESEARCH**

Here in this study only three demographic variables are included other variables could be included in it to get greater insight. Another thing is that linkage is shown with dimensions only and not with overall workplace spirituality. Further research can be carried out in consideration of above mentioned points.

**CONCLUSION**

Workplace spirituality has many dimensions given by different authors but main three dimensions are considered in this study. In that first dimension is meaning in the work. No matter what is your age, what is your gender and how much is your experience employees always tries to find meaning in their work and here in

this study teaching staff is agree with that they find meaning in their work as well as they experience sense of community in their immediate work environment. As an alignment of organizational value is considered respondents are not agree with it. Half of the respondents feel that their personnel values are not aligned with organizational values. We can say that workplace spirituality is exist in teaching staff of management faculties.

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**CHALLENGES AND POSSIBILITIES RELATED TO WASTE MANAGEMENT IN INDIA**

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**ABSTRACT**

*India faces major natural difficulties related with squander age and insufficient waste gathering, transport, treatment and transfer. Current frameworks in India can't adapt to the volumes of waste produced by an expanding urban populace, and this effects on nature and general wellbeing. The difficulties and obstructions are noteworthy, however so are the openings. This paper gives an account of a global workshop on 'Supportable strong waste administration for urban communities: openings in South Asian Association for Regional Cooperation (SAARC) nations' sorted out by the Council of Scientific and Industrial Research-National Environmental Engineering Research Institute and the Royal Society. A need is to move from dependence on squander dumps that offer no natural insurance, to squander administration frameworks that hold helpful assets inside the economy. Squander isolation at source and utilization of specific waste preparing offices to isolate recyclable materials has a key part. Transfer of lingering waste after extraction of material assets needs designed landfill locales and additionally interest in squander to-vitality offices. The potential for vitality age from landfill by means of methane extraction or warm treatment is a noteworthy opportunity, yet a key obstruction is the deficiency of qualified specialists and natural experts with the experience to convey enhanced waste administration frameworks in India.*

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**INTRODUCTION**

Solid waste management (SWM) is a noteworthy issue for some urban nearby bodies (ULBs) in India, where urbanization, industrialization and financial development have brought about expanded civil solid waste (MSW) age per individual. Compelling SWM is a noteworthy test in urban areas with high populace thickness. Achieving sensible headway inside a country experiencing quick masses improvement and upgrades in desires for regular solaces is made more troublesome in India since it is a different country with an extensive variety of religious get-together, social orders and traditions. In spite of critical improvement in social, monetary and ecological regions, SWM frameworks in India have remained generally unaltered. The casual division has a key part in separating an incentive from waste, with roughly 90% of leftover waste right now dumped as opposed to appropriately land filled. There is an earnest need to move to more feasible SWM, and this requires new management frameworks and waste management offices. Current SWM frameworks are wasteful, with waste negatively affecting general well being, the earth and the economy. The waste Management and Handling Rules in India were presented by the Ministry of Environment and Forests (MoEF), despite the fact that consistence is variable and constrained.

This paper surveys the difficulties, hindrances and openings related with enhancing waste management in India. It is the yield from a worldwide workshop on 'Feasible solid waste management for urban communities: openings in SAARC nations' sorted out by the Council of Scientific and Industrial Research-National Environmental Engineering Research Institute (CSIR-NEERI) and held in Nagpur, India in 2015. SAARC is the South Asian Association for Regional Cooperation and incorporates Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka and Afghanistan.

Waste age rate relies upon components, for example, populace thickness, financial status, level of business action, culture and city/locale.

**FRAMEWORK IMPROVEMENT FOR GENERAL WELLBEING AND ASSURANCE OF NATURE**

Enhancements in common foundation are required for India to wind up a world driving economy. Growing fantastic foundation that addresses the issues of the general population and ensures nature is basic to accomplishing successful financial development. Waste management foundation has an essential part in conveying supportable improvement. Quick populace development in India has prompted consumption of normal assets. Wastes are potential assets and powerful waste management with asset extraction is basic to successful SWM. Esteem extraction from waste can be materials, vitality or supplements, and this can give an employment to numerous individuals. The change from wastes to assets must be accomplished through interest in SWM as this relies upon an organized arrangement of activities to create showcases and amplify recuperation of reusable/recyclable materials. Materials, vitality and supplement recuperation must be the point of future SWM framework advancement in India. Assets can be recuperated from wastes utilizing existing advancements and India has a greatly successful reusing convention. The 'piece merchant' frameworks deliver reused materials through a broad and very much organized system the nation over.

**MEASUREMENTS ON WASTE AGE AND WASTE PORTRAYAL INFORMATION**

Evaluating the amount and attributes of MSW in India and estimating future waste age is major to effective waste management arranging. The amount of MSW created relies upon expectations for everyday comforts, the degree and kind of business movement, dietary patterns and season. India creates roughly 133 760 tons of MSW every day, of which around 91 152 tons is gathered and around 25 884 tons is dealt with. MSW age per capita in India ranges from roughly 0.17 kg for every individual for every day in residential areas to around 0.62 kg for each individual for each day in urban areas, as appeared in the table:

**Waste age per capita in Indian urban communities**

POPULATION	WASTE GENERATION RATE (KG PER CAPITA PER DAY)
urban areas with a populace <0.1 million (eight cities)	0.17–0.54
urban areas with a populace of 0.1– 0.5 million (11 cities)	0.22–0.59
Urban areas with a populace 1– 2 million (16 cities)	0.19–0.53
Urban areas with a populace >2 million (13 cities)	0.22–0.62

**CURRENT WASTE MANAGEMENT IN INDIA**

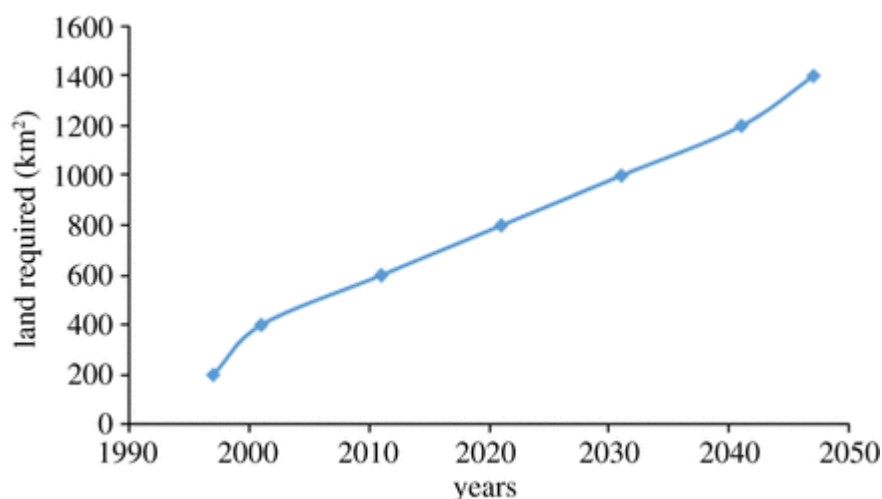
**Enter waste management enactments in India:** The MoEF issued MSW (Management and Handling) Rules 2000 to guarantee legitimate waste management in India and new refreshed draft rules have as of late been distributed. Metropolitan experts are in charge of actualizing these tenets and creating foundation for accumulation, stockpiling, isolation, transportation, handling and transfer of MSW. Chandigarh is the principal city to create SWM planned and has enhanced waste management contrasted and other Indian urban communities.

**Part of the casual area in waste materials reuse and reusing:** The casual area has an essential part in India and this must be coordinated into formal SWM frameworks. The casual part is described by little scale; work concentrated, to a great extent unregulated and unregistered low-innovation assembling or arrangement of materials and administrations. Waste pickers gather family unit or business/mechanical waste and a large number of thousands of waste pickers in India rely upon waste for a pay, in spite of the related wellbeing and social issues. Pickers separate potential incentive from waste canisters, trucks, lanes, conduits and dumpsites. Some work in reusing plants possessed by cooperatives or waste picker affiliations. Waste picking is frequently the main wellspring of salary for families, giving a work to huge quantities of urban poor and usable materials to different endeavours. Waste pickers in Pune gather natural waste for fertilizing the soil and biogas age. Waste pickers likewise make a critical commitment by keeping urban communities clean.

A current investigation of six Indian urban areas found that waste pickers recuperated around 20% of waste, with 80 000 individuals engaged with reusing roughly three million tons. It is assessed that each ton of recyclable material gathered spared the ULB around INR 24 500 for every annum and maintained a strategic distance from the outflow of 721 kg CO<sub>2</sub> for each annum

**Waste gathering and transport:** Waste gathering, stockpiling and transport are fundamental components of any SWM framework and can be significant difficulties in urban areas. Waste accumulation is the duty of the city partnerships in India, and containers are ordinarily accommodated biodegradable and dormant waste. Blended biodegradable and inactive waste is frequently dumped, with open consuming a typical practice. Changes to waste accumulation and transport framework in India will make employments; enhance general wellbeing and increment tourism. Nearby bodies spend around Rs. 500– 1000 for every ton on SWM with 70% of this sum spent on gathering and 20% spent on transport.

**Waste transfer:** SWM transfer is at a basic phase of improvement in India. There is a need to create offices to treat and discard expanding measures of MSW. Over 90% of waste in India is accepted to be dumped in an inadmissible way. It is evaluated that roughly 1400 km<sup>2</sup> was involved by waste dumps in 1997 and this is relied upon to increment later on, as appeared in figure.



**Ecological and wellbeing effects of waste dumping:** Waste dump affect the earth and general wellbeing. Open dumps discharge methane from decay of biodegradable waste under anaerobic conditions. Methane causes flames and blasts and is a noteworthy supporter of dangerous atmospheric deviations. There are additionally issues related with smell and relocation of lactates to getting waters. Smell is a difficult issue, especially amid the mid year when normal temperatures in India can surpass 45°C. Discarded tires at dumps assemble water, empowering mosquitoes to breed, growing the peril of infirmities, for instance, intestinal affliction, and dengue and West Nile fever. Uncontrolled consuming of waste at dump destinations discharges fine particles which are a noteworthy reason for respiratory ailment and cause brown haze. Open consuming of MSW and tires emanates 22 000 tons of poisons into the environment around Mumbai consistently. The effects of poor waste management on general wellbeing are very much archived, with expanded occurrences of nose and throat diseases, breathing challenges, aggravation, bacterial contaminations, frailty, diminished insusceptibility, hypersensitivities, asthma and different diseases.

**Designed landfills in India:** The UN Environmental Program characterizes landfill as the controlled transfer of MSW ashore such that contact amongst waste and the earth is altogether decreased, with waste transfer packed in a very much characterized zone. Designed landfill permits the sheltered transfer of lingering MSW ashore, however shields ground and surface water from contamination and dodges air discharges, wind-blown litter, scent, fire risks, issues with creatures, winged animals and different bugs/rodents, and lessens ozone harming substance (GHG) outflows and incline unsteadiness issues. Appropriately oversaw built landfills ought to supplant dumps in India. This would altogether decrease the ecological effect of waste

**Waste-to-vitality in India:** The issues related with ill-advised waste transfer could be essentially relieved by requiring material recuperation. Source partition of idle and high dampness content portions would expand the potential for warm recuperation and other treatment alternatives in India. The waste handled in warm recuperation is lingering waste that remaining parts after all financially reasonable recyclable materials have been removed. Waste-to-vitality advancements create vitality; recoup materials and free land that would somehow or another be utilized for dumping. The piece of lingering waste is critical for vitality recuperation and waste structure is changing in India, with the measure of high calorific waste by and large expanding. A critical increment in the utilization of waste-to-vitality advances has been proposed, however this relies upon area, atmosphere, socioeconomics and other financial elements.

The most generally utilized waste-to-vitality innovation for lingering waste uses ignition to give joined warmth and power. Embracing greatest reusing with waste-to-vitality in an incorporated waste management framework would essentially diminish dumping in India. Waste-to-vitality advancements are accessible that can procedure un-segregated low-calorific esteem waste, and industry is quick to abuse these innovations in India. A few waste-to-vitality ventures utilizing ignition of un-isolated low-calorific esteem waste are at present being produced. Elective warm treatment procedures to ignition incorporate gasification and generation of reject inferred fuel and gas-plasma innovation.

Waste-to-vitality improvement in India depends on a construct, work and exchange show. Expanded waste-to-vitality would decrease transfer to arrive and create spotless, solid vitality from an inexhaustible fuel source, lessening reliance on petroleum derivatives and diminishing GHG emanations. What's more, age of vitality from waste would have noteworthy social and monetary advantages for India. Be that as it may, the reputation of waste-to-vitality in India features a portion of the challenges. By far most of offices have not worked

successfully because of different operational and outline issues. For instance, the primary extensive scale MSW incinerator worked at Timarpur, New Delhi in 1987 had an ability to process 300 tonnes per day and cost Rs. 250 million (US\$ 5.7 million). The plant fizzled in light of poor waste isolation, regular varieties in waste structure and properties, wrong innovation determination and operational and support issues. In spite of this experience, waste-to-vitality will have a key part in future waste management in India

### **BOUNDARIES/BARRIERS TO ENHANCED WASTE MANAGEMENT IN INDIA**

The present status of SWM in India is poor in light of the fact that the best and most fitting techniques from waste accumulation to transfer are not being utilized. There is an absence of preparing in SWM and the accessibility of qualified waste management experts is constrained. There is likewise an absence of responsibility in current SWM frameworks all through India. Metropolitan specialists are in charge of overseeing MSW in India however have spending plans that are lacking to take care of the expenses related with creating legitimate waste accumulation, stockpiling, treatment and transfer. The absence of vital MSW designs, waste gathering/isolation and an administration back administrative structure are significant hindrances to accomplishing viable SWM in India.

Restricted natural mindfulness joined with low inspiration has repressed development and the selection of new advancements that could change waste management in India. Open states of mind to waste are additionally a noteworthy boundary to enhancing SWM in India

### **CHANGES REQUIRED ENHANCING WASTE MANAGEMENT IN INDIA**

Centre to the vision for waste management in India is the utilization of wastes as assets with expanded esteem extraction, reusing, recuperation and reuse. ULBs should be in charge of waste management, with the ULB Commissioner and Chairman specifically in charge of execution of waste management frameworks. Waste management should be viewed all through Indian culture as a basic administration requiring maintainable financing. The case introduced to a ULB for an appropriately financed framework must exhibit the benefits of sound interest in waste management.

A solid and autonomous specialist is expected to direct waste management if SWM is to enhance in India. Without clear control and authorization, enhancements won't occur. Solid waste controls can drive advancement. The waste management division needs to incorporate appealing and gainful organizations with clear execution necessities forced by the ULB, with money related punishments connected when waste management administrations are not working adequately. Back for waste management organizations and financing for foundation must be raised from waste makers through a waste expense. A normal charge of 1 rupee for each individual every day would produce near 50 000 crores yearly, and this level of subsidizing would presumably be adequate to give powerful waste management all through India.

Data on future amounts and portrayal of wastes is fundamental as this decides the propriety of various waste management and treatment alternatives. State-level acquirement of hardware and vehicles is essential for essential and optional accumulation with viable frameworks for observing gathering, transport and transfer

Littering and waste in boulevards is a noteworthy issue in India that affects general wellbeing. Nagpur has presented a framework for clearing streets in which each worker clears a settled street length. The SwatchesDootApply Dari (clean labourer at your doorstep) plan of the Centre for Development Communication was chosen for instance of good practice by UN HABITAT in 2007. Waste management must include waste isolation at source to permit substantially more effective esteem extraction and reusing. Isolating dry (inorganic) and wet (biodegradable) waste would have critical advantages and ought to be the duty of the waste maker.

Long haul waste management arranging requires visionary undertaking advancement by ULBs, the private area and NGOs. The parts and duties to convey reasonable frameworks should be characterized, with checking and assessment to screen advance. Encounters ought to be shared between various locales of India and distinctive social gatherings. There are various research establishments, associations, NGOs and private part organizations taking a shot at an all encompassing way to deal with SWM, and future waste management in India must include broad contribution of the casual area all through the framework.

There is a need to create preparing and limit working at each level. All Indian school kids ought to comprehend the significance of waste management, the impacts of poor waste management on the earth and general wellbeing, and the part and duties of every person in the waste management framework. This will create capable subjects who view waste as an asset opportunity

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**CONCLUSION**

Populace development and especially the improvement of megacities is making SWM in India a noteworthy issue. The present circumstance is that India depends on lacking waste foundation, the casual area and waste dumping. There are real issues related with open investment in waste management and there is by and large an absence of duty towards waste in the group. There is a need to develop group mindfulness and change the mentality of individuals towards waste, as this is central to creating appropriate and economical waste management frameworks. Feasible and financially suitable waste management must guarantee most extreme asset extraction from waste, joined with safe transfer of remaining waste through the improvement of built landfill and waste-to-vitality offices. India faces challenges identified with waste strategy, waste innovation determination and the accessibility of fittingly prepared individuals in the waste management part. Until the point that these essential prerequisites are met, India will keep on suffering from poor waste management and the related effects on general wellbeing and the earth.

**INFORMATION AVAILABILITY**

No information was produced from the work, and every single supporting datum were acquired from already distributed work accessible through the references beneath and from the yield of the global course on which the paper is based.

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**A STUDY ON MOBILE HANDSET REPLACEMENT BEHAVIOUR**

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**ABSTRACT**

*Replacing the handset is common these days; the current paper is trying to understand the replacement behaviour of mobile users. Mobile users are changing their handsets swiftly, thanks to the plethora of feature-rich cellphones available in the market and the reduction in prices of these handsets. The replacement market for mobile phones is growing at a fast pace, driving handset demand. Consumers replace handsets on an average every two years; it is expected that replacement cycle will decline eventually, due to the availability of more affordable handsets and change lifestyles. This study was conducted to understand the impact of demographic variables such as education, income and occupation. Satisfaction from the current handset is also considered to understand the purchase behaviour of consumers.*

*Keywords: Purchase Behaviour, Handsets, replacement, brand choice*

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**INTRODUCTION**

Over the most recent couple of years, the demand for mobile telecommunication services has advanced tremendously. This growth in consumers' use of mobile services has been possible due to advancement in the technology. Mobile users increasingly use these devices not only for voice communications but also for computing purposes including internet access, e-mail, text and multimedia transmissions (Lang & Jarvenpaa, 2005). Increase in demand for mobile services and excess of service offerings has resulted in huge switching behaviour among mobile users. This has resulted in intense competition, severe price wars, promotion campaigns, attractive calling plans, and a host of customer retention strategies among mobile service providers. (Ranganathan, Dongback, & Babad, 2006) Smartphones have changed the world in a remarkably short time frame. Today, nearly half of the world's population uses a smartphone and annual spending on new smartphone hardware exceeds 370 billion US dollars. (Lu, 2017)

**LITERATURE REVIEW****Handset replacement**

(Bansal & Taylor, 1999) defined that switching behaviour is a consumer replacing or exchanging current service provider to others. A lot of research works have been done around handset buying and switching intention and behaviour (Han et al., 2011; Hellier et al., 2003; Liu, 2015), few efforts have addressed the perceived value and switching intention and behaviour. For example, Hashim et al. (2015) and Bedi (2015) proved that the perceived value has a positive influence on switching intention, but demographics is not able to catch the attention especially for replace purchase research.

Handset replacement cycle means how often a consumer replaces their device. Mobile handsets are becoming more capable every year, while price points for these devices have held steady. Shorter handset replacement cycles translate into newer, more technically advanced devices in the hands of consumers and business users. (Entner, 2011)

Due to growing dependence on smartphones as well as the availability of affordable smartphones, the average global smartphone replacement cycle has reached 21 months. Emerging market consumers are being more aggressive replacing their device than consumers in developed markets. (Lu, 2017) As per the survey conducted by Counterpoint Research in India, two in three users plan to upgrade to a new mobile phone in the next twelve months. This is a departure from an average of 24-30 months to less than 20 months upgrade cycle. (Naiya, 2017)

**The Demographics**

"Demographics explain 2/3<sup>rd</sup> of everything. They help in predicting which products will be in demand" (Foot, 1996). Chiu et al (2010) argue that the most significant categorical variables are gender, education, age, income, and occupation. It has been found that buyers in the same category have distinctive group characteristics in consumer behaviour. Each category consists of people sharing one or more similarities (i.e., male vs. female), which appear to be group identification and efficacy of the group's interests.

Consumer decision making is also dependent upon the age of the consumer, though it may vary from product to product like buying health insurance vis-à-vis buying grocery. The former is highly correlated as compare to later one. Rice, Hanoch & Cummings (2010) examines the effect of education level, income, political



affiliation, race and health status on the desire for more or fewer plans and found that seniors with higher education appear to prefer fewer, not more, plan choices. In the study by Khare, Mishra & Praveen, (2012) fashion clothing involvement of Indian women is heavily influenced by age, the importance of identity, and public esteem.

Consumer researchers have been examining the impact of gender identity—the degree to which an individual identifies with masculine and feminine personality traits—on various consumer variables for nearly four decades. However, significant gender identity findings in consumer research have been rare, perhaps because of (1) operationalization problems (Palan, Kiecker, and Areni 1999), (2) inappropriate interpretation and application of gender identity to consumer variables (Gould 1996), or (3) blurring gender categories (Firat 1993).

Karen S. Callen and Shiretta F. Ownbey (2003) tried to focus on consumer ethical decision making & gender correlation (as cited in Palan, 2001). In the study information provided by 1117 undergraduate students from universities within the US revealed that women are less accepting of unethical consumer behaviour than men. Relationships between consumer ethical response scores and other demographic characteristics are correlated.

Julie Ruth and Suraj R. Commuri (1998), argues about the importance of socio-economic classification (SEC). By uncovering some of the perceived socio-economic factors affecting decision making (Family Decision Making in this context), we are better able to see the important relationship between micro-level psychological processes and macro-level socio-economic forces. These relationships are, of course, important to many consumer behavior contexts, although the impact of macro-level variables such as "culture" or "exposure to western media" on psychological processes have not been the subject of a great deal of theoretical consumer behavior research, perhaps because of the difficulty of observing or measuring macro-environmental forces. The impacts of social and cultural changes were "observable" here because of the speed of change affecting India's urban middle class in the recent past.

## METHODOLOGY

The study is conducted to understand the impact of demographic variables namely education, Income and occupation. Satisfaction from the current handset is also considered on replacement purchase behaviour of handsets. The data is collected from a person willing to replace the handset within few months. First-time buyers were not considered for the study. Chi-sqr test is used to understand the association between the variables.

## DATA AND ANALYSIS

### Impact of various factors on handset buying

(Education, Income, Occupation and Satisfaction from current handset)

#### Education and selection of brand are independent attributes

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
education * brand	63	100.0%	0	0.0%	63	100.0%

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	41.673 <sup>a</sup>	35	.203
Likelihood Ratio	42.802	35	.171
Linear-by-Linear Association	1.160	1	.282
N of Valid Cases	63		
a. 46 cells (95.8%) have expected count less than 5. The minimum expected count is .05.			

**H<sub>01</sub>** – Education does not affect the brand selection

**Analysis** – Since the *p*-value is more than 0.05, we accept the null hypothesis i.e. both are an independent attribute

**Income and selection of brand are independent attributes**

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
income * brand	63	100.0%	0	0.0%	63	100.0%

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.839 <sup>a</sup>	21	.118
Likelihood Ratio	30.463	21	.083
Linear-by-Linear Association	.361	1	.548
N of Valid Cases	63		
a. 30 cells (93.8%) have expected count less than 5. The minimum expected count is .43.			

**H<sub>02</sub>** – Income does not affect the brand selection

**Analysis** – Since the *p*-value is more than 0.05, we accept the null hypothesis i.e. both are an independent attribute

**Satisfaction from current handset and selection of brand are independent attributes**

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
satisfaction * brand	63	100.0%	0	0.0%	63	100.0%

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.966 <sup>a</sup>	7	.888
Likelihood Ratio	3.023	7	.883
Linear-by-Linear Association	1.079	1	.299
N of Valid Cases	63		
a. 14 cells (87.5%) have expected count less than 5. The minimum expected count is 1.19.			

**H<sub>03</sub>** – Satisfaction does not affect the brand selection

**Analysis** – Since the *p*-value is more than 0.05, we accept the null hypothesis i.e. both are an independent attribute

**Occupation and selection of brand are independent attributes.**

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
occupation * brand	63	100.0%	0	0.0%	63	100.0%

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	40.606 <sup>a</sup>	21	.006
Likelihood Ratio	38.733	21	.011
Linear-by-Linear Association	.259	1	.611
N of Valid Cases	63		
a. 30 cells (93.8%) have expected count less than 5. The minimum expected count is .19.			

**H<sub>04</sub>** – Occupation does not affect the brand selection

**Analysis** – Since the  $p$ -value is more than 0.05, we accept the null hypothesis i.e. both are an independent attribute

### MARKETING IMPLICATION OF STUDY

Based on the experience, the researcher implies that handset brand selection decision is a dynamic process and all the variables are independent when it comes to handset replacement. Satisfying the replacement customer, creating the brand loyalty, degree of satisfaction or dissatisfaction or post-purchase behaviour becomes very tough to achieve. To widen the spectrum of brand loyalty is a challenge, and hence segmenting the market depending upon demographical variables may not yield very fruitful results.

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**LEGAL COMPLIANCES REQUIRED FOR INDIAN COMPENSATION MANAGEMENT**

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**Dr. Chandrkant Verma<sup>1</sup> and Prof. Shradha Lunia<sup>2</sup>**Associate Professor<sup>1</sup> and Assistant Professor<sup>2</sup>, TIMSR, Mumbai**ABSTRACT**

*Organizations today face a dynamic business environment, to keep pace with consistent changes and development is a tough ask. Further the rules and regulations, laws are also updated from time to time, which need to be integrated in day to day activities of the organization. Human resource department of organization encounters such test regularly. There is several compliance which need to be followed and failing in doing so may have serious consequence on the organization. HR compliance is important for smooth functioning of any organization and not fall prey to legal troubles. Many organizations for long have been thinking of compliance as burden or an activity which is cost without returns, but they need to understand the positives of compliance not just as a measure to save them for legal trouble but also a tool to take care of their employees and build a clean image amongst current and prospective employees.*

*Keywords: Legal, compensation, statutory, Act*

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**INTRODUCTION TO STATUTORY COMPLIANCE**

In Human Resource Legal compliance, resonate to the law structure inside which business is obliged to function. All the nation's worlds wide have quite a lot of employment laws that business require to bring into line with. Organizations put a great deal of endeavor in addition to capital into making sure that the rules and regulation laid by the law are followed. There are laws pertaining to Minimum wages, Maternity, Bonuses, Taxes, employee relations etc. hence the organizations HR has to continuously deal with a complex and dynamic statutory requirement which are highly in labor oriented. Organizations are supposed to update themselves with legislation environment they operate. As an integral part of an business, Human Resource Management Department have got to be prepared to confront with the effects of the shifting work environment. It is important for HR to understand the nuance of different types of changes in the business environment. So to execute the operations productively suitable preparation and formulation of HR policies and practices regarding compliance are obligatory. Beside this, organizations become conscious that effectiveness of their HR compliance have a considerable impact to accomplish anticipated organizational success.

**LITERATURE REVIEW**

Conventions and Recommendations of ILO (1949) sets forth a fundamental principle at its 26th conference held in Philadelphia recommended some of the measures in the area of welfare measures which includes adequate protection for life and health of workers in all occupations, provision for child welfare and maternity protection, provision of adequate nutrition, housing and facilities for recreation and culture, the assurance of equality of educational and vocational opportunity etc. Ramesh M. (2012) pointed out that the main thrust of labour policy and labour law is to change in line with the global changes that is from welfare and regulative orientation to develop role in market oriented economy, from regulatory mechanization to voluntarism, tripartism to bipartism so that the employers and employees are themselves able to mutually decide without government intervention.

The legislation has been a subject of intense policy debate and has been blamed for enhancing the labor market rigidities through mandating high firing costs. This act covers regular workers who are directly employed in the formal sector, through long-term contracts, and are largely represented by the trade unions. In contrast, contract workers are exempted from the application of severance payment, mandatory notice or retrenchment authorisation from the state (Rajeev 2010; Deshpande et al. 2004).

Employee wellbeing procedures add to the efficiency of business and encourage strong industrial relations thereby help maintain industrial harmony. Organizations provide welfare services to their employees to maintain their motivation levels high. Organization provides many such statutory and non-statutory things and policies to maintain satisfactory level of their employee Sailesh Sindhu (2012). Mishra & Manju Bhagat (2010) in their study stated that labour issues in Indian industries can be reduced to a great extent by providing good housing, health and family care, canteen, educational and training facilities and provision of welfare activities. This principle for successful implementation of labour welfare activities is nothing but an extension of democratic values in an industrialized society. Stephen Bazen (1994) says minimum wage fixing came to be increasingly questioned during the 1980s owing to high unemployment and the rise of liberal economic thinking. This led many countries to dilute minimum wage protection by freezing the rates or altering the coverage.

HR policies are being made flexible. From leaves to compensations, perks to office facilities, many companies are willing to customize policies to suit different employee segments. The older employees want social security benefits, younger employees want cash in hand because they can't think of sticking to a company for many years and retire from the same company

### **NEED AND IMPORTANCE FOR STATUTORY COMPLIANCE**

Legal compliances are essential for all organizations around the world to maintain their businesses safe from the legal problem. It is very important for the organization to understand the various aspects of the law as well as the consequences of non compliance of legislation. It is very important for the organizations to maintain a robust mechanism in order to manage the statutory requirement and also keep pace with changes in the legislation in timely approach. If business fails to comply with legal compliance, they may have to face serious consequence, which are more than a few times more than complying with lawful procedure. Compliance is a significant constituent in HRM and it is imperative for organizations to stay abreast with the most recent laws and regulations. In order to avoid any significant penalties, lawsuits, and other negative consequences organizations will have to understand and implement a full-bodied the legal framework within the organization.

Following are the need and importance of understanding legal compliance in HR:

- Proper implementation of compliances create model employee-employer relationships
- To ensure mutual understanding between employer and employee.
- To minimize industrial dispute and create agreeable organizational environment
- HR compliance helps reduce turnover and absenteeism in the organization
- This helps promotion of organizational democracy based on shared responsibility towards productivity and profitability.
- Improves government control on the labor and employer interest
- It helps in improving economic condition of labor and organization ultimately having positive impact on society and country.
- Improvements in the economic conditions of workers in the existing state of industrial managements and political government.

### **THE STATUTORY COMPLIANCES REQUIRED FOR INDIAN PAYROLL**

The common statutory requirements that companies have to follow for their payroll management in India are:

- **The Minimum Wages Act, 1948**

The conception of minimum wages is based on the principles of equity and social justice. Its underlying idea is that "he who works is entitled to a fair remuneration which may enable him to live a life consistent with human dignity". Wages are not an economic abstraction but an important price in society. Economically speaking, wages may be the price of labour, just as, interest is the price of capital and profit is the price of risk carrying, but from social point of view, they are unique in that they not only constitute payment for this effort but also provide the means of subsistence for those who supply the effort.

- **Employees Provident funds and Miscellaneous Provisions Act, 1952**

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is a piece of social welfare legislations, a beneficent measure, enacted for purpose of institution of provident fund of employees in factories and other establishments. The provisions are intended for the better future of the industrial worker on his retirement and also for his dependants in the event of his death in the course of employment.

- **ESIC (Employee State Insurance Company)**

The Employees' State Insurance is a piece of social welfare legislation enacted primarily with the object of providing certain benefits to employees in case of sickness, maternity and employment injury and also to make provisions for certain matter incidental thereto.

- **Gratuity Act**

Gratuity, as an additional retirement benefit, has been secured by labour in numerous instances, either by agreement or by awards. It was conceded as a provision for old age and a reward for good, efficient and faithful service for considerable period.

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- **The Maternity Benefit Act 1961**

The Maternity benefit is a piece of social Legislation enacted to promote the welfare of working women. It prohibits the working of pregnant women for a specified period before and after delivery. It also provides for maternity leave and payment of certain monetary benefits to women workers during the period when they are out of employment because of their pregnancy. Further, the service of woman worker cannot be terminated during the period of her absence on account of pregnancy, except for gross misconduct.

- **Payment Of Bonus Act 1965**

Payment of bonus finds justification on the ground that workers should have share in the prosperity of the concern for which they have their contribution. The Payment of bonus is not the product of generosity of the employer but is one paid in the name of industrial peace and to make available to every employee a living wage which more often is more than actual wages. It is, thus the difference between the actual wages and the living wages which is ascertained on the basis of available material such as available surplus, industry- wise wages or region wise and various other aspects connected with bonus and organizations.

- **Payment of Wages Act**

The Act is a protective piece of legislation. It seeks to regulate the payment of wages of certain class of workers employed in industry. The main object of Act is to ensure to workers, payment of their earned wages on due date without unauthorized deduction. In order to ensure timely payment of wages, the Act regulates the manner of payment of wages at regular intervals. It lays down permissible deductions to protect the employed persons against arbitrary or unauthorized deductions being made from their wages.

HR managers have to be updated with the changes in above mention acts, and fulfill the requirement for the compliance. Statutory requirement are the integral part of the payment process, and hence it has to be automated. Automated payroll system will carry out smooth functioning, without any inconvenience to the HR Manager, ultimately reducing the burden of HR manager.

### **CHALLENGES FACED**

- Establishing formal as well as informal internal communication channels to bring transparency in industrial relation system.
- Understanding of IR/HR issues and find out the ways to solve grievances.
- Ensuring implementation of legal obligation
- Collective bargaining - Conciliation proceedings of Wages & different settlements/.
- Managing and Interacting with unions
- Interactions with all levels of different Govt. authorities in Local/ State level
- Handling Labor court cases. Liaison / Statutory Compliance:
- Representing before the statutory authorities in conciliation on behalf of the company for various approvals, clearances, negotiations and settlements.

### **RECOMMENDATION AND SUGGESTIONS**

Organization have to employ and hold on to those employees who are well-informed regarding compliance and are capable to make suitable strategy and measures to comply and overcome any short coming. The role of HR is to effectively and efficiently communicate the policies and procedures within the organization. Following measures could be taken by HR to ensure compliance to maximum extent:

- Organization HR should create and maintain employee handbook of procedures and regulations and also update the same as per the changes in law.
- Labors should be educated and trained to sensitize them towards the legal requirement.
- There should be continuous monitoring and documentation of the implementation of legal framework through internal audits.
- HR should help in promoting complete compliance throughout the organization.
- HR should develop and design comprehensive communication strategy within the organization.
- HR should develop robust process to monitor discipline and consistently counsel in case of misconduct.

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**CONCLUSION**

Organization and employees both should work together towards developing positive attitude towards compliance. The policies and procedures should be in line with the legal compliance and placed in simple and transparent manner. The role of HR is very important so as to make labor and organization understand the importance of complying with the law. HR should help develop an environment of trust so as to build integrity and sincerity amongst labors. Companies who are not in compliance with the latest human resources regulations and laws can face significant implications.

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## EVALUATING THE FINANCIAL HEALTH OF SELECTED MANUFACTURING CENTRAL PUBLIC SECTOR ENTERPRISES IN INDIA

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### ABSTRACT

*The CPSEs are assumed to be of significant importance to the Indian economy both in the pre and post independence period. Consequent to the initiatives taken by Government during the five-year plan, the role of CPSEs in terms of contribution to the Indian economy has increased manifold. The CPSEs have transformed their business organizationally, financially, profitably and are heading towards sustainability. However, many CPSEs are still facing several issues such as poor performance, continuous losses, risk aversion, ineffective governance, high operating cost and low rate of return on capital, over capitalization, etc. forcing the enterprises to move towards financial distress/insolvency. The failure of any CPSEs brings huge socio-economic losses to the society as well as to the Indian economy. Therefore, the purpose of the study is to analyze the financial performance of CPSEs and assess the financial health and viability of selected CPSEs listed on Bombay Stock Exchange through ratio analysis and Altman's Z-Score. The study shows that ONGC, BHEL and RCF are in gray zone where the solvency level is medium. SAIL and NTPC are in distress zone and there is statistically significant difference in the financial health of the selected CPSEs.*

*Keywords: Financial performance, Financial health, bankruptcy, Z score.*

### INTRODUCTION

In India, the intervention of government was inevitable in all sectors of the economy because of the fact of the long period of cruel and rampant exploitation by the foreigner rule, which has badly damaged the Indian economy (Ghouse, 2011). After the independence, the late prime minister Shri Pandit Jawahar Lal Nehru adopted the socialistic pattern of development of the Indian economy, as it is based on equality and justice to all. In this drive the government owned public sector enterprises were established in whole of the country to speed up the Indian economy and industrialization (Singh, 2000). The Central Public Sector Enterprises (CPSEs) are those companies in which the direct holding of the Central Government or other CPSEs is 51 percent or more (Gupta, 1994).

Since inception, the CPSEs have been the mainstay of the Indian economy. During the first five-year plan (1951-56), only five CPSEs were operating in primarily selected core sectors with an investment of Rs. 290 millions. Consequent to the initiatives taken by Government during the five-year plans, the role of CPSEs in terms of contribution to the Indian economy has increased manifold. At present there are 290 CPSEs (234 Operating and 56 CPSEs yet to commence commercial operation), the turnover of all 234 operating CPSEs during the year 2013-14 stood at Rs. 20,618,660 millions. The growth rate of turnover at current market prices from 2007-08 to 2013-14 shows compounded annual growth rate (CAGR) of 10 percent. The total capital employed in these CPSEs is Rs. 17,156,840 millions, which result in 12.93 percent, return on capital employed in the same period. The aggregate net profit reported by all 234 CPSEs is Rs. 1,291,090 millions in 2013-14 as against Rs. 1,149,810 millions in 2012-13, thus recording a growth of 12.29 percent. The loss of loss making CPSEs declined from Rs. 285,620 millions to Rs. 200,550 millions during the same period. In 2013-14, the number of profit making CPSEs is 163 and the number of loss making CPSEs decreased to 71. During 2007-08 to 2013-14, the profit increased by 6 percent CAGR at the current market price. The GDP recorded a growth rate of 12.28 percent at the current market price during the period 2012-13 to 2013-14. As on 31<sup>st</sup> March 2014 the total market capitalization of 46 CPSEs listed on BSE was Rs. 11,083,070 millions which is decreased by (-) 0.77 percent as compared to previous year. The number of sick CPSEs, which was 81 in 2004-05, came down to 58 in March 2014. As on 31<sup>st</sup> March 2014, the all 290 CPSEs employed over 1.351 millions people. (PE Survey 2012-13, Vol.I)

The CPSEs have reformed their business, benchmarked their performance with the best practices, and can perform better than the rest of the enterprises. The CPSEs have transformed their business in terms of organizationally, financially, profitably and are heading towards sustainability (Deloitte, 2011). The objectives of the establishment of CPSEs are rapid economic growth and industrialization, earn return on investment, generate resources for development, promote redistribution of income and wealth creation, create employment opportunities, promote balanced regional developments and earn foreign exchange vital for the economy (Trivedi, 1986). However, many CPSEs are still facing several issues such as poor performance, continuous losses, risk aversion, ineffective governance, high operating cost and low rate of return on capital, over

capitalization, etc., forcing the enterprises to move towards financial distress insolvency. When any company becomes insolvent, the economic consequences of corporate failure is enormous, especially for the stakeholders of public sector enterprises.

The increasing globalization and the integration of Indian economy with global markets have thrown up new opportunities and challenges. Several private sector enterprises and MNCs in India have posted lower profit or losses during the recession period. However, during this period, some CPSEs showed resilience, but many CPSEs have failed to perform; even the Maharatnas, Navratnas, and Miniratnas were not able to perform well. The success of any business largely depends on its effective and efficient financial management practices. The performance of the company is judged through its financial statements, which sheds light on the operational efficiency and financial position of the company and the prospects of the business (Rustagi, 1999). The rising problem of poor financial performance, inefficient management, and financial insolvency in the CPSEs always brings huge socio-economic losses to the Indian economy. Thus, it is important to extract the significant information relating to firm's objectives, profitability, efficiency, degree of risk but also an early warning signal of probable failure will enable management, investors and employees to take preventive actions and shorten the length of time whereby losses incurred. Therefore, the purpose of the study is to analyze the financial performance of selected manufacturing CPSEs and assess the financial health and viability of these selected manufacturing CPSEs listed on Bombay Stock Exchange.

## REVIEW OF LITERATURE

**Jenkin, G.P. (1980)** outlined the approach to evaluate the performance of public sector enterprises on the basis of financial, economic and social objectives. The study found that the financial performance of these enterprises appeared as poor. **Talha Mohd. (1986)** have analyzed the existing trends in profit and profitability, which is considered as a measure of performance and efficiency of the public sector in India. The researcher found unsatisfactory performance of the public sector undertakings during the study. **Sinha S.L.N. (1988)** observed that a vast number of public enterprises in India instead of contributing to the growth of the economy, accounted for wastage of physical and human assets, and they are a great burden on the central exchequer. **Verghese, M. (1997)** showed that the performance of the state public sector manufacturing units in Kerala has not been satisfactory. **Shirata, C.Y. (1998)** concluded that financial ratios could not expose the financial distress of Japanese firms. The study proved that the Z-Score model can predict bankruptcy with more than 86.14 % accuracy regardless of industry and size. **Gilker (1999)** found that public enterprises (in the central as well as state sectors) operating in the Jammu and Kashmir state have failed to overcome the expectations of the society and identified various areas which were contributing towards the unsatisfactory operational performance of the unit. **Desai, B.H (2000)** used Z-Score analysis to study the financial performance of Gujarat Steel Tubes Ltd. and concluded that the company has moved towards sickness, and financial restructuring is a must to run the business. **Ritu C. (2002)** assessed the financial performance and financial health of public sector units in India by applying Altman's Z-Score. The results reveal that the PSUs are designated as bankrupt and are in financial distress zone and which may certainly fail, thus these units should be privatized. **Ani, Wilson Uchena and Ugwunta, David Okelue (2012)** concluded that the ratio analysis not only predicts business failure but also it serves as a warning signal of impending business failure. The Z-Score model can predict business failure two or more years before the actual failure. **Beena R. (2012)** analysed the financial performance of CPSEs in terms of profitability, net worth, capital employed, capital investment and working capital and found that the performance was not satisfactory.

Based on the few studies in India and abroad, the research gaps have been identified. Therefore, this comprehensive study is undertaken to examine the financial performance and assess the financial health of Manufacturing CPSEs in India.

## OBJECTIVES OF THE STUDY

1. To study the financial performance and examine the efficiency of the selected manufacturing Central Public Sector Enterprises.
2. To evaluate the financial health and viability of the selected manufacturing Central Public Sector Enterprises.

## HYPOTHESIS OF THE STUDY

$H_0$  - There is no significant difference in financial health of the selected manufacturing Central Public Sector Enterprises.

$H_a$  - There is significant difference in financial health of the selected manufacturing Central Public Sector Enterprises.

**RESEARCH METHODOLOGY**

The present study intended to analyze the financial performance of selected CPSEs engaged in manufacturing activities. This study is based on secondary data, which is collected from various issues of Public Enterprises Survey (Volume I) published by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India. The data is ranging from the Financial Year 2012-13 to Financial Year 2016-17. The sample size is derived from the 35 CPSEs which are listed on the PSU index of the Bombay Stock Exchange. Out of the total 35 CPSEs listed CPSEs, 23 are the holding CPSEs, 2 are subsidiary and one is state PSEs operating in the manufacturing sector and 9 CPSEs are under service sector. Further from the 23 holding CPSEs, 5 CPSEs were selected by using systematic sampling method.

In the present study, the financial tool like ratio analysis is used to evaluate the financial and other crucial measures. The Altman's Z-Score Model 1968 is used to examine the financial health and viability.

$$Z = 0.012(X1) + 0.014(X2) + 0.033(X3) + 0.006(X4) + 0.999(X5)$$

Where, X1 = working capital/total assets

X2 = retained earnings/total assets

X3 = earning before interest and taxes/total assets

X4 = market value of equity/book value of total debt

X5 = sales/total assets

**ANALYSIS AND RESULTS**

In **Table 2**, an attempt is made to analyze the short term liquidity position of the selected CPSEs during the period under study through current ratio and quick ratio. The current ratio and quick ratio of SAIL, NTPC and RCF are showing decreasing trend whereas BHEL recorded the increasing trend during the same period. In terms of average current ratio and liquid ratio, NTPC has shown sound liquidity position among the selected CPSEs during the period. The liquidity position of BHEL and NTPC is good but the liquidity position of ONGC, SAIL, and RCF is very poor.

**Table 3** shows the performance of the selected CPSEs in terms of Profitability. To measure the profitability; some profitability indicators such as Net Profit Margin and Operating Profit Margin ratios were used. The net profit margin and operating profit margin of all the selected CPSEs showed a decline trend during the period. The average net profit margin of ONGC is (27.98%) whereas RCF have recorded the lowest net profit ratio of (4.05%). From the analysis it can be inferred that ONGC is incurring more financial cost as compared to other selected CPSEs. During the study period, all selected CPSEs has recorded negative growth in earning profit but in case of RCF the profit margin has shown low deviation.

**Table 4** shows the return on assets and return on capital employed. The return on assets and return on capital employed of all the selected CPSEs is in decline trend during the study period. The average return on assets of ONGC (12.38%) is higher among selected CPSEs. The average return on capital of BHEL (36.20%) and ONGC (28.39%) is higher as compared to other selected CPSEs. The analysis shows BHEL and ONGC is optimally utilizing its capital and assets, whereas SAIL and RCF has underutilization of the resources. In terms of return on assets and capital employed in all the selected CPSEs have recorded negative growth rate.

**Table 5** shows the performance of the selected CPSEs in terms of utilization of fixed assets and management of working capital. All the selected CPSEs have recorded very low return over their fixed assets. All the CPSEs have invested more funds in fixed assets but the returns are not as expected. The average fixed assets turnover ratio of ONGC (0.94) and NTPC (1.16) is very low among the selected CPSEs, whereas BHEL has recorded (10.32) in the same period. In terms of management of working capital SAIL has recorded (-3.46) which means sales as compared to working capital is very low. The current liabilities of SAIL are more than the current assets. In case of ONGC the working capital position is good.

The data presented in **Tables 6** pertaining to the long term liquidity/solvency position of the selected CPSEs during the reference period by using debt equity ratio and total debt ratio. It is observed that ONGC is debt free CPSE in the study period whereas BHEL have used very low proportion of debt finance as a source of financing. From the analysis, it can be observed that the leverage position is good but all the selected CPSEs have not used trading on equity effectively and are losing the opportunity of earning future return to the equity shareholders.

In **Table 7** the Z score of the selected CPSEs was computed by using the Altman's Z-Score model. The Z-Score is a multivariate discriminate formula that measures the financial health of the company and predicts the probability of bankruptcy of the company in the near future. The Z-Score discriminates in three zones i.e.  $Z > 2.99$  "Safe" zone,  $1.8 < Z < 2.99$  "Gray" Zone and  $Z < 1.80$  "Distress" zone. In average Z-Score of ONGC (2.05), RCF (1.98) and BHEL (1.88) fall under the Gray Zone where the financial health is medium whereas in the case of NTPC (1.22) and SAIL (1.12) the financial health is under Distress zone. The financial viability of NTPC and SAIL is poor. In case of NTPC and BHEL the coefficient of variance is low, which shows high consistency.

$H_0$  - There is no significant difference in financial health of the selected manufacturing Central Public Sector Enterprises.

$H_a$  - There is significant difference in financial health of the selected manufacturing Central Public Sector Enterprises.

From the one way analysis of variance (ANOVA), it may be stated that there is significant difference in the financial health of the selected CPSEs,  $F(4,20) = 6.145$ ,  $p < 0.05$  as the null hypothesis is rejected. The Tukey Post Hoc Test indicated that the financial health of ONGC is differed significantly with SAIL and NTPC ( $p < 0.05$ ), in case of SAIL it is significantly differed with ONGC, BHEL and RCF as ( $p < 0.05$ ). NTPC is significantly differed with ONGC and RCF ( $p < 0.05$ ) whereas BHEL is significantly differed with SAIL ( $p < 0.05$ ) and RCF is significantly differed with SAIL and BHEL ( $p < 0.05$ ).

### FINDINGS, CONCLUSION AND SUGGESTIONS

The study reveals that the financial ratios are the important tools for measuring the financial performance and efficiency of the companies. The liquidity position of BHEL and NTPC is good, but the liquidity position of ONGC and SAIL is poor, it is below the ideal liquidity position. The net profit margin and operating profit margin of all the selected CPSEs showed a decline trend during the period. The analysis shows BHEL and ONGC is optimally utilizing its capital and assets, whereas SAIL and RCF has underutilization of the resources. In terms of return on assets and capital employed in all the selected CPSEs have recorded negative growth rate. The selected CPSEs have invested more funds in fixed assets, which resulted in the blockage of funds and created pressure on the earnings and utilization of the assets. RCF and SAIL are very poor in generating returns on the total assets. However, RCF is good in case of sales to total assets as compared to the other CPSEs. The current liabilities of SAIL are more than the current assets. In the case of ONGC, the working capital position is good. In an overall analysis BHEL has recorded satisfactory financial performance during this period. During this period, NTPC and RCF has shown more consistency in its financial performance.

The Altman's Z-Score helps in predicting the financial solvency of the companies. It is possible for the CPSEs to reduce the rate of bankruptcy using Z-Score by identifying and controlling the variables that induce financial failure. This study finds out that the financial health of ONGC, BHEL and RCF are in the gray zone. The financial health of these CPSEs is considered to be medium, and bankruptcy can not be easily predicted. The failure of these CPSEs in the situation is uncertain. In the case of NTPC and SAIL, situation is highly risky and falls under the Distress zone where the failure is certain in future if proper measures are not taken to improve the performance and efficiency. The study further shows that out of the selected CPSEs no CPSEs fall under the safe zone, where the solvency is highest, and there is no uncertainty of bankruptcy in the near future. There is statistically significant difference in the financial health of the CPSEs.

It is recommended that financial ratios should be regularly calculated and used as a performance measurement tool of the CPSEs in India. The effective use of this information and impact of the variable should be closely monitored to know the financial health and should be used as a warning signal to sensitize the development of the CPSEs. The CPSEs have been assigned the very vital role in the development of Indian economy. The failure of any CPSEs may affect the socio-economic balance of the country.

### LIMITATIONS OF THE STUDY AND SCOPE FOR FURTHER RESEARCH

There are some limitations of the present study, which are generally inherent in such study. The most important among them is that the study covers only five holding CPSEs and that are primarily into manufacturing activities. Therefore, the findings may not be applicable to the entire CPSEs as a whole. The present study is confined only for five years from 2009-10 to 2013-14.

This study deals with only evaluating the financial performance. For the analysis of the financial performance, the study considered aspects like liquidity, profitability, turnover or operational efficiency and solvency, the other variables indicating the performance and predicts the financial health and viability of the manufacturing

CPSEs listed on the PSU Index of Bombay Stock Exchange. Based on the some experience, the researcher has suggested a few areas for the further research on CPSEs or other industries. The research can be extended to the CPSEs operating in services sector of economy.

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#### ANNEXURES

**Table-1: List of Selected Manufacturing Holding CPSEs in India**

Sr.No.	Name of CPSEs
1	Oil & Natural Gas Corporation Ltd (ONGC)
2	Steel Authority of India Ltd. (SAIL)
3	Bharat Heavy Electricals Limited
4	National Thermal Power Corporation Ltd. (NTPC)
5	Rashtriya Chemicals & Fertilizers Limited (RCF)

**Table-2: Analysis of Liquidity**

Year	ONGC		SAIL		NTPC		BHEL		RCF	
	CR	LR	CR	LR	CR	LR	CR	LR	CR	LR
2012-13	1.87	1.63	2.28	1.75	2.86	2.55	1.32	1.03	2.25	1.99
2013-14	1.35	1.14	1.85	1.41	2.57	2.31	1.74	1.30	1.51	1.04
2014-15	1.42	1.22	1.39	0.97	2.17	1.96	1.70	1.23	1.52	0.79
2015-16	1.75	1.42	1.42	1.00	1.82	1.64	1.83	1.41	1.23	0.52
2016-17	1.56	1.26	0.95	0.41	1.58	1.36	2.04	1.42	1.46	1.07
<b>Average</b>	<b>1.33</b>	<b>1.33</b>	<b>1.58</b>	<b>1.11</b>	<b>2.20</b>	<b>1.96</b>	<b>1.73</b>	<b>1.28</b>	<b>1.59</b>	<b>1.08</b>
<b>SD</b>	<b>0.20</b>	<b>0.17</b>	<b>0.45</b>	<b>0.45</b>	<b>0.47</b>	<b>0.43</b>	<b>0.23</b>	<b>0.14</b>	<b>0.34</b>	<b>0.50</b>
<b>CV</b>	<b>0.04</b>	<b>0.03</b>	<b>0.20</b>	<b>0.20</b>	<b>0.22</b>	<b>0.19</b>	<b>0.06</b>	<b>0.02</b>	<b>0.12</b>	<b>0.25</b>

(Source: Computed from Department of Public Enterprise, PE Survey Various Issues, Ministry of Industry, Government of India, New Delhi)

**Table-3: Analysis of Profitability**

Year	ONGC		SAIL		NTPC		BHEL		RCF	
	NPR	OPR	NPR	OPR	NPR	OPR	NPR	OPR	NPR	OPR
2012-13	27.95	41.70	16.66	25.89	18.84	28.77	14.01	21.92	4.16	7.35
2013-14	27.69	40.45	11.33	17.42	16.53	24.46	12.56	19.59	4.44	7.68
2014-15	32.83	43.83	7.64	13.14	14.86	22.62	10.01	17.67	3.87	6.59
2015-16	25.21	36.83	4.87	9.46	19.22	25.61	8.21	16.43	4.07	6.79
2016-17	26.24	38.52	5.00	8.00	15.11	22.65	8.56	12.72	3.72	7.12
<b>Average</b>	<b>27.98</b>	<b>40.27</b>	<b>9.10</b>	<b>14.78</b>	<b>16.91</b>	<b>24.82</b>	<b>10.67</b>	<b>17.67</b>	<b>4.05</b>	<b>7.11</b>
<b>SD</b>	<b>2.62</b>	<b>2.44</b>	<b>4.45</b>	<b>6.44</b>	<b>1.82</b>	<b>2.28</b>	<b>2.27</b>	<b>3.09</b>	<b>0.25</b>	<b>0.39</b>
<b>CV</b>	<b>6.86</b>	<b>5.93</b>	<b>19.79</b>	<b>41.47</b>	<b>3.33</b>	<b>5.18</b>	<b>5.13</b>	<b>9.56</b>	<b>0.06</b>	<b>0.15</b>
<b>CGR (%)</b>	<b>-1.57</b>	<b>-1.96</b>	<b>-25.98</b>	<b>-25.44</b>	<b>-5.37</b>	<b>-5.80</b>	<b>-11.59</b>	<b>-12.72</b>	<b>-2.76</b>	<b>-0.79</b>

(Source: Computed from Department of Public Enterprise, PE Survey Various Issues, Ministry of Industry, Government of India, New Delhi)

**Table-4: Analysis of Performance Return on Assets and Return on Capital Employed Ratio**

Year	ONGC		SAIL		NTPC		BHEL		RCF	
	ROA	ROCE	ROA	ROCE	ROA	ROCE	ROA	ROCE	ROA	ROCE
2012-13	12.69	34.36	9.88	19.01	7.75	24.33	10.36	52.14	4.81	13.06
2013-14	12.78	28.35	6.45	10.63	7.24	12.52	9.24	44.73	6.54	19.46
2014-15	14.63	29.69	4.64	6.89	6.55	11.78	6.35	40.61	4.45	17.32
2015-16	11.75	24.57	2.58	3.98	7.83	12.59	5.41	31.26	4.82	18.21
2016-17	10.04	25.00	2.97	6.42	6.15	11.18	4.42	15.20	4.37	12.00
<b>Average</b>	<b>12.38</b>	<b>28.39</b>	<b>5.30</b>	<b>9.39</b>	<b>7.10</b>	<b>14.48</b>	<b>7.16</b>	<b>36.79</b>	<b>5.00</b>	<b>16.01</b>
<b>SD</b>	<b>1.50</b>	<b>3.56</b>	<b>2.67</b>	<b>5.26</b>	<b>0.66</b>	<b>4.95</b>	<b>2.27</b>	<b>12.73</b>	<b>0.79</b>	<b>2.94</b>
<b>CV</b>	<b>2.24</b>	<b>12.68</b>	<b>7.11</b>	<b>27.68</b>	<b>0.44</b>	<b>24.52</b>	<b>5.16</b>	<b>161.99</b>	<b>0.63</b>	<b>8.65</b>
<b>CGR (%)</b>	<b>-5.69</b>	<b>-7.64</b>	<b>-25.95</b>	<b>-23.77</b>	<b>-5.62</b>	<b>-17.67</b>	<b>-19.18</b>	<b>-26.52</b>	<b>-2.37</b>	<b>-2.09</b>

(Source: Computed from Department of Public Enterprise, PE Survey Various Issues, Ministry of Industry, Government of India, New Delhi)

**Table-5: Analysis of Performance/Activity**

Year	ONGC		SAIL		NTPC		BHEL		RCF	
	FATR	WCTR	FATR	WCTR	FATR	WCTR	FATR	WCTR	FATR	WCTR
2012-13	1.07	3.55	2.98	1.85	1.33	2.32	13.60	3.20	4.41	2.83
2013-14	1.10	10.10	2.88	3.50	1.40	2.49	12.42	2.30	4.08	5.05
2014-15	1.12	7.03	2.71	4.76	1.37	3.08	11.17	2.40	4.42	5.72
2015-16	1.04	6.32	2.66	8.73	1.04	3.54	10.86	2.09	4.60	5.43
2016-17	0.37	7.82	1.08	-36.13	0.66	4.98	3.54	1.53	1.75	4.88
<b>Average</b>	<b>0.94</b>	<b>6.96</b>	<b>2.46</b>	<b>-3.46</b>	<b>1.16</b>	<b>3.28</b>	<b>10.32</b>	<b>2.30</b>	<b>3.85</b>	<b>4.78</b>
<b>SD</b>	<b>0.29</b>	<b>2.13</b>	<b>0.70</b>	<b>16.49</b>	<b>0.28</b>	<b>0.95</b>	<b>3.53</b>	<b>0.54</b>	<b>1.06</b>	<b>1.02</b>
<b>CV</b>	<b>0.08</b>	<b>4.53</b>	<b>0.49</b>	<b>272.03</b>	<b>0.08</b>	<b>0.91</b>	<b>12.43</b>	<b>0.29</b>	<b>1.13</b>	<b>1.04</b>

(Source: Computed from Department of Public Enterprise, PE Survey Various Issues, Ministry of Industry, Government of India, New Delhi)

**Table-6: Analysis of Long Term Liquidity/Solvency**

Year	ONGC		SAIL		NTPC		BHEL		RCF	
	DER	TDR	DER	TDR	DER	TDR	DER	TDR	DER	TDR
2012-13	0.00	0.15	0.50	0.49	0.59	0.43	0.01	0.67	0.72	0.59
2013-14	0.00	0.13	0.24	0.44	0.59	0.43	0.08	0.42	0.08	0.37
2014-15	0.00	0.15	0.29	0.40	0.63	0.45	0.09	0.43	0.13	0.55
2015-16	0.00	0.10	0.33	0.43	0.66	0.47	0.10	0.40	0.09	0.53
2016-17	0.00	0.13	0.57	0.52	0.73	0.58	0.08	0.39	0.66	0.71
<b>Average</b>	<b>0.00</b>	<b>0.13</b>	<b>0.39</b>	<b>0.46</b>	<b>0.64</b>	<b>0.47</b>	<b>0.07</b>	<b>0.46</b>	<b>0.34</b>	<b>0.55</b>
<b>SD</b>	<b>0.00</b>	<b>0.02</b>	<b>0.14</b>	<b>0.05</b>	<b>0.06</b>	<b>0.06</b>	<b>0.04</b>	<b>0.12</b>	<b>0.32</b>	<b>0.12</b>
<b>CV</b>	<b>0.00</b>	<b>0.00</b>	<b>0.02</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.01</b>	<b>0.08</b>	<b>0.01</b>

(Source: Computed from Department of Public Enterprise, PE Survey Various Issues, Ministry of Industry, Government of India, New Delhi)

**Table-7: Analysis of Financial Health (Z Score)**

Year	ONGC	SAIL	NTPC	BHEL	RCF
2012-13	1.32	1.59	1.08	1.67	1.96
2013-14	1.23	1.16	1.06	1.89	2.24
2014-15	2.74	1.07	1	1.8	1.67
2015-16	2.85	0.79	1.57	2.16	1.95
2016-17	2.11	0.99	1.37	1.88	2.08
<b>Average</b>	<b>2.05</b>	<b>1.12</b>	<b>1.22</b>	<b>1.88</b>	<b>1.98</b>
<b>SD</b>	<b>0.68</b>	<b>0.26</b>	<b>0.22</b>	<b>0.16</b>	<b>0.19</b>
<b>CV</b>	<b>0.13</b>	<b>0.07</b>	<b>0.02</b>	<b>0.02</b>	<b>0.04</b>

(Source: Computed from Department of Public Enterprise, PE Survey Various Issues, Ministry of Industry, Government of India, New Delhi)

<b>Descriptives</b>								
<b>Z Score</b>								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
ONGC	5	2.0500	.76240	.34095	1.1034	2.9966	1.23	2.85
SAIL	5	1.1200	.29614	.13244	.7523	1.4877	.79	1.59
NTPC	5	1.2160	.24419	.10921	.9128	1.5192	1.00	1.57
BHEL	5	1.8800	.17958	.08031	1.6570	2.1030	1.67	2.16
RCF	5	1.9800	.20917	.09354	1.7203	2.2397	1.67	2.24
Total	25	1.6492	.54672	.10934	1.4235	1.8749	.79	2.85

<b>Test of Homogeneity of Variances</b>			
<b>Z Score</b>			
Levene Statistic	df1	df2	Sig.
5.983	4	20	.002

ANOVA						
Z Score						
		Sum of Squares	Df	Mean Square	F	Sig.
Between Groups		3.955	4	.989	6.145	.002
Within Groups		3.218	20	.161		
Total		7.174	24			
Multiple Comparisons						
Dependent Variable: Z Score TukeyHSD						
(I) CPSE	(J) CPSE	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
ONGC	SAIL	.93000*	.25371	.012	.1708	1.6892
	NTPC	.83400*	.25371	.027	.0748	1.5932
	BHEL	.17000	.25371	.961	-.5892	.9292
	RCF	.07000	.25371	.999	-.6892	.8292
SAIL	ONGC	-.93000*	.25371	.012	-1.6892	-.1708
	NTPC	-.09600	.25371	.995	-.8552	.6632
	BHEL	-.76000*	.25371	.050	-1.5192	-.0008
	RCF	-.86000*	.25371	.022	-1.6192	-.1008
NTPC	ONGC	-.83400*	.25371	.027	-1.5932	-.0748
	SAIL	.09600	.25371	.995	-.6632	.8552
	BHEL	-.66400	.25371	.105	-1.4232	.0952
	RCF	-.76400*	.25371	.048	-1.5232	-.0048
BHEL	ONGC	-.17000	.25371	.961	-.9292	.5892
	SAIL	.76000*	.25371	.050	.0008	1.5192



	NTPC	.66400	.25371	.105	-.0952	1.4232
	RCF	-.10000	.25371	.994	-.8592	.6592
RCF	ONGC	-.07000	.25371	.999	-.8292	.6892
	SAIL	.86000*	.25371	.022	.1008	1.6192
	NTPC	.76400*	.25371	.048	.0048	1.5232
	BHEL	.10000	.25371	.994	-.6592	.8592
*. The mean difference is significant at the 0.05 level.						
<b>Z Score</b>						
<b>Tukey HSD</b>						
CPSE	N	Subset for alpha = 0.05				
		1	2	3		
SAIL	5	1.1200				
NTPC	5	1.2160	1.2160			
BHEL	5		1.8800	1.8800		
RCF	5			1.9800		
ONGC	5			2.0500		
Sig.		.995	.105	.961		
Means for groups in homogeneous subsets are displayed.						
a. Uses Harmonic Mean Sample Size = 5.000.						

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**HUMAN RESOURCE MANAGEMENT**

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**Megha Sarkar<sup>1</sup> and Shubham N. Tripathi<sup>2</sup>**Assistant Professor<sup>1</sup> and Student<sup>2</sup>, Thakur Institute of Management Studies and Research, Mumbai

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**INTRODUCTION**

Human Resource Management (HRM or HR) is the management of human resource. Commonly referred to as the HR Department, it is designed to maximum employee performance in service of an employer's strategic objective. HR is primarily concerned with the management of people within organization, focusing on policies and on system. HR Department is responsible for overseeing employee-benefits design, employee recruitment, training and development, performance appraisal, and rewarding. HR also concern itself with organization change and industrial relations, that is , the balancing of organization practices with requirements arising from collective bargaining and from governmental laws.

HR is a product of the human relations movement of the early 20<sup>th</sup> century, when researchers began documenting ways of creating business value through the strategic management of the workforce. It was initially dominated by transactional work, such as payroll and benefits administration, but due to globalization, company consolidation, technological advances, and further research, HR as of 2015 focuses on strategic initiatives likes mergers and acquisitions, talent management, succession planning, industrial and labor relations, and diversity and inclusion.

Human resource focuses on maximizing employee productivity. HR professionals manage the human capital of an organization and focus on implementing policies and procedures. They can specialize on recruiting, training, employee-relations or benefits. Recruiting specialists find and hire top talent. Training and Development professionals ensure that employees are trained and have continuous development. This is done through training programs, performance evaluations and reward programs. Employees relations deals with concerns of employees when policies are broken, such as in cases involving harassment or discrimination. Someone in benefits develops compensation structures, family-leave programs, discounts and other benefits that employees can get. On the other side of the field are Human resources Generalists or business partners. These human-resources professionals could work in all areas or be labor-relations representative working with unionized employees.

**VIRTUAL HUMAN RESOURCE**

Technology has a significant impact on human resource practices. Human resource is transitioning to a more technology-based profession because utilizing technology makes information more accessible to the whole organization, eliminates time doing administrative tasks, allows businesses to function globally and cuts cost. Information technology has improved HR practices in the following areas:

- E-Recruiting
- Human Resources Information System(HRIS)
- Training ( E –Learning )

**Problem Definition**

- People's perception about the Human Resource Management in an organization

**Research Objective**

- To understand and analyze the perception of the people related to Human Resource Management.
- To understand the recent trends and HR policies and procedures.

**LITERATURE REVIEW****❖ Human Resource Management (V. K. Singh, 2009).**

This book include the assisting the organization in obtaining the right number and types of employees to fulfill its strategic and operational goals. Helping to create a climate in which employees are encouraged to develop and utilize their skills to the fullest. Help to maintain performance standard and increase productivity through effective job design; providing adequate orientation, training and development; providing performance-related feedback; and ensuring effective two-way communication. Help to create and maintain a safe and healthy work environment.

Help the Organization to retain productive employees.

### ❖ Human resource management systems and firm performance (Ferguson, Karen L.2006)

This study incorporates a systems perspective of human resource management and provides further evidence of the link between human resources and organizational performance. Kentucky State Society of Human Resource Managers were surveyed and asked to provide factual information regarding human resource management practices and perceptual information regarding employee skill and motivation, job performance, and organizational performance.

### ❖ Strategic Human Resource Management In Nonprofit Organizations: A Case For Mission-Driven Human Resource Practices (Akinlade, Dayo; Shalack, Rebecca 2016)

Non-profit organizations are faced with increasing pressure to make efficient use of their human resources, which if managed well can be a source of competitive advantage. However, we know little about how strategic human resource management unfolds in a nonprofit organization. The current qualitative study addresses this gap by examining the role of strategic human resource practices in a non-profit organization. We introduce the concept of mission-driven HR practices to underscore the importance of a 'values' approach to strategic HR management in non-profit organizations. We also investigate the mediating role of an inclusive environment in the relationship between mission-driven HR practices and volunteer retention.

### ❖ Effective Human Resource Management of School Districts (Thompson, John; Kleiner, Brian H 2005)

This article addresses many essential ongoing school district human resource issues; however the central focus is on the extraordinary actions that make human resource management in school districts truly effective. This is achieved through research of human resource management books, articles and case studies and by drawing on nine years of personal experience in auditing school districts.

### ❖ Human Resource Management and Business Strategy in Indian Cement Industries (Dash, Aryesh; Mohanty, Sangeeta; Panda, Abhaya Kumar 2016)

The HRM has tremendous relevance to productivity industry. Human input is the single largest that goes in the cement industry. The OCL, Rajangapur is one of the large scale organizations in the cement industry employing human resources with entire satisfaction of employees. This article emphasizes the role of HRM practices in increasing organizational effectiveness. The research is carried out to find out the employee perception towards existing HRM practices for better improvement.

## RESEARCH METHODOLOGY

A structured questionnaire has been used for the purpose of collecting data for the understanding of People's perception about the Human Resource Management in an organization. With help of questionnaire we will be able to understand Is HR important for Organization or not, primary roles of HR in Organization , how HR make a comfortable employee's work environment so that people can work happily and can increase productivity , do your HR manager helps you to get promotion and recognition in an organization or not for this the responses to most of the statements have been structured on a five-point scale and we have used pie charts for the analytical & graphical representation .For the purpose of this study approximately 51 people have responded on random basis. We have also used secondary data from various sources like Websites, journals, newspapers to show what recent trends of HRM.

## DATA ANALYSIS

### Primary Data Analysis

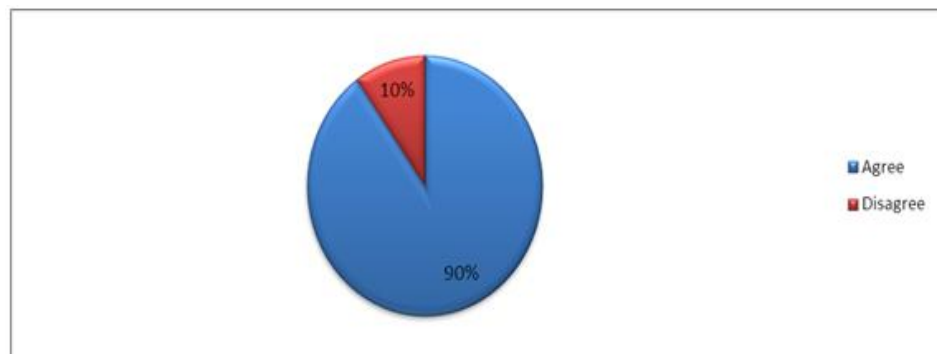
#### 1. What do you understand Human Resource Management?

- It's a need of organization to promote manpower not their ability across different organization
- It's an attempt to ensure max. Employee productivity
- It's a branch of management
- It Is designed to maximize employee performance in service of an employer's strategic objectives
- The people who look after the Problems people face while working in a company
- A sweet group or a person for pressure on staff for efficient and punctuality of work without delay!
- Managing all aspects in the employee life cycle, like recruiting, training, evaluation, leave management, etc.
- The efficient handling of manpower in an organization to get optimum output & at the same time keep the employees satisfied is called Human Resource Management.
- Managing Human resources so that the productivity of an individual and an organization would me more.
- The people who look after the Problems people face while working in a company.

**Conclusion:** Out of the 51 responses we have selected best 10 responses which explains understanding of Human Resource Management among peoples.

## 2. Do you think HR is important for Organization?

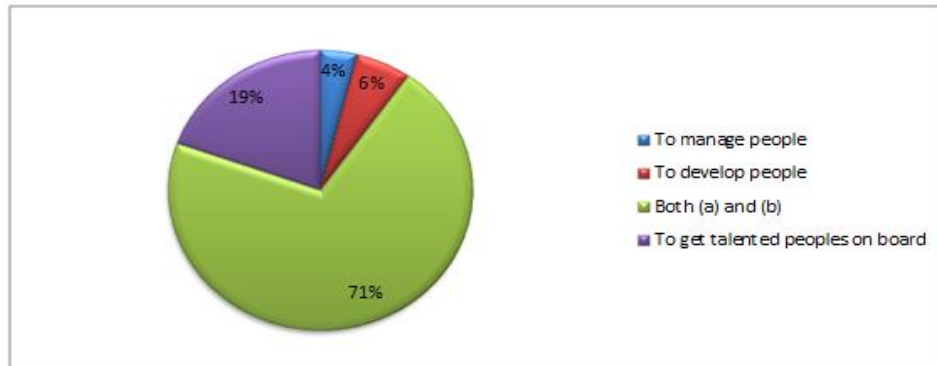
Agree	90%
Disagree	10%



**Conclusion:** As per the survey it is found that 90% of people said that it is important for the organization where as 10% said it is not important .Refer to many management research paper and books it is concluded that Human Resource department plays an important role and consider to be an integral part of organization because it not only deals with people but development of people in the organization (people grow organization grow) .

## 3. What are the primary roles of HR in Organization?

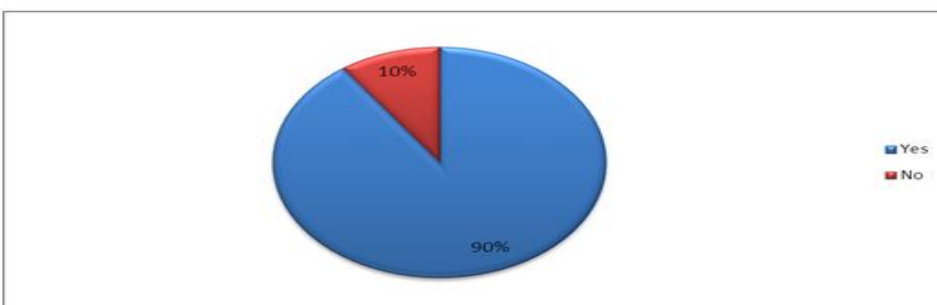
To manage people	4%
To develop people	6%
Both (a) and (b)	71%
To get talented peoples on board	19%



**Conclusion:** According to the Survey conducted people said that the primary role of HR is to manage and develop people but on the other hand if we see recent trends it is found that acquiring talented people in organization is also a responsibly of HR.

## 4. Does your HR make a comfortable employee's work environment?

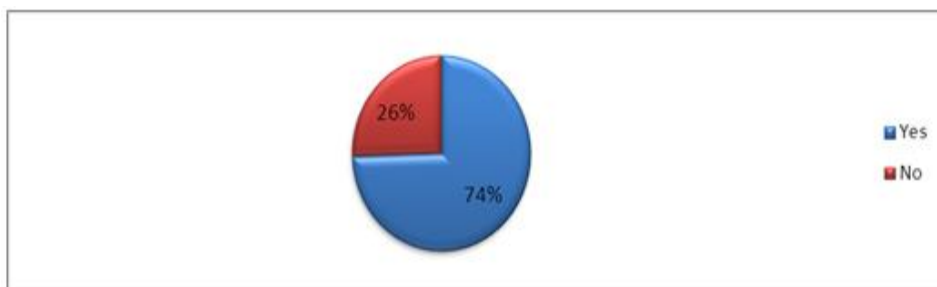
Yes	90%
No	10%



**Conclusion:** According to the responses 90% of peoples are satisfied with the work environment created by the Human Resource Manager which helps them to get comfortable environment at work

**5. Do your HR help you to get promotion and recognition in an organization in which you work?**

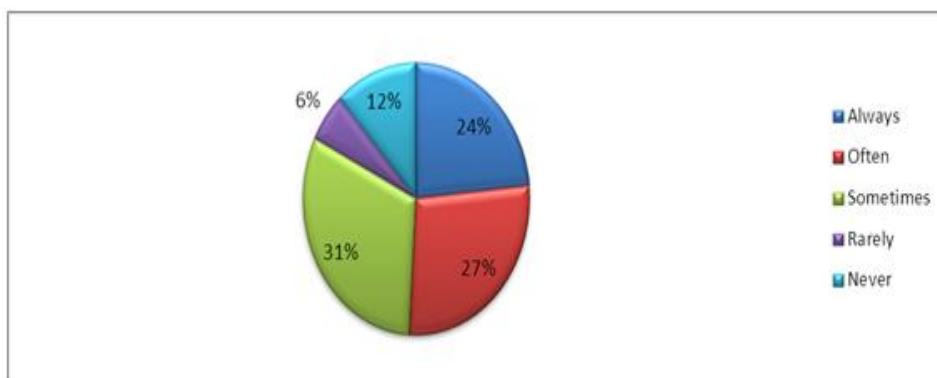
Yes	74%
No	26%



**Conclusion:** 74% of the respondents are satisfied with the initiative taken by HR manager at the time of promotion and recognition in the organization.

**6. How often does your HR manager listen to your decisions and tries to implement them?**

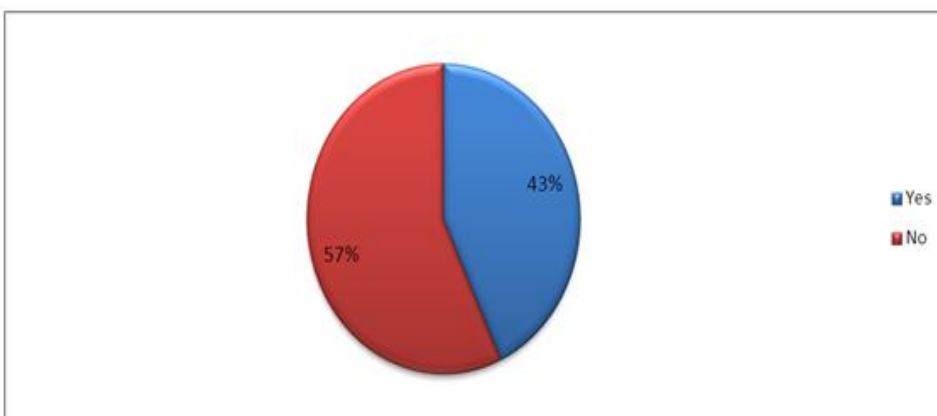
Always	24%
Often	27%
Sometimes	31%
Rarely	6%
Never	12%



**Conclusion:** 31% HR Managers sometimes listen to the ideas given by their subordinates and tries to implement them whereas 24% HR Managers always listen to them and implements them successfully. While 12% HR Managers never listen to their subordinates regarding any contribution in idea generation.

**7. Do you think technology is getting over HR?**

Yes	43%
No	57%

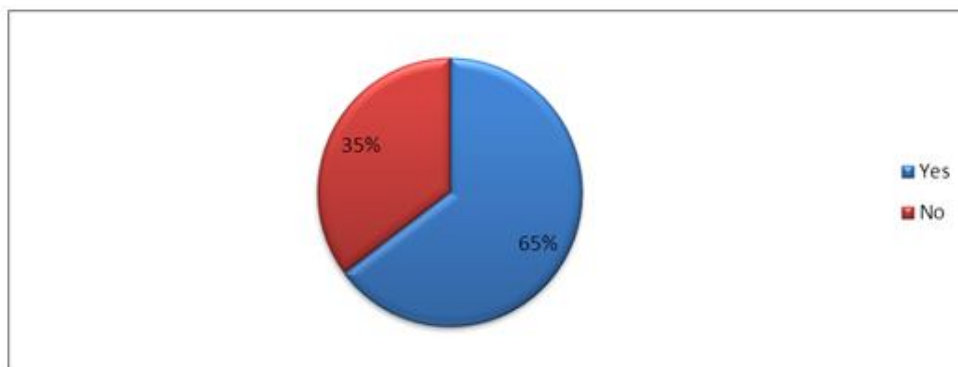


**Conclusion:-** As per the survey it is concluded that still technology is not getting over HR profile but if we look at fact and figures and the kind of tech savvy people are becoming very soon technology will overcome HR. These are some of the example:-

- E-Recruiting
- Human Resources Information System(HRIS)
- Training ( E –Learning )

#### 8. Does your company provide you with the latest software used in Organization?

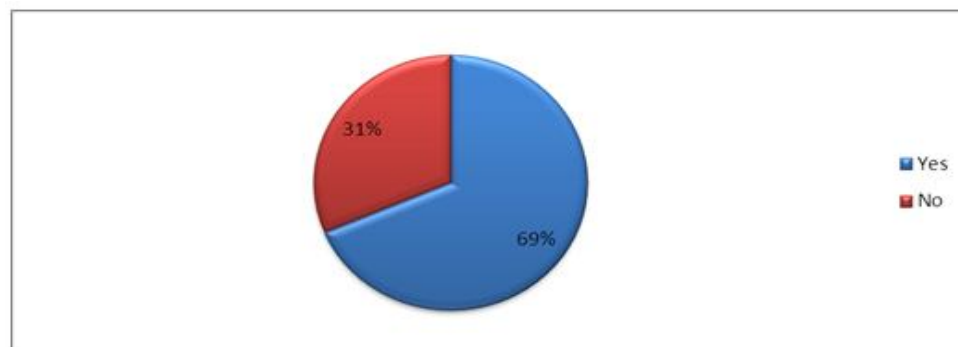
Yes	65%
No	35%



**Conclusion:** According to the survey 65% peoples are able to access the latest software which is required for better productivity in the organization.

#### 9. Do you think that your HR manager is able to understand the reason of resigning from that organization?

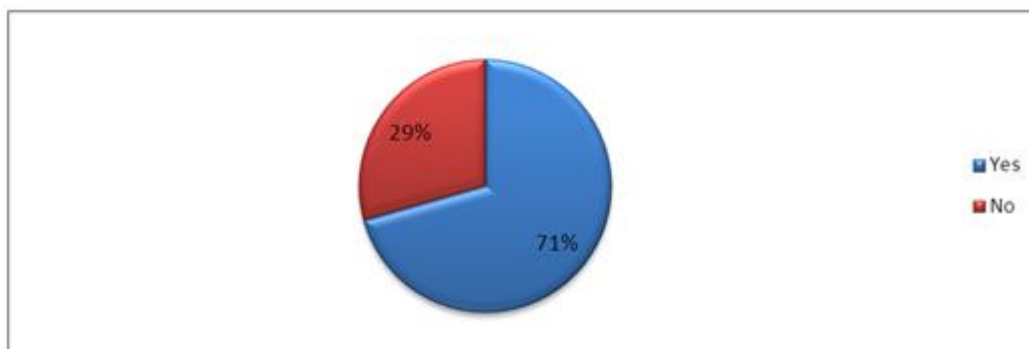
Yes	69%
No	31%



**Conclusion:** It is been found 69% HR Managers are able to understand the reasons of employees leaving the organization and they also try hard to retain their talented employee in the organization and still if the decision do not change than HR take EXIT interview to understand in-depth reason of leaving Organization .

#### 10. Are you professionally satisfied with HR manager and his work practices?

Yes	71%
No	29%



**Conclusion:** According to the survey 71% of peoples are professionally satisfied with the HR managers and the practices which are being carried out by him in the organization.

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## SECONDARY DATA ANALYSIS

Every Organization has a designed function to meet the HR management Trends strategic objective and maximize the performance of the employee. This function is none other than the human resource management (HRM). The HR management trends are the one who is concerned with focusing on the system and policies. It is essential that Human Resource management is operating appropriately and in accordance with the latest trends and technology to be able to deal with the business life challenges.

Technology and demographic developments are some common trends. General trends along with recruitment, performance management, talent management. The important points in the latest trends are the HR system, HR function, HR analytics and tools.

### Some insights to look upon for the management Trends are

#### 1. Maternity Leave and Pay

All pregnant employees, regardless of length of service are entitled to up to 52 weeks' maternity leave. This comprises 26 weeks' ordinary maternity leave (OML) immediately followed by up to a further 26 weeks' additional maternity leave (AML) immediately after the birth of their child

#### 2. Menstrual leave

Two start up companies **Culture Machine &Gozoop** have introduces something very interesting and out of box ,theyhave conducted a survey among the women workforce working in an organization and found that first day of their Menstrual is a very difficult day because they undergo lot of pains and crams so the company decided to Endorse one day Paid 'Menstrual Leave' For All Their Women Employees Will bots be the new HR? HR chatbots is coming, and 2018 could be the year when the trend picks up. Chatbots will guide people on career moves or even do preliminary interviews.

#### 3. Shift from Employee Engagement to Employee Experience

It will be an exciting time where HR will continuously experiment with technology in the market such as pulse feedback tools, employee wellness apps, modern communication and productivity tools that will help facilitate the understanding and development of the employee experience.

#### 4. Race to Digitalize HR

An important corollary to improving the employee experience through analyzing employee data is the digitalization of the workplace itself. Artificial Intelligence and machine learning tools like GetLinks or Arya have disrupted recruitment practices, effectively lowering costs and obtaining candidates with the better fit.

#### 5. Shrinking HR teams

Most HR professionals will work in HR services. The number of jobs in HR services will decrease, as the level of automation increases. HR is certainly a profession. Top HR professionals will be needed in HR services, and on a high-level HR architects can (and should) play an important role in the transformation of organizations.

#### 6. From PTB to EI

HR has focused too much on pleasing top management, and forgot to develop one of the other key roles. The tide is slowly turning, from PTB (please the boss) to EI (employee intimacy). Really understanding the wishes, needs and capabilities of employees is getting more important, and this employee intimacy is required to design relevant employee journeys.

#### 7. Worker compensation and classification

Employers saw the beginnings of a shift around both worker compensation and classification last year. The pay transparency movement got a boost when Google announced that it would begin displaying salary info next to job postings. New salary history bans put in place by various state and local governments may very well push that initiative forward.

#### 8. Sexual orientation protections

Sexual orientation is not protected by federal law the way race, color, sex, religion, national origin, age, and disability are for private employers. Around two dozen states still don't have anti-discrimination laws protecting individuals from being discriminated against on the basis of their sexual orientation.

#### 9. Artificial Intelligence

HR must learn and prepare to instruct others on the benefits of technology and how to use it to improve productivity and business results.

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**RECOMMENDATION**

With the help of the survey conducted among the employee's it is found that 90% of people's think HR is important for any organization. Henceforth as a HR practicesnor it is suggested that we should not only focus on the productivity of the organization and earning profile of organization but to grow and develop the people of the organization because in modern era it is said that people are not liabilities but an asset to an organization.

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**IMPACT OF MANUFACTURING & SERVICE SECTOR ON MUTUAL FUND PERFORMANCE**

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**ABSTRACT**

*Mutual fund is an instrument of investing funds. A number of mutual fund schemes are available for investors from where they can gain. India is one of the largest and most important emerging market nation and since 2010, Indian benchmark indices have shown a strong uptrend. The importance of mutual funds in stock market has grown drastically. Majority of fund analysts expect this upward momentum to continue over a long period of time. Indian-focused equity mutual funds offer investors to grab the opportunities for substantial capital gains. Compared to other investment asset classes, Equities have out-performed over the long-term in Indian Market as well as globally. This analysis is used to determine the changes that have taken place in the market from the year 2013 to 2017, which instigates investors or AMC's to invest in different sectors and sector wise companies to increase their returns. This analysis consists of:*

- 1. The sectors where the top performing mutual fund schemes are invested.*
- 2. The contribution made by Companies towards Manufacturing & Service sector of top performing mutual fund schemes.*
- 3. The changes in GDP that has affected the contribution of Manufacturing & Service Sector Companies on Mutual Funds.*

*This paper focuses on the impact of Manufacturing and Service sectors on Mutual fund Performance which has taken place from year 2013 to 2017. And also the changes that has happened in manufacturing and service sectors which impacted the investment decisions of investors and fund managers.*

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**INTRODUCTION**

In India, equity funds are arranged into different categories mainly based on the market capitalization of the company's stocks and different sector they invest in. But funds can stray quite a lot from their labels. A Multi cap funds that owns a 50-50 mix of large and mid-cap stocks is a very different product from one that owns a 70-30 mix. Similarly, a micro-cap fund with leeway to invest 20% in large cap stocks is very different from a pure-play micro-cap fund. Funds that start out as large cap funds can gradually turn multi cap in a favorable market.

Fifteen years ago, the BSE Sensex was at 3000 points. Now it's at 30000 points, there is probability that it would be 3,00,000 in 2032 and 3 million in 2047. The total of money managed by Mutual funds has grown from rs.98,378 crore to rs.19 lakh crore. In October 2002, about 11% of that total was equity. Now, 28% of the money is equity. That's 56 times.

Picking up a fund simply based on its spectacular show over the last one, three or five years can be quite problematic because these returns can be highly influenced by the fund's recent performance. In a runaway bull market, funds that top the trailing return charts are also usually the ones that are heavily invested in the momentum and over owned stocks in the market. If the tide turns, such funds well end up at the bottom of the rankings. Trailing returns also depend to a large extent on the start date and the end date for those calculations. While investing in a fund for the long term, what you need to know is how consistently it will perform and whether it's good show can sustain both in bull and bear markets.

Economic development has often been associated with the performance of the manufacturing sector service sector. Current performance of Indian manufacturing and service sector has been the center of economic debate. This paper dwells into the complexities of the Indian manufacturing sector and service sector. The study emphasizes that performance of manufacturing and service sector and the contribution in it by AMCs attributes to the growth of Indian economy.

**OBJECTIVE**

This analysis is used to determine the changes that have taken place in the market from the year 2013 to 2017, which instigates investors or AMC's to invest in different sectors and sector wise companies to increase their returns. The main objective is to analyse:

1. The sectors where the top performing mutual fund schemes are investing.

2. The contribution made by Companies towards Manufacturing & Service sector of top performing mutual fund schemes.
3. The impact of Manufacturing and Service sectors on Mutual fund Performance which has taken place from year 2013 to 2017.

## RESEARCH METHODOLOGY

The Study is Quantitative in nature. We will be relying exclusively on secondary source of data, significantly on the reports generated by UTI Mutual fund, with which sector and company analysis is being done. The top performing Schemes are gathered from different sources. The methodology is used to determine the impact of Manufacturing & Service sector on Mutual fund performance.

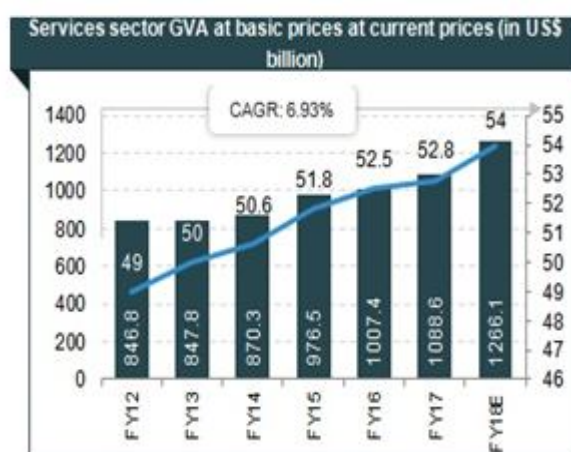
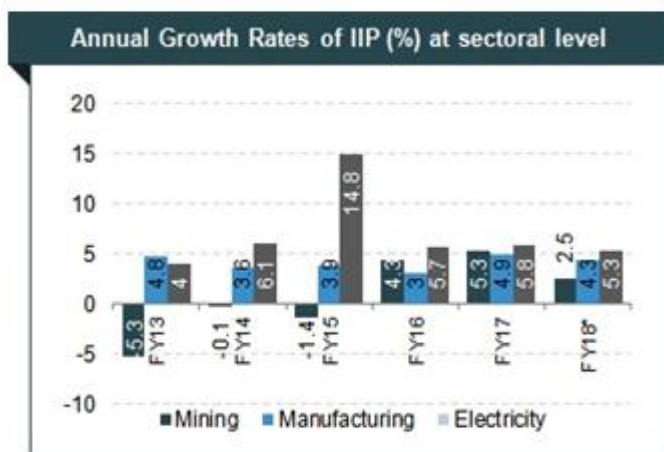
## REVIEW OF LITERATURE

There are many studies that has been carried out in India is focused on the performance of the Mutual Fund. The below mentioned Review of literature throw lights on various contribution made in determining the performance and investment pattern of the Mutual Funds.

1. **Rao Narayan and Ravindram**, who presented their Research Report on the Performance Evaluation of the Mutual Fund Industry in the bear market.
2. **Bhaskar Biswas (2013)**, with the help of Arithmetic return, Standard Deviation, Beta, Alpha and sharpe ratio studied the performance of best 10 and worst 10 performing Diversified Equity mutual fund.
3. **Poornima&Sudhamathi (2013)**, studied and analyzed about the performance of growth oriented Equity schemes by using Sortino ratio. In this report, period from April 2006 to March 2011 were considered to study.
4. **Jain and Gangopadhyay (2012)**, with the help of risk-return relationship and Capital Asset Pricing Model (CAPM) analyzed the performance of Equity Mutual funds.
5. **R.Nandhini (2017)**, studied the performance of select Equity large and small cap mutual funds and it was analyzed with risk return measurement tools such as alpha, beta, standard deviation and Sharpe ratio.

## DATA ANALYSIS

In this research report, we are going to understand the investments done by the top performing mutual fund schemes in different sectors and companies from year 2013 to 2017. The following data explains the changes in investment percentage of different sectors and companies. In companies, why they have chosen to invest in that companies.



Overall performance of Manufacturing and Service sector from 2013-2018E – Source: *MOSPI, News Articles*

## A. MANUFACTURING SECTOR

1. **AUTOMOBILE:** On an average the investment on automobile sector is increasing. Only in 2014 there is a decline this was due to the hit that Electronics manufacturer got, by the Information Technology Agreement with the world trade organization. In this Foreign companies dumped their electronic products in India and Imports replaced domestic production which made many electronic products duty free. These products account for a significant part of electronic consumption in the country. And because of this the GDP of 2013-2014 declined by 0.2%.

2. **CEMENT:** Because of introduction of Demonetization there was decline in the cement industry and it further declined because of the implementation of GST, so this decline continued till 2017 and that affected the investment decisions of fund managers for this sector.
3. **CHEMICALS:** There is a growing demand of this sector because of the Government's focus on the infrastructural development. Due to the increased construction and infrastructural activities, the cement sector in India has seen many investments and developments.
4. **ENERGY:** In year 2013-14, this sector witnessed a phenomenal growth in terms of investment worldwide as both the solar and wind power projects were installed. Reduction in the cost of power produced by wind and solar energy is one of the primary reason for increase in investments. There was a decline in the price of oil from \$100 to less than \$ 50 a barrel in the month April 2014 and that continued till April 2015. This decline, decreases the price of energy shares, which is a good sign for the investors to invest in this sector.
5. **FERTILIZER:** The Indian Fertilizer Industry has shown tremendous growth in the last five years. Fertilizer nutrients is estimated to grow at 1.8% per annum from 2014 to 2018. This sectors contributes about 1/6th to India's GDP. Being one of the important industry to the Indian economy, the government has ensured the availability of adequate quantity and proper quality of fertilizers to the farmers. The Make in India initiative is encouraging the production of fertilizers within the country to an extent the government wants to eliminate the imports of urea by 2021 and make India self-sufficient.
6. **INDUSTRIAL MANUFACTURING:** India is well on course to increasing the share of manufacturing sector to 25 per cent of GDP from the existing 17 per cent. The Indian manufacturing industry was stagnant for many years, and for the 2013-2014 financial year showed a negative growth. Because of this, in 2014, the Indian Prime Minister launched the Make in India Campaign. The aim of the Make in India Campaign is to transform India into a global design and manufacturing hub. In pursuit of this, India is focusing on the development of its infrastructure, increasing and/or tailoring its talent pool to the needs of the manufacturing industry, attracting investment through aggressive foreign direct investment initiatives, and increasing the ease of doing business through legal and tax reform.
7. **METALS:** As the Automobile, construction and industrial manufacturing is increasing thus the demand for this has also increased. India is one of the major producer of Iron ore so it enjoys the advantage of domestic availability of raw materials and cheap labour. The Government of India has imposed Anti-Dumping duty on Imports of cheap Steel and Steel Products and therefore the demand for Steel from Indian steel manufacturer has increased. Thus increasing production & revenue of Indian Steel Industry.
8. **TEXTILE:** Textile plays a major role in the Indian economy. It contributes 14 per cent to industrial production and 4 per cent to GDP. With over 45 million people, the industry is one of the largest source of employment generation in the country. Textile contributes a major part of Indian Export.

## B. SERVICE SECTOR

1. **FINANCIAL SERVICES:** Service sector contributes approx. 60% of Indian economy. Indian economy majorly depends on Service sector. This sector contributes to over 6% of India's GDP. The demand of this sector is increasing continuously because the number of employment and tax revenue it generates. The Employment generated by banking & insurance sector every year runs in millions. There are many reforms which government has taken for this sector. This reforms has increased the market share of financial services.
2. **HEALTH:** In year 2017, there is a tremendous growth in health sector as it has increased from 0% in 2013 to 9.03% in 2017. Awareness about healthcare services and insurance has encouraged investors to invest.
3. **SERVICES:** Many Indian states has started advertising for their states stating prominent tourist destination which has increased the footfalls of tourists across India.
4. **TELECOM:** There is a decrease in year 2016 because of the tariff war which has hit the profitability of Telecomm. Rise in mobile-phone penetration and decline in data costs will add 500 million new internet users in India over the next five years creating opportunities for new businesses.

The above study reflects in investment pattern of different mutual funds as follows

## SECTOR ANALYSIS

### YEAR: 2015

CODE	FUND NAME	CATEGORY	AUTOMOBILES	CEMENT	CHEMICALS	CONSTRUCTION	CONSUMER GOODS	ENERGY	FERTILIZER	FINANCIAL	HEALTHCARE	INDUSTRIAL MFG	IT	MEDIA & ENTAINMENT	METALS	PHARMA	SERVICES	TELECOM	TEXTILE
17	UTI EQUITY FUND	LARGE CAP	15.41	2.38	-	4.53	7.76	10.29	0.48	21.33	-	0.75	13.97	0.78	1.98	7.38	0.86	2.43	2.1
18	ICICI PRUDENTIAL FOCUSED BLUECHIP EQUITY FUND	LARGE CAP	9.08	3.48	-	2.53	5.47	10.55	-	34.44	-	0.63	15.2	-	2.44	11.03	-	1.47	
19	UTI OPPORTUNITIES FUND	LARGE CAP	15.94	2.85	-	4.64	8.14	8.19	-	26.86	-	2.54	16.79	0.92	-	6.76	1.46	2.11	0.32
20	HDFC TOP 200 FUND	LARGE CAP	9.33	1.9	0.22	4.62	3.4	13.11	0.62	33.76	-	5.94	12.91	1.74	4.15	4.37	0.66	2.48	
21	UTI MID CAP FUND	MID & SMALL CAP	13.52	3.92	3.6	5.2	14.7	7.49	1.62	14.55	-	7.54	2.14	1.67	1.23	6.76	2.19	-	5.77
22	HDFC MID CAP OPPORTUNITIES FUND	MID & SMALL CAP	8.78	0.14	4.54	5.37	8.74	3.33	2.88	20.22	-	16.71	8.1	4.45	-	10.48	0.99	-	-
23	FRANKLIN INDIA SMALLER COMPANIES FUND	MID & SMALL CAP	6.59	2.96	3.64	6.84	5.56	2.78	1.05	16.18	-	22.15	6.51	6.67	1.48	2.35	3.88	0.73	1.31

Source: UTI Mutual Funds

In the year 2015, we observe that UTI Equity fund performed best under large cap fund as it followed the sectoral performance aptly had approximately 41.15% investment in manufacturing sector (which is maximum in the pool), 21.22% investment in financial sector and balance in other sectors. Similarly for top performing fund in Mid & Small i.e UTI Mid cap Fund the contribution in manufacturing stock is approximately 45.92% in manufacturing sector, 14.55% in financial and balance in others. We further observe that the fund for an instance HDFC Top 200 which didn't follow the sectoral performance made lesser contribution in manufacturing sector of approximately 35.27% couldn't top the market due to lower returns.

### YEAR: 2016

CODE	FUND NAME	CATEGORY	AUTOMOBILES	CEMENT	CHEMICALS	CONSTRUCTION	CONSUMER GOODS	ENERGY	FERTILIZER	FINANCIAL	HEALTHCARE	INDUSTRIAL MFG	IT	MEDIA & ENTAINMENT	METALS	PHARMA	SERVICES	TELECOM	TEXTILE
24	UTI EQUITY FUND	LARGE CAP	11.3	-	0.92	1.5	13.59	1.96	1	30.32	-	3.1	17.57	-	2.13	12.75	-	-	1.58
25	ICICI PRUDENTIAL FOCUSED BLUECHIP EQUITY FUND	LARGE CAP	10.82	1.74	-	2.29	7.62	11.4	-	30.79	-	1.37	13.68	-	3.96	10.83	0.78	2.04	
26	ADITYA BIRLA SL FRONTLINE EQUITY FUND	LARGE CAP	11.39	2.34	0.7	2.79	10.57	10.28	-	30.86	-	2.21	9.8	1.87	2.4	7.98	-	0.36	
27	FRANKLIN INDIA SMALLER COMPANIES FUND	MID & SMALL CAP	5.57	3.23	4.48	9.06	5.59	3.56	0.92	17.51	2.1	18.33	5.62	4.82	1.83	1.64	3.09	1.28	1.46
28	MIRAE EMERGING BLUECHIP FUND	MID & SMALL CAP	10.1	1.92	5.81	3.93	8.68	11.53	-	21.52	-	6.42	4.64	2.29	2.46	8.67	5.96	-	3.54
29	UTI MID CAP FUND	MID & SMALL CAP	14.73	4.09	4.74	6.37	10.02	6.34	2.24	13.93	-	7.57	3.67	1.54	2.07	3.25	3.64	-	5.51
30	HDFC MID CAP OPPORTUNITIES FUND	MID & SMALL CAP	10.6	-	1.78	5.37	10.82	6.01	3.11	21.77	-	14.74	5.32	4.36	-	7.27	4.47	-	0.97

Source: UTI Mutual Funds

In the year 2016, top performing large cap fund which is again UTI Equity fund declined its investment in manufacturing sector to 21.99% investment, and rose to 30.32% investment in financial sector and balance in other sectors. Similarly for top performing fund in Mid&Small i.e Franklin India Smaller Companies fund the contribution in manufacturing sector stocks came down to 39.35%, and rose in financial sector to 17.51% and balance in others. This behaviour exactly justifies the impact on manufacturing and service sector due to Demonetisation and other factors mentioned above.

### YEAR: 2017

CODE	FUND NAME	CATEGORY	AUTOMOBILES	CEMENT	CHEMICALS	CONSTRUCTION	CONSUMER GOODS	ENERGY	FERTILIZER	FINANCIAL	HEALTHCARE	INDUSTRIAL MFG	IT	MEDIA & ENTAINMENT	METALS	PHARMA	SERVICES	TELECOM	TEXTILE
32	ADITYA BIRLA SL FRONTLINE EQUITY FUND	LARGE CAP	9.1	1.79	0.84	3.11	11.7	9.92	-	37.51	-	2.75	8.3	1.58	5.6	4.98	0.2	1.35	-
33	SB BLUE CHIP FUND	LARGE CAP	11.06	3.99	0.57	6.18	9.05	6.13	3.78	31.84	1.51	4.23	2.63	-	2.32	5.53	1.74	0.17	
34	ICICI PRUDENTIAL FOCUSED BLUECHIP FUND	LARGE CAP	12.57	0.8	-	3.5	7.46	12.91	-	32.76	-	-	8.7	-	3.43	7.53	2.75	4.3	
35	ICICI PRUDENTIAL TOP 100 FUND	LARGE CAP	4.84	-	3.95	5.18	6.53	17.64	0.68	26.31	0.53	-	7.26	-	6.52	6.26	5.42	4.12	-
36	HDFC MID CAP OPPORTUNITIES FUND	MID & SMALL CAP	10.65	-	4.31	7.1	8.87	2.84	2.38	28.04	0.14	12.93	4.98	3.74	-	6.56	4.51	-	0.89
37	UTI MID CAP FUND	MID & SMALL CAP	14.62	-	2.83	5.79	14.56	8.96	7.39	15.07	-	10.68	2.6	1.06	3.9	3.24	3.88	-	3.08
38	MIRAE EMERGING BLUECHIP FUND	MID & SMALL CAP	7.51	4.08	6.58	5.11	12.63	8.23	-	20.11	2.76	7.23	3.84	1.42	3.73	6.17	4.34	-	5.43
39	FRANKLIN SMALLER COMPANIES FUND	MID & SMALL CAP	4.32	1.11	4.37	14.3	8.38	2.23	2.19	15.13	3.13	14.65	4.09	6.02	5.1	2.97	3.25	-	2.5
40	DSP BLACK ROCK CAP FUND	MID & SMALL CAP	10.75	2.45	5.34	5.39	3.32	4.37	7.1	21.62	0.96	10.02	0.79	1.27	1.41	7.75	0.5	3.11	8.75

Source: UTI Mutual Funds

After the year's impact of Demonetisation and introduction of GST the investment of top performing large cap fund- Aditya Birla Frontline equity fund saw a rise of investment in manufacturing sector stocks to 30%, financial to 37.51% and balance in others. We observe same pattern for Mid & small fund too. This confirms that factors impacting performance of sectors are religiously considered while making investments by AMC's in order to perform best in capital market.

## CONCLUSION

After studying the overall performance of the sector's contribution in mutual funds. The Contribution made in manufacturing sector and service sector companies has consistently increased from 2013 to 2017. The funds which closely considered the changes in sector for investment decisions have given maximum returns. General observation shows that maximum investment made in manufacturing companies by AMC was in 2015 when the AGR was highest and in service sector especially in financial services is highest in 2017-18. The detailed analysis of investment made by AMC's in Companies, states that the following companies have been viewed as the most potential companies which drove the manufacturing and service sector.

## A. MANUFACTURING

Under Manufacturing there are many core industries which are the part of Manufacturing Industry. The following are the companies of manufacturing & service industries where most of the funds have been invested.

<b>Cement Industry</b>	Grasim, Jaiprakash, Orient cement, Ramco cement
<b>Chemicals</b>	Pidilite and Tata Chemicals
<b>Energy</b>	Hindustan Petroleum, Oil & Natural Gas, Reliance Industries, Tata Power and Power Grid Corporation
<b>Fertilizer</b>	UPL Limited and Pi Industries
<b>Industrial Manufacturing</b>	CG Power & Industrial Solution Ltd, Bharat Forge, Cummins India Ltd
<b>Metals</b>	Jindal Steel, Vedanta, Coal India, JSW Steel, Gujarat Mineral
<b>Automobile</b>	Tata Motors, Maruti Suzuki, Hero Motocorp.
<b>Textile</b>	Vardhman textile, SRF Limited, Arvind Limited, Page Industries

Source: UTI Mutual Funds

## B. SERVICE SECTOR

<b>Financial Services</b>	Hdfc Bank, ICICI Bank, Kotak Mahindra Bank, Axis Bank, Housing Development Finance Corporation, Bank of Baroda, Power Finance corporation and Mahindra and Mahindra.
<b>Telecom</b>	Bharti Airtel
<b>Services</b>	Adani ports & special Economic Zone Ltd, Aditya Birla Nuvo Ltd

Source: UTI Mutual Funds

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## INDIAN FAMILY BUSINESS: CHALLENGES AND OPPORTUNITIES

Prof. Pooja Thorat<sup>1</sup> and Sonali Jain<sup>2</sup>Assistant Professor<sup>1</sup> and Student<sup>2</sup>, Thakur Institute of Management Studies and Research, Mumbai**ABSTRACT**

*Family Business are an essential part of group of enterprises in large as well as Micro, small and medium sized sector. The purpose of this paper is to investigate how the family business literature has evolved and to examine the factors influencing family owned and managed businesses. Succession planning, Gender disparities, financial goals, retaining relationships, professionalization, leadership are the decisive facts that evaluate the particular business longevity. A primary study on micro and small enterprises with family business at different markets of India has revealed a number of findings on both issues and solutions. This research identifies key research topics and methodical approaches to understand family businesses. It also provides a coherent and comprehensive understanding of competing priorities in the complex succession process that is essential for family business sustainability and performance. Strong leadership and building a culture that accepts continuous change are key success factors.*

*Keywords: Family Business, Succession Planning, Leadership*

**INTRODUCTION**

Family Businesses make up the backbone of most economies throughout the world and make enormous contributions in terms of employment and economic output. Family business is the intersection of family and business. There is an ongoing relationship between the family and the business that weaves with their life cycles, crises, achievements, and day-to-day patterns of living. Family Business is a group of enterprises not only in Micro and small medium sector but also many of the world's large enterprises are in family business. Every family business is founded on an entrepreneurial vision, and throughout its life cycle a vivid entrepreneurial spirit will allow each generation new opportunities for growth.

In India Majorly Businesses are in dominant control with the families. It is estimated that 90% of businesses are controlled by families. From small General stores to big conglomerates and SME's one will find family run businesses. Most of the big Businesses like Tatas, Ambanis, Birlas, Godrej, Mahindra, Thapars, Mittals, Adanis, Anil Aggarwal, Bajaj, Ranbaxy, Times of India and many more are all controlled by families. The role of family and the family patriarch is quite important in India. By Credit Suisse report, India has 108 public-listed family-owned businesses; it's the third highest in the world, while China tops the tally with 167 such companies followed by the US which has 121. According to the Credit Suisse Research Institute's (CSRI), India ranks fifth in the Asia-Pacific excluding Japan, and 22nd globally, in terms of average Market capitalization. On the other hand, According to CSRI challenges seen as most prominent in India include succession planning, followed by greater competition and talent retention.

Challenges also as inter Family disputes, lack of professional management, lack of quality controls and to keep pace with the modern techniques and advancements are the key challenges to any family firms in India.

In India traditionally the family business is the norm. However, this trend continuous as certain business houses where the professional teams are taking over to run the empires. These cases are also multiplying as the wealth is growing at different levels. Family business remains the norm for a large section of society in India and is not going to fade away. There are obviously going to be exceptions depending upon the size and nature of business.

**Table-1: Growth of GDP by family owned business**

Table 1: Indian Growth 1900-2015 (in %)

	1950-80	1981-90	1991-2000	2001-10	2011-15
GDP growth	3.5	5.6	6.2	7.4	6.7

Source: 1950-2000: Das, Gurucharan. (2007). "India: How a rich nation became poor and will be rich again", <https://gurucharandas.org/rich-nation-poor>, accessed on April 10, 2017; 2001-2015: Data Source- World Development Indicators, <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?contextual=default&end=2015&locations=IN&start=1961&view=chart>, accessed on April 10, 2017, averages calculated by the authors.

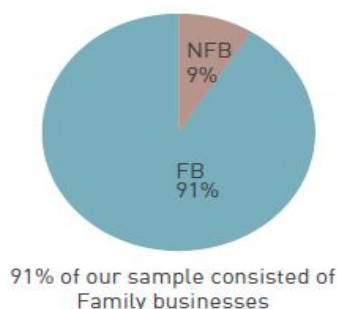


The above table explains the contribution of Family owned business in India, i.e; 3% between 1950 to 1980, which got increased by 6.7% in 2015. This shows the gradual growth of family business in GDP. Figure

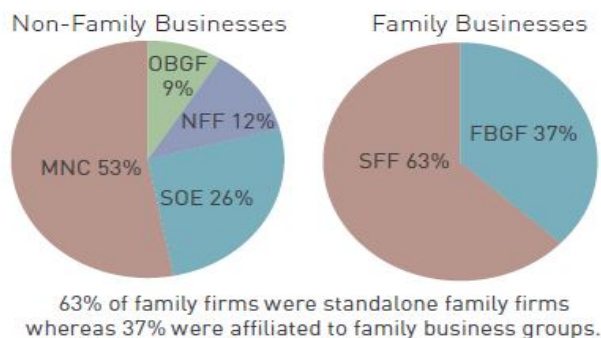
\*Source: Family Businesses: The Emerging Landscape 1990-2015 (ISB Insights March 2017).

**Figure-1: Contribution of family and non-family business in India**

**Exhibit 1a: Total Family vs Non-Family**



**Exhibit 1b**



\*Source: Family Businesses: The Emerging Landscape 1990-2015 (ISB Insights March 2017).

### THE NATURE OF FAMILY BUSINESS IN INDIA

In India family businesses have their own rules and regulations, customs and philosophies. We have a long history of trade and enterprises. In earlier times the aim of family business was to earn profits, whereas in today's scenario it's difficult to earn the same percentage. Family business contributes 66% to the national GDP which is quite comfortable in comparison with other European countries.

**Figure-2: Percentage of contribution of Indian Family Business compared to other countries**

**FIG 3: Percentage of family business contribution to national GDP**



\*Source: Tharawat Magazine (2016)

**Family owned business is more entrepreneurial in nature:** family business is all about growth and expansion where the family bond, support, parental guidance is available. Mostly the family strategies help to grow the business. Majorly the family members hold the higher position in such businesses, they try to optimize and utilize the resources in minimum investment. Ambani group, TATA group, Birla is the famous examples of Indian Family owned businesses. The preference is given to the productivity ten other aspects of the business. Every family business has their own secrets, plans and future strategies to move ahead.

### REVIEW OF LITERATURE

The challenges faced by the family business are debating the progression of the MSE sector. Firstly the financial challenges such as return on investment, working capital management. Secondly the challenges in work sharing in accordance with the gender, age and education are to be solved within their family confinements. Decision making and probabilities of success rate play a significant role and pave the way to ego-centric atmosphere in the family is the third challenge. Micro, small and medium scale enterprises often cite inadequate finance, coupled with high interest rate charged by the traditional banks when accessing loans, as the major constraints on the day to day running of their businesses. Small and medium-sized enterprises (SME's) are the backbone of all economies and are a key source of economic growth, dynamism and flexibility in advanced industrialized countries, as well as in emerging and developing economies. The research identifies key research topics and methodical approaches to understand family businesses (Pounder, 2015). This study



suggests that understanding the culture surrounding decision making in family business has great value. Characteristics such as aggressiveness, fearlessness and competition are key areas for investigation. Further to this, the aspiration to change society and government's view of family businesses as well as recognition to the economy made by family businesses. The focus of the review was to highlight background materials so as to identify gaps, weaknesses, issues or controversies that need to be addressed (Pounder, 2015).

### OBJECTIVES OF THE STUDY

1. To understand the challenges of family run business
2. To seek the remedies available to grow family business in india.

### RESEARCH DESIGN

The research is descriptive in nature, which tries to find out why family owned businesses are unable to cope up with the challenges and they fail.

### METHODS OF COLLECTING DATA

**Primary method:** the questionnaire is prepared with open ended questions

- **Secondary data** is collected through business magazines, re. Papers and the survey conducted
- **Sample Unit:** Management Graduate
- **Sample Size:** 50 management graduates
- **Method of data analysis:** quantitative (simple percentage method) and qualitative (content analysis)

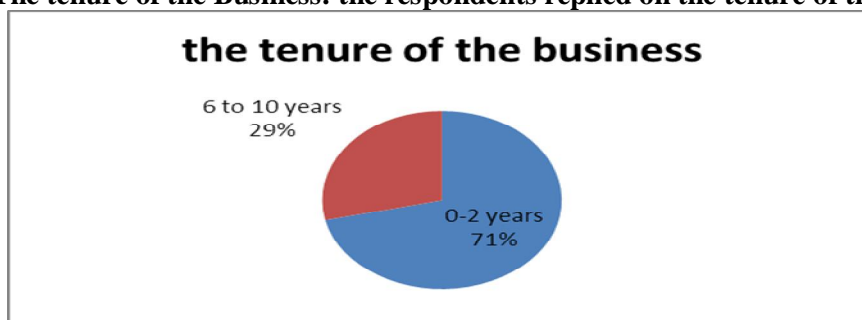
### DATA ANALYSIS AND INTERPRETATION

#### Challenges and issues of family owned Business

Apart from several benefits, some issues lies in family business. Developing and growing business needs efforts, resources and modern approach. There are several challenges are identified by the studies by family businesses. Carl Osunde (2017) family business has informal organization structure, family members are on higher position and they have very low rate of survival upto 3<sup>rd</sup> generations.

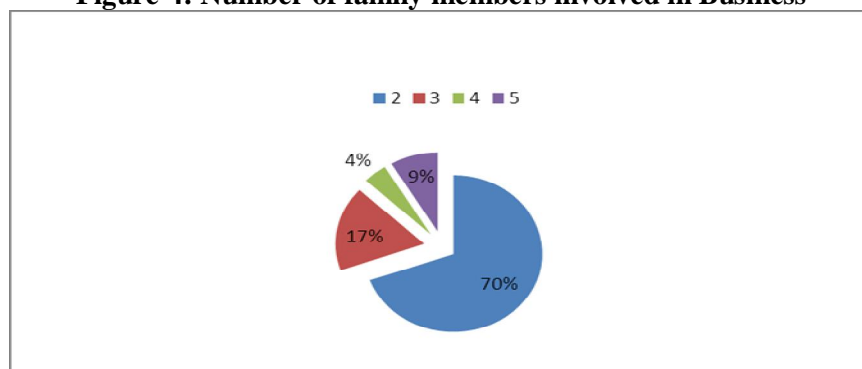
The data has been collected from various young entrepreneurs having business in steel, textile, retail, real estate, textile, import-export, gems and Jewelry etc.

**Figure-3: The tenure of the Business: the respondents replied on the tenure of their business**

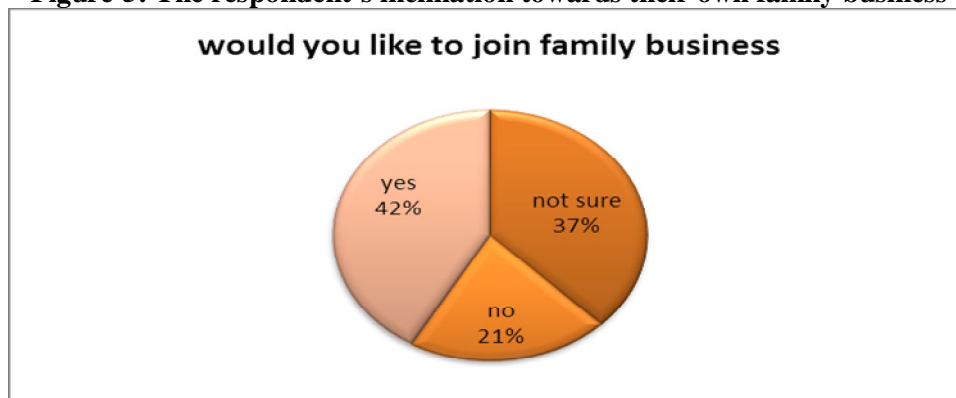


Majority i.e;(71%)of the respondents have old family business, which is older than 10 years

**Figure-4: Number of family members involved in Business**



Based on the pie-chart it is seen that 70% respondents replied that 2 members of the family involved in their business.

**Figure-5: The respondent's inclination towards their own family business**

42% respondents of the study agreed that they will join their family business, 37% are not sure and 21% have decided not to join their family business

**Challenges of small and medium scale family owned businesses:** Based upon the data collected from the respondents 5 major challenges have been identified, they are as follows:

1. Shift in customer's market for buying
2. Supply chain issues
3. Lack of funds
4. Late payments
5. High competition

**The value addition in the exiting business: the responses received from the respondents are as follows.**

1. Business expansion
2. Financial support
3. Use of knowledge and skills for business development
4. Delivery of expertise in government compliances, leadership skills and marketing skills etc.
5. Using digitalization

### **FINDINGS OF THE STUDY**

- The young leaders have accepted that there are challenges in front of small and medium scale businesses in India.
- With the help of higher education and the use of technology will help to boost the family owned business.
- Some percentage of management graduates are still not sure about joining their own family run business, hence the family business lacking in succession planning
- Supply chain and high competition are the major challenges today
- Lack of Funding due non-usage of loans and subsidy fund and delay in payment due to the relationship based business affecting on the cash flow of the business.
- Lack of digitization and less use of information technology is also the barrier in front of family owned business.

### **RECOMMENDATIONS OF THE STUDY**

Based upon the findings of the study we would like to suggest some remedies to boost the functioning of family owned business

- The family owned business must have to focus on innovation and creativity to bring modified products and services
- Increase the use of information technology and digitization for promoting business
- Awareness on government schemes and facilities for family owned services

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- Creation of virtual organization would be helpful to expand the business
  - Outsource professional help to develop business by creating successors for the business.
  - Use of business statistics for doing business predictions

**CONCLUSION**

The family businesses has to be little professional in terms of running business and make it more professional and innovative. Adopting new ways in traditional strategies is the right option. The government of India has introduced more than 50 schemes launched more than 50 schemes for startup initiatives to support small and medium scale businesses. Such schemes can definitely help in dealing with the environmental and economical challenges of the business.

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**COMPARATIVE STUDY OF PERFORMANCE ANALYSIS OF PUBLIC SECTOR BANKS IN INDIA****Dr. Chitra Gounder<sup>1</sup>, Priya Soni<sup>2</sup> and Vrunda Oza<sup>3</sup>**Assistant Professor<sup>1</sup> and Student<sup>2,3</sup>, Thakur Institute of Management Studies and Research, Mumbai**ABSTRACT**

*The Study is about Performance Analysis of Public Sector Banks in India. Banking system occupies an important place in nation's economy. A Banking Institution is indispensable in a modern society. It plays an important role in the economic development of a country. Thus, economic development of a country depends upon success of banking industry and success of banking Industry is determined to a large extent by how well then needs of its customers have been understood and satisfied. Customer is everything to run banking sector, hence satisfaction of customer is mandatory aspects in banking sector. Satisfaction not only by serving good service but performance of bank is also important to invest in particular bank*

*The Indian banking industry has come a long way from being a sleepy business institution to a highly proactive and dynamic entity. The liberalization and economic reforms have largely brought about this transformation. The entry of private banks has revamped the services and product portfolio of nationalized banks. With efficiency being the major focus, the private banks are leveraging on their strengths. To compete with the private banks, the public sector banks are now going in for major image changes and customer friendly schemes. Increasing competition and technology driven products are some of the trends which the banking industry is currently experiencing. The technology oriented banking has become one of the latest success mantra in market especially to win over the customers. Due to entry of private banks which are known for technical and financial innovation their professional management has gained a remarkable position in banking sector. Banking Sector plays an important role in economic development of a country. The banking system of India is featured by a large network of bank branches, serving many kinds of financial services of the people.*

**INTRODUCTION**

The Indian banking system consists of 27 public sector banks, 26 private sector banks, 46 foreign banks, 56 regional rural banks, 1,574 urban cooperative banks and 93,913 rural cooperative banks, in addition to cooperative credit institutions. Public-sector banks control more than 70 per cent of the banking system assets, thereby leaving a comparatively smaller share for its private peers. Banks are also encouraging their customers to manage their finances using mobile phones.

ICRA estimates that credit growth in India's banking sector would be at 7-8 per cent in FY 2017-18.

The industry is currently in a transition phase. On the one hand, the PSBs, which are the mainstay of the Indian Banking system, are in the process of shedding their flab in terms of excessive manpower, excessive Non Performing Assets (NPA's) and excessive governmental equity, while on the other hand the private sector banks are consolidating themselves through mergers and acquisitions.

PSBs, which currently account for more than 78 percent of total banking industry assets are saddled with NPAs (a mind-boggling Rs 830 billion in 2000), falling revenues from traditional sources, lack of modern technology and a massive workforce while the new private sector banks are forging ahead and rewriting the traditional banking business model by way of their sheer innovation and service. The PSBs are of course currently working out challenging strategies even as 20 percent of their massive employee strength has dwindled in the wake of the successful VRS schemes.

The private players however cannot match the PSB's great reach, great size and access to low cost deposits. Therefore one of the means for them to combat the PSBs has been through the M& A route. Over the last two years, the industry has witnessed several such instances. For instance, HDFC Bank's merger with Times Bank ICICI Bank's acquisition of ITC Classic, Anagram Finance and Bank of Madura. Centurion Bank, Indusind Bank, Bank of Punjab, Vysya Bank are said to be on the lookout. The UTI bank- Global Trust Bank merger however opened a Pandora's box and brought about the realization that all was not well in the functioning of many of the private sector banks.

Private sector Banks have pioneered internet banking, phone banking, anywhere banking, mobile banking, debit cards, Automatic Teller Machines (ATMs) and combined various other services and integrated them into the mainstream banking arena, while the PSBs are still grappling with disgruntled employees in the aftermath of successful VRS schemes.

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**OBJECTIVE OF STUDY**

- To review the financial performance of the public sector banks.
- To study and compare the performance growth of Indian Public Sector Banks such as SBI, PNB & BOB during the study period of 5 years i.e. 2012-13 to 2016-17
- To identify the various factors affecting the performance of Public Sector Bank by using different parameters like Business, Staff Productivity, and Efficiency & Asset Quality.

**PROBLEM DEFINITION**

By going through literature review in form of research papers, we came to know that almost all research papers are only talking about financial performance of different sector banks such as private, public, foreign, cooperative or combination thereof. We came across hundreds of research works which are advocating that one sector banks are performing well compare to other sector banks but the least we have found research work which extends from evaluation of financial performance to identifying the reasons or factors responsible for better or poor financial performance between different sectors of banks.

**So my research work is divided into two aspects**

1. Evaluating financial performance of public sector banks SBI, PNB & BOB
2. Identifying the factors responsible for better or poor financial performance of Public sector banks.

This research work will be helpful to readers in terms of judging financial performance of Indian banks as well as they will also come to know about the reason behind better or poor financial performance of banks

**LITERATURE REVIEW**

(Mishra Aswini Kumar, October 2012) The objective of this paper is to analyze the performance of 12 public and private sector banks over a period of eleven years (2000-2011) in the Indian banking sector. For this purpose, CAMEL approach has been used and it is established that private sector banks are at the top of the list, with their performances in terms of soundness being the best. Public sector banks like Union Bank and SBI have taken a backseat and display low economic soundness in comparison.

(FERROUHI, 2014) The present paper analyzes the performance of major Moroccan financial institutions for the period 2001-2011 using CAMEL approach. The research aims to evaluate Moroccan financial institutions' capital adequacy, asset quality, management, earnings and liquidity and then determine financial performance, operating soundness and regulatory compliance of Moroccan financial institutions. The application of CAMEL model to major Moroccan financial institutions for the period 2001 to 2011 allows us to obtain a ranking of banks. We applied debt equity ratio for the analyze of capital adequacy parameter, loan loss provisions to total loans for the analyze of assets quality parameter, return on equity for analyzing management quality parameter, return on assets to analyze earnings ability and deposits on total assets ratio to analyze liquidity ability.

(Gupta, Jan 2014) The progression of an economy is significantly dependent upon deployment as well as optimum utilization of resources and most importantly operational efficiency of the various sectors, of which banking sector plays a very vital role. Banking sector helps in stimulation of capital formation, innovation and monetization in addition to facilitation of monetary policy. It is imperative to carefully evaluate and analyse the performance of banks to ensure a healthy financial system and an efficient economy. The present study attempts to evaluate the performance of public sector banks in India using CAMEL approach for a five year period from 2009-13.

(Rostami, November 2015) "CAMELS" model as a tool is very effective, efficient and accurate to be used as a performance evaluator in banking industries and to anticipate the future and relative risk. "CAMELS" ratios are calculated in order to focus on financial performance. The CAMELS stands for Capital adequacy, Asset quality, Management, Earning and Liquidity and Sensitivity. In this study some important ratios are chosen and calculated to evaluate bank's performance. Data which is used in this study is gathered from annual financial reports of an Iranian bank. Then data is compared with other bank's ratios and reports. Certainly, the trends of calculations and relevant figures show important points for managers and also, CAMELS rating can be an efficient tool to manage and control and decide in management accounting view.

Camel approach is significant tool to assess the relative financial strength of a bank and to suggest necessary measures to improve weaknesses of a bank. In India, RBI adopted this approach in 1996 followed on the recommendations of Padmanabham Working Group (1995) committee. In the present study, an attempt has been made to rank the various commercial banks operating in India. The banks in India have been categorized into Public sector, Private sector, and Foreign banks. The sample of selected banks consists of 25 Public Sector,

18 Private Sector, and 8 Foreign banks. For the purpose of ranking, CAMEL MODEL approach has been applied, incorporating important parameters like Capital Adequacy, Assets Quality, Management Efficiency, Earnings Quality and Liquidity. The finding of the study shows that public sector banks, viz. Andhra Bank, Bank of Baroda, Allahabad Bank, Punjab National Bank IDBI Bank, State Bank of Bikaner and Jaipur and UCO Bank has been ranked at the top five positions in their financial performance during the study period. The private sector banks, namely, TamilnadMerchantile Bank, KotakMahindra Bank, HDFC Bank, Axis Bank, KarurVysya Bank, ICICI Bank, Citi Union Bank and IndusInd Bank shared the top five positions. The foreign banks such as Bank of Bahrain & Kuwait, HSBC Bank, The Royal Bank of Scotland, Deutsche Bank, CTBS Bank, Citi Bank, DBS Bank and Royal Bank of Scotland secured the top five positions during the study period.

(Shilpa Sahota, May 2017) For sustaining a healthy financial system, it is mandatory to analyze banks frequently for recognition of their strengths and removal of potential vulnerabilities. Banks act as fuel for smooth and efficient functioning of a nation's financial system. The purpose of the present study was to evaluate and compare the financial, operational, and managerial health of selected largest scheduled commercial banks in India with different ownership structure, such as public (State Bank of India), private (ICICI Bank), and foreign banks (Standard Chartered Bank). To achieve this objective, panel data was collected from authentic websites for the period from 2001-2002 to 2010- 2011 for banks judged with globally accepted ratio based CAMEL model parameters and average of sub-parameters. In addition to this, one-way ANOVA (parametric test) was applied to statistically measure whether mean variance existed among these banks' ratios and performance. The findings revealed that these banks performed satisfactorily overall after the adoption of reforms. However, SBI was positioned at the top followed by SCB and ICICI Bank in India. Surprisingly, the study observed that there was no difference statistically among these banks in terms of ratios and performance of sub-parameters namely, debt/equity ratio, gross non-performing assets/total assets, income interest/total assets, and liquid assets to total deposits during the research. The study concluded that there was stiff competition among these banks and significantly recommended for proposed banking structure in India. In addition to this, SCB was found to be significantly more efficient during the research period in terms of doing profitable banking business and converting deposits into higher earning advances followed by ICICI Bank and State Bank of India (SBI).

## RESEARCH METHODOLOGY OF STUDY

### • Type of Research

To interpret and analyze the performance of growth in banks – Descriptive and Quantitative Research variation has been used. The growth rate has been computed to know the long term potential of a bank in business. This research study is used in order to analyze the performance of the public sector banks in India

### • Data Collection

The data required for the study is collected from the annual reports of respective Banks, Newspapers, Magazines and progress of Banking of India, Government Publications, Books and Website.

### • Methodology

The study is purely based on secondary data. Different scales are been used for data analysis. The study has been conducted with reference to data collected related to the Banks different parameters such as –

- i. Business Indicators consists of Deposits, Advances, Net Profit / Loss & CASA Ratio
- ii. Staff Productivity consists of Business Per Employee & Profit Per Employee
- iii. Efficiency consists of Return on Assets, Capital Adequacy Ratio & Net Interest Margin
- iv. Asset Quality consists of Gross NPA Ratio & Net NPA Ratio

Various Bar Graphs are used to know the performance of State Bank of India (SBI), Bank of Baroda (BOB) & Punjab National Bank (PNB) with the help of their respective annual reports. These banks have been selected with the belief that they also hold the largest market share in the banking business in India public sector.

## DATA ANALYSIS / COMPARATIVE ANALYSIS

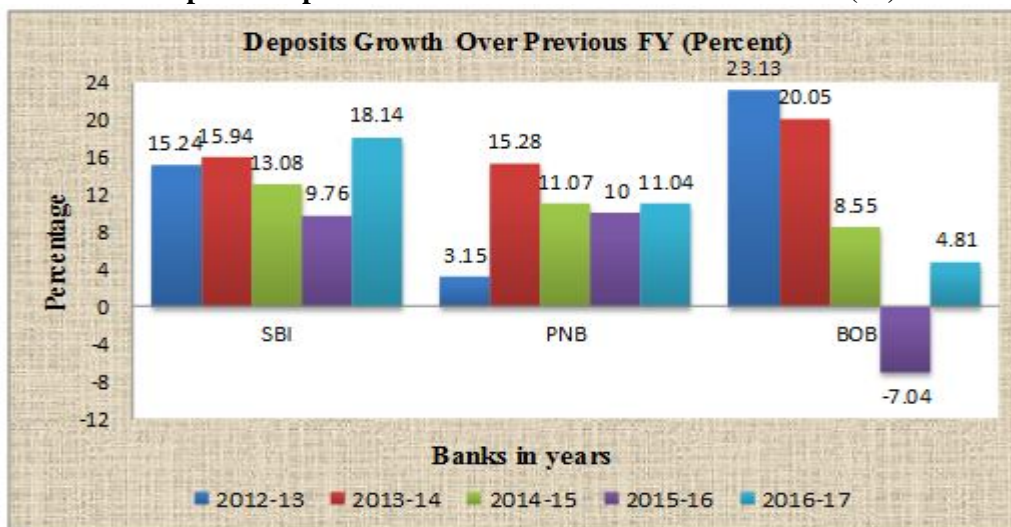
### PERFORMANCE EVALUATION

#### 1. BUSINESS INDICATORS

**DEPOSITS:** Deposit is the amount accepted by bank from the savers in the form of current deposits, savings deposits and fixed deposits and interest is paid to them. In general terms money deposits in banks are known as bank deposits. Deposits mobilization gets added attention in a developing country like India where resources

mobilization acts as a prime mover of the development process. Expansion of Public Sector Banks deposits has been an important feature in recent years. Graph-1 depicts the growth of deposits over last five years.

**Graph-1: Deposit Growth over Previous Financial Year (%)**

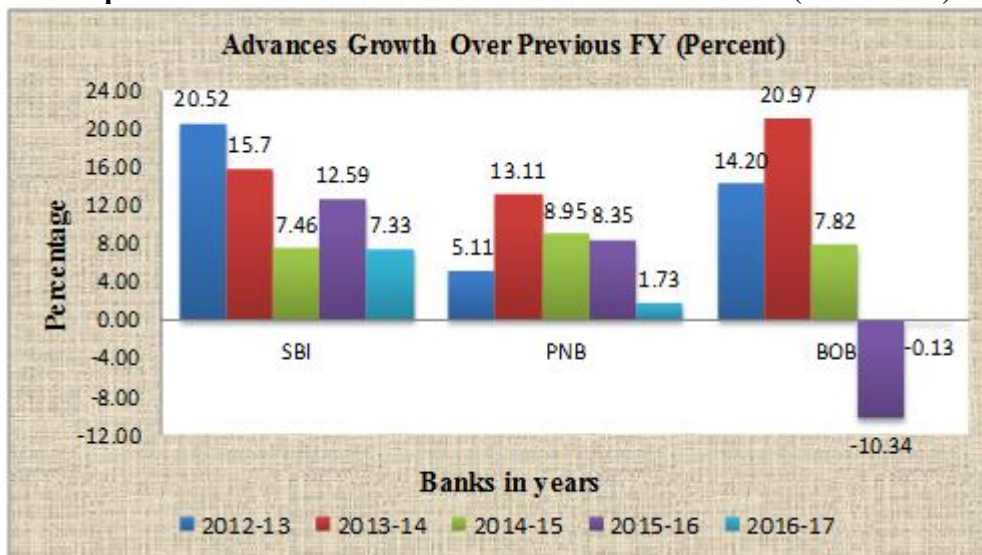


Source: Compiled from annual reports of SBI, BOB & PNB banks of FY 12-13, 13-14, 14-15, 15-16 & 16-17

**Comment:** In FY 2012-13, the deposit of BOB grew most by around 23.13 % from 384871 crores to 473883 crores followed by SBI 15.24% growth and PNB 3.15% growth. In FY 2013-14, BOB was again on the top of list by securing around 20% growth in its deposits. The second place was occupied by SBI with around 16% growth in its deposits from 1202740 crores to 1394409 crores. A common slug was observed in the deposit growth rate of all the banks owing to the stressed economic conditions. This scene continued to next year whereby by the end of 2014-15, SBI topped the list with highest growth in deposits which grew by around 13% followed by PNB by 11%. In FY 2015-16, PNB topped the list with 10.3% growth in deposits from 501379 crores to 553051 crores followed by SBI 9% growth whereas BOB had a declined growth rate of 7.04%. As BOB had cut in the level of high-cost deposits on its book, causing a fall in total deposits. In FY 2016-17 SBI was again on the top of list by securing around 18% growth in its deposits. The second place was occupied by PNB with around 11.04% growth followed by BOB by 4.81% from 574038 crores to 601675 crores.

**ADVANCES:** Advances are the credit facility granted by the bank. In other words it is the amount borrowed by a person from the Bank. It is also known as „Credit“ granted where the money is disbursed and recovery of which is made later on. Bank credit means the loan (advances) made by the banks to the customers. Credit deployment is the major force through which banks helps in the transformation of saving into capital. Graph-2 shows the growth of advances of various banks over five financial years.

**Graph-2: Advances Growth over Previous Financial Year (PERCENT)**



Source: Compiled from annual reports of SBI, BOB & PNB banks of FY 12-13, 13-14, 14-15, 15-16 & 16-17



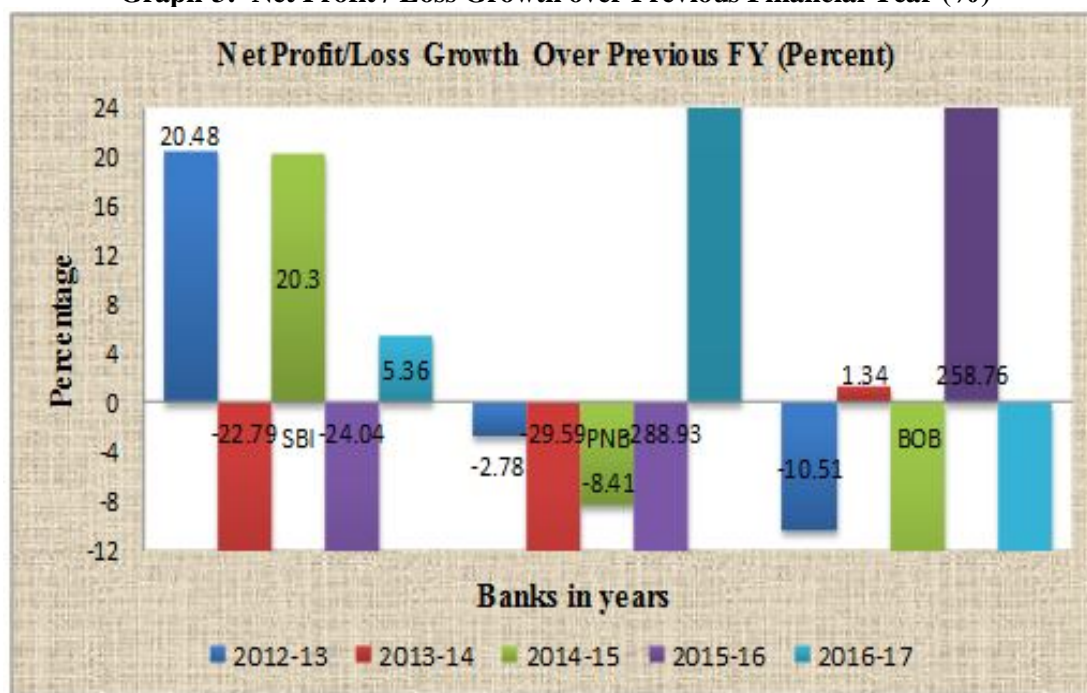
**Comment:** In FY 2012-13 SBI had the maximum growth in advances (20.52%) BOB was placed second with 14.20% growth in advances. In FY 2013-14, BOB observed highest growth rate of 21% in advances with total figure of Rs. 397,005 crores as compared to Rs. 328,185 crores in 2012-13. Followed by SBI (15.70%) in growth in advances. The next FY 2014-15 showed a sluggish growth rate in advances wherein the advance growth rate of every bank continued to be in single digit in which PNB topped the list by 8.95% growth followed by BOB & SBI by 7.82% and 7.46 % respectively. In FY 2015- 16 situations changed and SBI had the maximum growth rate in advances with growth of 12.50% followed by PNB by 8.35% growth whereas BOB had declined growth rate of 10.34 % in advances. In FY 2016-17, there was a sluggish growth in all banks where State Bank observed highest growth rate of 7.34% in advances. It was followed by PNB by 1.73% and again BOB had a decline in growth rate of 0.13%, from 383770 crores to 383259 crores in advances.

**NET PROFIT / LOSS:** Profit is a financial measure of a firm's operations during a period. It is the difference between the income earned and the expenditure incurred during the period. It is, therefore, called the 'Net Result'. It is an accounting entity where

#### PROFIT= INCOME- EXPENDITURE

The balance of operating profit after the provisions and contingencies is known as net profit. Net Profit mainly depends upon productivity of the bank and growth of profit per employee. Graph-3 shows the growth of Net P/L of these banks over 5 years.

**Graph-3: Net Profit / Loss Growth over Previous Financial Year (%)**



Source: Compiled from annual reports of SBI, BOB & PNB banks of FY 12-13, 13-14, 14-15, 15-16 & 16-17

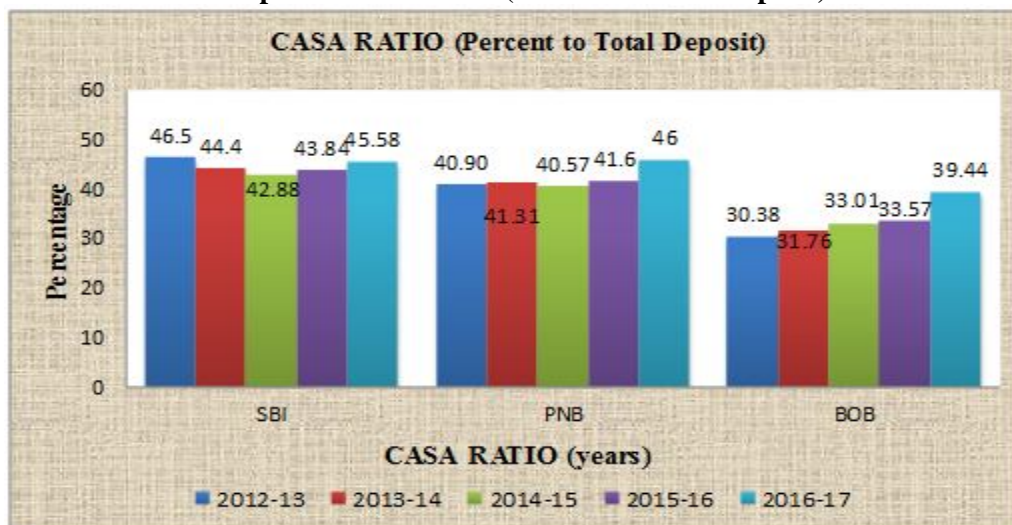
**Comment:** It is observed that net profit followed a zigzag growth pattern. It was so because in the initial years i.e. in 2010-11 & 2011-12, the economy was slow and was recovering from the clutches of worldwide economic depression due to subprime crisis. The investment and development works in the economy slowed down which hampered the growth of banking industry.

In later year of study i.e. 2013-14 & 2014-15, there emerged a big problem of NPA's, which then required provisioning there by putting a drain on profit. Also, there was wage revision in banking industry during this period, which put further load on the profitability of banks. Thus, it was observed that banks' growth in net profit remained in negative zone for the maximum time during the period under study. SBI again accounted for highest net profit in the banking industry in that period. However, its net profit growth rate declined by around 24% in FY 2015-16 mainly due to higher NPAs and wage revision. It was also observed that there was a decline of net profit growth rate of BOB by 25% in the FY 14-15 followed by PNB by 8.41%. In FY 15-16, BOB had a net loss of -5396 crores & PNB had a net loss of -3974 and also dipped due to higher NPA provisioning. Later in FY 16-17, all the banks had a positive growth rate as they managed to reduced their NPA's, the highest growth was seen in PNB of 133% from Net loss of -3974 crores to Net profit of 1325 crores followed by BOB growth of 126% from Net loss -5396 crores to Net Profit 1383 crores.



**CASA RATIO:** Current Account & Saving Account Ratio. Graph-4 shows the CASA ratio of these banks over 5 years.

**Graph-4: CASA Ratio (Percent to Total Deposit)**



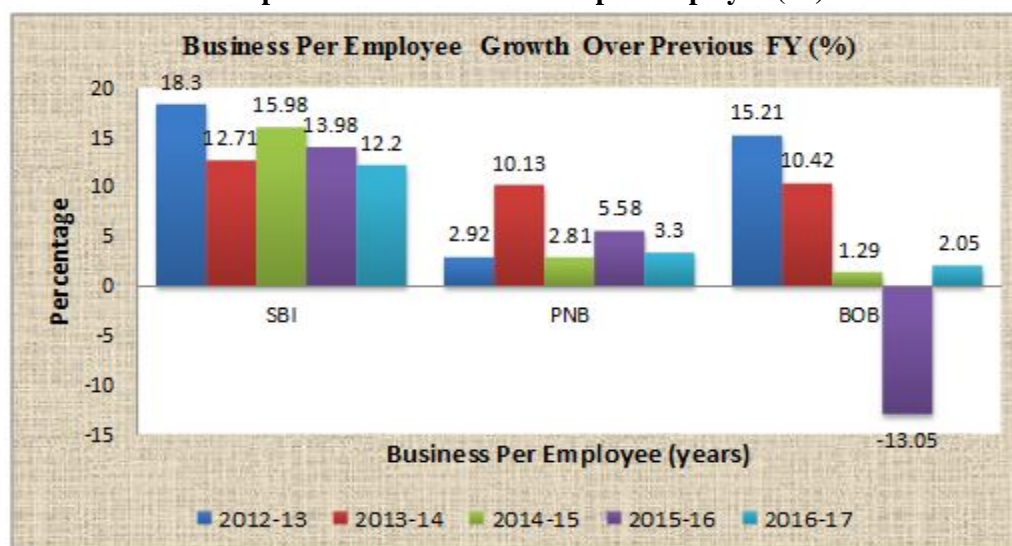
Source: Compiled from annual reports of SBI, BOB & PNB banks of FY 12-13, 13-14, 14-15, 15-16 & 16-17

**Comment:** It is observed that SBI continuously has the highest CASA ratio in its total deposits. This may be due to the fact that SBI is authorized by government for the distribution of all government funds in the form of salary and pensions. It was also observed that during the years under study, except PNB, all other banks had their CASA ratio declining. PNB was able to maintain and grow its total deposit to CASA ratio where in 2016-17 it has 46% which is the highest CASA ratio in its total deposits.

## 2. STAFF PRODUCTIVITY INDICATORS

**BUSINESS PER EMPLOYEE:** It is the ratio of total business (total advances + total deposits) and total number of employees. The Graph-5 presents the growth in business per employee during period under study.

**Graph-5: Growth in Business per Employee (%)**

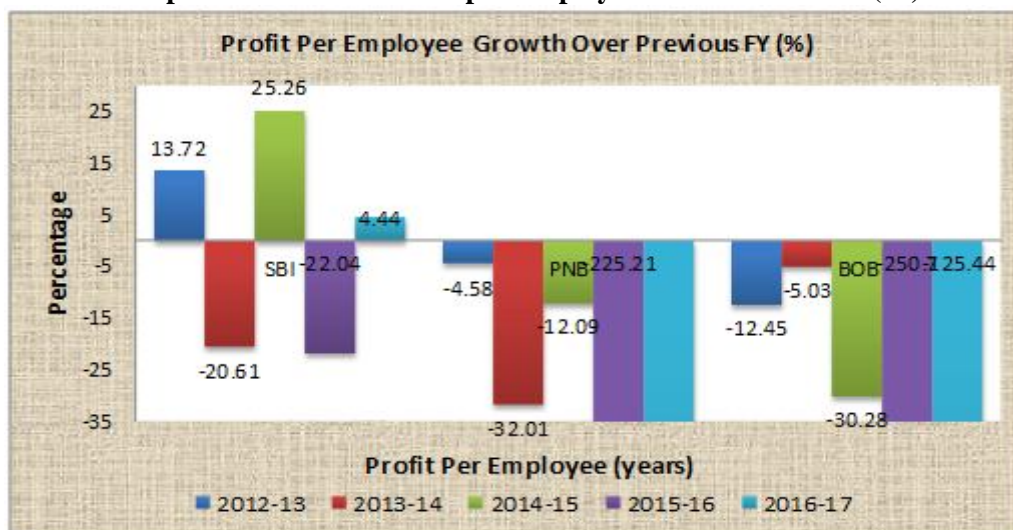


Source: Compiled from annual reports of SBI, BOB & PNB banks of FY 12-13, 13-14, 14-15, 15-16 & 16-17

**Comment:** Staff productivity growth was Maximum for SBI (18.3%) in FY 2012-13 followed by BOB (15.21%). SBI topped the list with 12.71% growth in FY 2013-14 followed by BOB (10.42%) and PNB (10.13 %). In FY 2014-15, Again SBI topped the list by 15.98% growth whereas PNB & BOB had a fall in there growth by only 2.81% and 1.29% growth respectively. FY 2015-16 observed negative growth rate (-13.05%) in staff productivity in BOB while SBI topped the list by increasing its staff productivity by about 16%. FY 2016-17 observed a positive growth of BOB by 2.05% & PNB by 3.3% growth while SBI topped the list by increasing its staff productivity by about 12.2%.

**PROFIT PER EMPLOYEE:** It is the ratio of net profit to total number of employees. It is also considered as an efficient measure of employee productivity.

**Graph-6: Growth in Profit per Employee over Previous FY (%)**



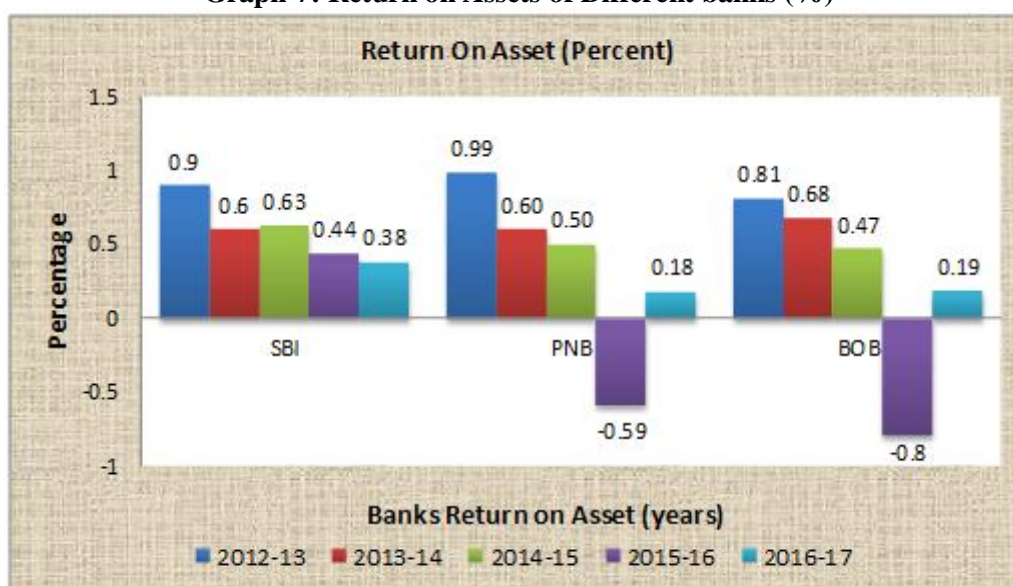
Source: Compiled from annual reports of SBI, BOB & PNB banks of FY 12-13, 13-14, 14-15, 15-16 & 16-17

**Comment:** It was observed that sluggish economic environment and NPA crisis had a major impact on the profitability per employee. A major negative trend was observed in the profit per employee. This may be on account of rise in wages and large scale new employment in banks. It was also observed that during FY 2013-14, all the banks had fall in their profit per employee, highest of being PNB (-32%) followed by SBI (-20.61%) and BOB (-5.03%). Further we can observe that in FY 2014-15, SBI has managed to get profit per employee with 25.26% whereas PNB & BOB had a fall with (-12.09) & (-30.28). In later years PNB & BOB had a constant decline in Profit per employee and SBI showed a zigzag trend throughout the study.

### 3. EFFECIENCY PERFORMANCE INDICATORS

**RETURN ON ASSETS (ROA):** It is calculated to determine how efficiently the bank is deploying its assets to earn profits. It is calculated as percent of net profit to total assets. The ratio nearer to 1 shows best utilization of available assets with bank. The Graph-7 shows that it has been difficult for these banks to maintain this ratio.

**Graph-7: Return on Assets of Different banks (%)**



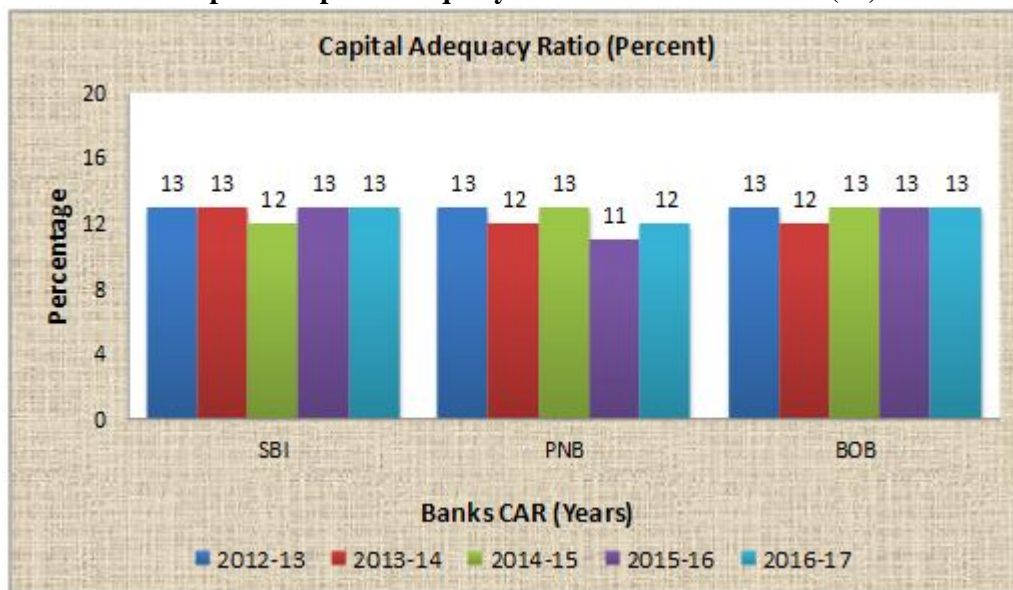
Source: Compiled from annual reports of SBI, BOB & PNB banks of FY 12-13, 13-14, 14-15, 15-16 & 16-17

**Comment:** During the period under study, SBI has never been able to achieve that mark while none other bank have been able to achieve the same in later years of study owing to high NPA provisioning. It has also been seen that in 2015-16 PNB & BOB were very poor to achieve the same.



**CAPITAL ADEQUACY RATIO (CAR):** It is the ability of bank to withstand the shocks of NPA and corrosion of capital.

**Graph-8: Capital Adequacy Ratio of Different banks (%)**

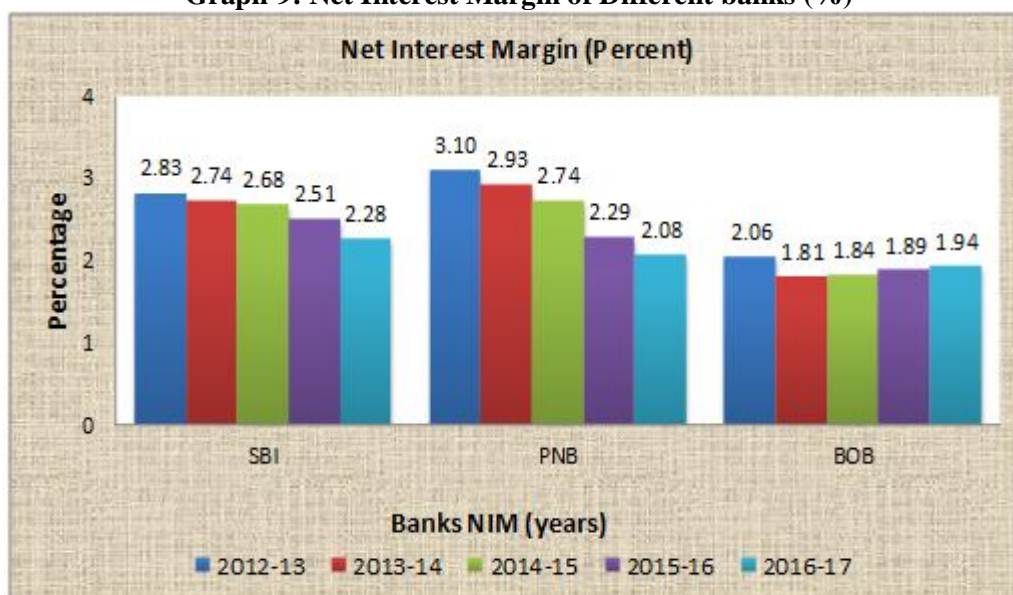


Source: Compiled from annual reports of SBI, BOB & PNB banks of FY 12-13, 13-14, 14-15, 15-16 & 16-17

**Comment:** According to RBI guidelines, all banks must have CAR to be minimum at 9%. It is observed from the Graph-8 that all banks are in comfortable position in relation to CAR. During the period under study, SBI maintained CAR between 12% - 13%, BOB in between 12% - 13% and PNB between 11% - 13%.

**NET INTEREST MARGIN (NIM):** It is the difference between the net interest income earned and net interest expenses incurred by the bank. It is also termed as spread. This difference is used to cover all sorts of expenses incurred by bank. The more is the spread, the more is the profit of the bank. It is shown as the percentage of total earning assets.

**Graph-9: Net Interest Margin of Different banks (%)**



Source: Compiled from annual reports of SBI, BOB & PNB banks of FY 12-13, 13-14, 14-15, 15-16 & 16-17

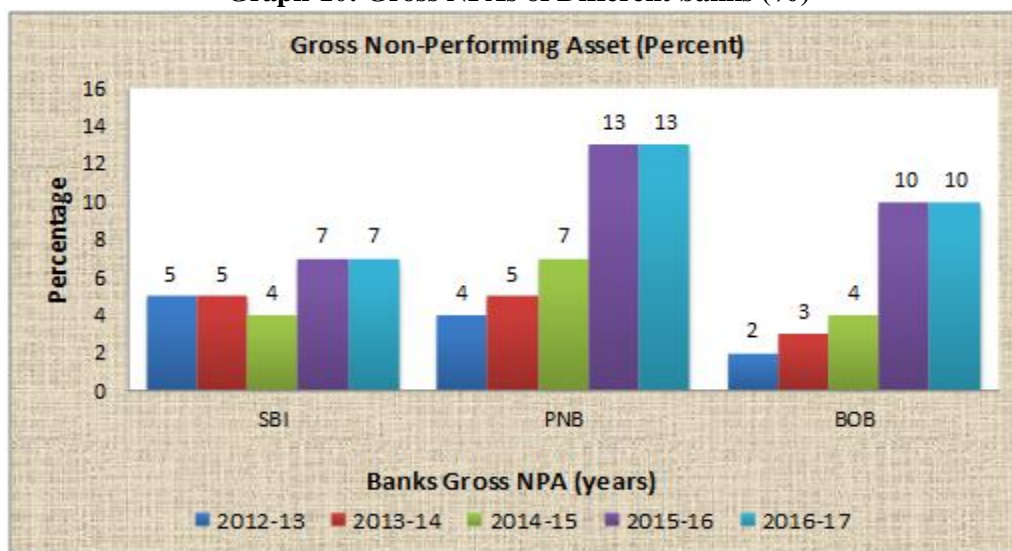
**Comment:** The Graph-9 shows that SBI and PNB have been able to maintain fairly good NIM all the years under study. It is observed that even during the dampening economic scenario and high NPA position during FY 2013-14 & 2014-15, SBI and PNB have been able to maintain NIM in between 2% - 3% whereas BOB have been able to maintain NIM between 1.5% - 2%.

Note: Table Compiled from annual reports of SBI, BOB & PNB banks of FY 12-13, 13-14, 14-15, 15-16 & 16-17

#### 4. ASSET QUALITY INDICATOR

**GNPA RATIO:** Gross NPA is the total outstanding amount in the books of banks which has not been received. GNPA ratio is the ratio of such blocked amount to total advances. Lesser is this ratio, lesser will be bank's requirement for provisioning and more will be their profit or income. The Graph-10 shows that PNB is most severally affected from the problem of NPA management.

**Graph-10: Gross NPAs of Different banks (%)**

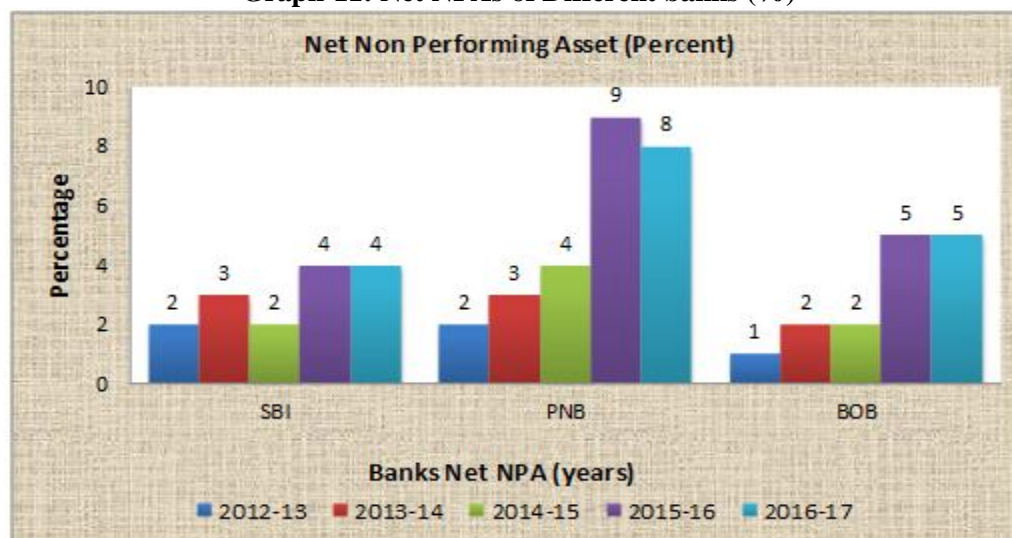


Source: Compiled from annual reports of SBI, BOB & PNB banks of FY 12-13, 13-14, 14-15, 15-16 & 16-17

**Comment:** It is also seen that NPA problem for all banks have risen in the last two years of study i.e. for 2015-16 & 2016-17 on account of less recovery of loans due to dampened economic environment. It is observed that policies followed by SBI in NPA management have shown results and the Bank has been able to keep its GNPA at lowest level amongst other banks under study.

**NNPA RATIO:** Net NPA can be defined as gross NPA less (balance in interest suspense a/c + DICGC/ ECGC claims received & held pending adjustment + part payment received & kept in suspense a/c + total provisions held in respect of NPA).

**Graph-11: Net NPAs of Different banks (%)**



Source: Compiled from annual reports of SBI, BOB & PNB banks of FY 12-13, 13-14, 14-15, 15-16 & 16-17

**Comment:** From the Graph-11, again it is clear that last two FYs have been very tough for banking industry with respect to the management of NPAs. Policies of PNB have not been efficient enough to contain NPA which has been highest among all banks under study while BOB has been able to contain its NPA below 2% in FY 2014-15 & as well as SBI till 4% lowest amongst all other banks in 2016 & 2017. On the whole it is observed that NNPA of banks is on rising note with each passing year and has become area of great concern.

**CONCLUSION**

Much is being talked about the metamorphosis of the banking sector in India in the next 10 years with transition of India from a Government inclined mixed economy to a capitalism inclined mixed economy. After the nationalization of banks taking place at a large scale in the 1960s and the further in 1980, the public sector of the banking industry in India saw a turn of events in the early 2000s when their balance sheets showed profits after a prolonged period of consistent trend of losses. Today, the Indian banking industry, with its total assets to the tune of Trillions, is growing incessantly but a certain caution needs to be exercised especially in public sector of this industry. Infiltrated with the bad loans & continuous pressure to lower their NPAs, not only have the lenders preferred to hold back credit but some banks have also resorted to disguising weak financials by funding extra and unnecessary money to doubtful debtors thus erasing them from NPA categories. To quote one major public sector bank, PNB, watched its NPA escalate assets. Although private sector banks have practiced asceticism in this matter, public sector banks cannot afford to do so due to strict regulations by Central Bank. 2014 fiscals portrayed various events that amplified interest rates with deteriorating investor confidence, which shrunk investments & contribution of PSBs to growth in GDP.

This study deals with the background and Perspective Framework of the which includes, Banking history in India, Indian Banking from its initiation to the present, Research study, Objectives of the study, Methodology of the Study, Use of Statistical & Quantitative Tools for Data Analysis, Learning Outcomes and References. After going through background and performance of the Study with PSBs in India, SBI tops the chart of the most sought after bank followed by PNB and BOB.

The final position of each bank for every FY has been prepared from the summarization of marks received on each parameter:

**PRESENTS SUMMARIZATION FOR FY 2012-13**

<b>Table 21: Summarization for FY 2012-13</b>			
<b>Parameters</b>	<b>SBI</b>	<b>PNB</b>	<b>BOB</b>
Business Indicators (Marks 12)	11	6	7
Staff Productivity (Marks 6)	6	3	3
Efficiency (Marks 9)	7	9	5
Asset Quality (Marks 6)	3	4	6
<b>Grand Total (Marks 33)</b>	<b>27</b>	<b>22</b>	<b>21</b>
<b>Rank</b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>3<sup>rd</sup></b>

Source: Compiled from Above Tables

**Comment:** SBI stood at 1st position in overall and also in Business & Staff Productivity parameter. PNB was equal to staff productivity with BOB & ranked higher in Efficiency but overall ranked higher than BOB i.e. 2<sup>nd</sup>.

**FOLLOWING TABLE-22 PRESENTS SUMMARIZATION FOR FY 2013-14**

<b>Table 22: Summarization for FY 2013-14</b>			
<b>Parameters</b>	<b>SBI</b>	<b>PNB</b>	<b>BOB</b>
Business Indicators (Marks 12)	9	5	10
Staff Productivity (Marks 6)	5	2	5
Efficiency (Marks 9)	6	7	6
Asset Quality (Marks 6)	4	4	6
<b>Grand Total (Marks 33)</b>	<b>24</b>	<b>18</b>	<b>27</b>
<b>Rank</b>	<b>2<sup>nd</sup></b>	<b>3<sup>rd</sup></b>	<b>1<sup>st</sup></b>

Source: Compiled from Above Tables

**Comment:** BOB acquired 1 position in overall ranking and also in business indicators & Asset quality. Asset quality management of BOB was best whereas SBI stood in 2<sup>nd</sup> position & PNB at 3<sup>rd</sup> position with highest efficiency amongst all banks.

## FOLLOWING TABLE-23 PRESENTS SUMMARIZATION FOR FY 2014-15

Table 23: Summarization for FY 2014-15			
Parameters	SBI	PNB	BOB
Business Indicators (Marks 12)	10	9	5
Staff Productivity (Marks 6)	6	4	2
Efficiency (Marks 9)	7	8	5
Asset Quality (Marks 6)	6	4	6
<b>Grand Total (Marks 33)</b>	<b>29</b>	<b>25</b>	<b>18</b>
<b>Rank</b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>3<sup>rd</sup></b>

Source: Compiled from Above Tables

**Comment:** SBI regained its 1st position in overall ranking with best performance in Business, staff productivity and asset quality management. PNB topped in Efficiency indicator performance but secured 2nd position in overall due to lower performance in staff productivity and asset quality parameter.

## FOLLOWING TABLE-24 PRESENTS SUMMARIZATION FOR FY 2015-16

Table 24: Summarization for FY 2015-16			
Parameters	SBI	PNB	BOB
Business Indicators (Marks 12)	10	8	6
Staff Productivity (Marks 6)	6	4	2
Efficiency (Marks 9)	9	6	5
Asset Quality (Marks 6)	6	2	4
<b>Grand Total (Marks 33)</b>	<b>31</b>	<b>20</b>	<b>17</b>
<b>Rank</b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>3<sup>rd</sup></b>

Source: Compiled from Above Tables

**Comment:** SBI again stood at 1st position in overall on account of its good performance in business indicators, staff productivity, efficiency and asset quality parameters. PNB continued with its good business and achieved 2nd position.

## FOLLOWING TABLE-25 PRESENTS SUMMARIZATION FOR FY 2016-17

Table 25: Summarization for FY 2016-17			
Parameters	SBI	PNB	BOB
Business Indicators (Marks 12)	10	10	4
Staff Productivity (Marks 6)	6	3	3
Efficiency (Marks 9)	9	5	6
Asset Quality (Marks 6)	6	2	4
<b>Grand Total (Marks 33)</b>	<b>31</b>	<b>20</b>	<b>17</b>
<b>Rank</b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>3<sup>rd</sup></b>

Source: Compiled from Above Tables

**Comment:** SBI remains on top of the list overall on account of its good performance in all parameters like business indicators, staff productivity, efficiency and asset quality. PNB continued with its good business and achieved 2nd position.

This study may help the decision makers of Indian Public sector banks and other categories of banks in Indian Banking sector to concentrate on banking activities and thereby to increase the bank ranking and financial performance of the banks. It may help the management in formulating appropriate strategies for achievement of objectives.

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- BOB: <https://www.bankofbaroda.com/annual-report.htm>

### 2. Other Links

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## TALENT ACQUISITION PRACTICES IN AUTOMOTIVE INDUSTRY

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## ABSTRACT

*Talent Acquisition is a strategic approach in the pursuit to gain and sustain a competitive advantage by hiring and nurturing the best talent available. When the organization is growing faster which is higher than normal growth continuously the talent acquisition strategy is the best option in finding suitable people to lead the growth forward. As automotive industry is growing day by day, it needs skilled manpower which can give competitive advantage in the market.*

*This study focuses on contemporary talent acquisition practices in automotive industry and how they are useful in getting required talent for right job at right time.*

*Keywords: Talent acquisition, automotive industry, talented workforce, Recruitment & selection.*

## INTRODUCTION

Auto Industry plays a vital role in the Indian economy with the contribution of around 7 % of the country's GDP (Gross Domestic Product). In the period of April 2000 to June 2017, Indian Auto Industry attracted a whopping FDI (Foreign Direct Investment) worth US\$ 17.40 billion (Department of Industrial Policy and Promotion (DIPP) and estimating a further growth. With the onset of automation, automotive industry is undergoing great changes. Obviously the emergence of automation and new technologies demands new hires for artificial intelligence, robotics, cognitive solutions and machine learning. By 2020 the employment in the automotive sector is likely to reach 14.3 million and new skill sets would be required for 60-65 percent of the jobs. (As per Future of jobs in India (A 2022 perspective, A report by FICCI-NASSCOM and EY)

The Government's Automotive Mission Plan (AMP) 2016-26 envisions the industry to grow around four times by FY 26 with approximately 10% CAGR (Compounded Annual Growth Rate) for vehicle sales volumes. According to the report "The Automotive Mission Plan 2016 – 26" prepared jointly by SIAM and the Government, The Indian auto sector has the potential to generate up to US \$ 300 Billion in annual revenue by 2026, create around 65 million additional jobs and contribute more than 12% to India's GDP.

In this scenario the industry requires talent workforce who can relevant to the industry as talent has become the key differentiator for performance management and for leveraging competitive advantage. Availability of skilled manpower has always been a competitive advantage for the industry. With better talent acquisition and development employee engagement improves and so does the productivity.

## LITERATURE REVIEW

*"Talent Acquisition is the process of attracting and recruiting the best talent available to ensure the organization has the right people, with the right skills, who are in the right job, and working against the right requirements"*<sup>4</sup>

Alan Davis; explained that *"Strategic Talent Acquisition takes a long-term view of not only filling positions today, but using the candidates that come out of a recruiting campaign as a means to fill similar positions in the future.*

According to EY-SIAM HR study, the automotive industry is to face an increased demand for skilled labour in impending years as the improved Indian economy and expecting investments as part of "Make in India" initiatives.

The definition of the term "talent" may deferent from company to company based upon their requirements. McKinsey stated talent as "the sum of person's abilities... his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive, it also includes his or her ability to learn and grow" (Michaels, Handfield-Jonas, and Axelrod, 2001)

Talent Acquisition is a strategic approach in the pursuit to gain and sustain a competitive advantage by hiring and nurturing the best talent available.

When the organization is growing faster which is higher than normal growth continuously the talent acquisition strategy is the best option in finding suitable people to lead the growth forward. Talent acquisition is a long term strategy to make hire more efficient and productive.

The steps involved talent acquisition process are recruitment, selection and successful on boarding.



Recruitment is a subset of talent acquisition. Recruitment is concerned with attracting a set of potential candidates to apply for given position. A few recruiting channels are employee referral, company website, university and business school corporations and headhunting services.

SHRM describes selection as *“the process of choosing from a group of applicants the individual best suited for particular position and for the organization.”*

In other words, selection is the process of picking or choosing the right candidate, who is most suitable for a vacant job position in an organization.

On boarding is a systematic and comprehensive programme to integrate a new employee within a company and its culture. It gives the new employee the tools and information to become a productive member of the team. On boarding should be a strategic process that lasts at least one year to ensure high retention.

According to an SHRM 2016 survey, 86% of respondents felt that new hire's decision to stay with a company long-term is made within the first six months of employment, 66% of companies with on boarding programmes claimed a higher rate of successful assimilation of new hires into company culture and 62% had higher time-to-productivity ratios and 54% reported higher employee engagement.

## **RESEARCH METHODOLOGY**

### **Objective of the study**

To study the talent acquisition practices prevailing in automotive industry.

### **Problem Statement**

“Talent Acquisition Practices in Automotive Industry” is an attempt to understand the features of contemporary talent acquisition practices which are followed by automotive industry.

### **Data Collection**

Primary data collected through discussions with HR managers from automotive industry and observations. Secondary data collected from websites and research journal.

## **TRENDS IN TALENT ACQUISITION - AUTOMOTIVE INDUSTRY PRACTICES**

Lear Corporation in Sunderland launched a two-week training programme funded by UK government which aims to support the local community by providing employability and manufacturing training to help create sustainable jobs. Lear Sunderland developed this academy with the goal that it can provide production operators for the foam facility moving forward; keeping in mind the plant's current expansion plans. In the words of Alison Burgin, Senior HR Officer, “Lear benefits by gaining high caliber operators who've had some formal training on site, understand the business and process and have been given the opportunity to prove their suitability”

Sona Koyo Steering Systems Limited (SKSSL), the largest manufacturers of steering systems for passenger cars and utility vehicles in India have a robust process of recruitment where they use competency based recruitment process based on both technical and behavioral aspects. They also focus on job-person compatibility using psychometric tools. They also strongly focus on succession and career panning. They identify high potential candidates and develop them in development centers for succession of higher careers. This helps the organization in preparing human resources for the future.

As part of talent acquisition practice, Volkswagen (VW) provide programmes like 2-year Startup Direct Program (training programme) and the Startup Cross Program (international programme which offers the perfect stepping stone in to the world of Volkswagen. Volkswagen attracts potential employees through social media channels, like Facebook, Twitter, Instagram, and YouTube.

Fiat Chrysler Automobiles (FCA) also conducts recruitment through these social media channels including Flickr. Furthermore FCA collaborates with business schools and universities in terms of project opportunities and internships to attract and develop potential staff.<sup>10</sup>

Renault also offers plenty of training programmes to nurture fresh talent in car design. In this process, Renault launched a design Academy, a brand new facility fully equipped to develop new vehicles in Chinnai. This part of the programme, exclusive six month training in car design will be offered to select candidates. On completion of the course, they will get professional internship certificates and two best candidates will receive a permanent designer job offer from Renault.

The main objective of an HR is to not only employ talent but also retain those talents in the organization, following are the issues faced So after having a look at the key issues of the talent acquisition in a manufacturing sector, the following are the ways to acquire a right candidate

- Detailed HIPO Plan: Hiring through the right channel of the organization as laid by the management with the technique of 9 block matrix or also known as the Performance vs Potential Scale
- Campus placement: Candidates which are appointed as freshers in the organizations are mainly judged on the basis of BOAT technique
- Employee Referral Scheme wherein the employee can refer candidates to the organization to be hired
- Internal Job Posting is another technique of acquiring the right talent and it reduced the cost required for hiring of external candidates
- Quality of Hire is also of utmost importance for the firm

During the finding of the research, there were some factors that were put across various parameters wherein the performance of the employee was considered while hiring.

Firstly, when the organization is looking out for hiring a Band 4 member which mainly consists of Managers for which the maximum time allotted is 45 days, if the individual is unable to complete the stint in the given period then they are not rewarded as per the parameters of the guidelines set up by the organization.

In the second instance the organization is looking out for hiring a Band 5 member which mainly consists of Senior Managers for which the maximum time allotted is 60 days, if the individual is unable to complete the stint in the given period then they are not rewarded as per the parameters of the guidelines set up by the organization.

And lastly the organization is looking out for hiring a Band 6 member which mainly consists of Directors and above designations for which the maximum time allotted is 90 days, if the individual is unable to complete the stint in the given period then they are not rewarded as per the parameters of the guidelines set up by the organization.

In most of the sectors where there should be a proper channel of hiring, there are still some sections who are follow VOODOO Hiring Methods, VOODOO Hiring Methods is basically a type of hiring method which consists of the following.

1. The Art Critic: This hiring method relies on gut feeling.
2. The Sponge: This hiring method is an unstructured approach with the goal of soaking up as much information as possible about a candidate.
3. The Prosecutor: This method uses trick questions and mind games as interview questions.
4. The Suitor: In this voodoo hiring method, hiring managers focus on impressing a candidate, rather than interviewing them.
5. The Trickster: The interviewers who use gimmicks to test for certain behaviors.
6. The Animal Lover: "Many managers hold on stubbornly to their favorite pet questions - questions they think will reveal something uniquely important about a candidate.
7. The Chatterbox: managers simply sit and chat with candidates to determine whether she is qualified to do the job.
8. The Psychological and Personality Tester: Some managers use bubble test questions to assess candidates
9. The Aptitude Tester: the tests can help managers determine whether a person has the right aptitude for a specific role.
10. The Fortune-Teller: "Some interviewers like to ask their candidates to investigate the future regarding the job at hand by asking hypothetical questions.

### **ROLE OF TECHNOLOGY IN TALENT ACQUISITION**

Nowadays technology is playing crucial role in making recruitment & selection speedier. Job portals, SAP platforms made talent sourcing more easily, some more tools available to make this faster are Applicant Tracking Systems (ATS), Job Board Aggregators, Interview Management tools and credential matching tools.

### **CONCLUSION**

The Government's push to manufacturing through the "Make in India" initiative has garnered considerable attention from the industry and brought the spotlight back on the manufacturing sector. For HR departments of automotive sector, talent acquisition has been a key challenge to meet organization goals.

Hiring talented and right people will always show its magic and make a difference on broader side. To hire well, companies need to have systematic processes with proven record. In the same time, utilizing the upcoming technology, companies can get talented people who can really work for organization's advancement in this dynamic and competitive world.

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**A COMPARATIVE STUDY OF ROLE STRESS AMONG VARIOUS LEVELS OF MANAGEMENT IN PHARMACEUTICAL INDUSTRY OF PITHAMPUR**

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**ABSTRACT**

*Roles may be achieved, ascribed or they can be accidental. A person when voluntarily assumes a position to show his skills, abilities, competencies and active approach, achieved role is displayed. When a position is assigned to an individual or individuals forcefully without considering merit or competency it is known as ascribed role. Roles can be semi-permanent or transitory. Stress depends on the individual judgement of what results are to be achieved and what resources are available for meeting the arising demands. It results from a lack of conformity between a person and his/her environment i.e., when the person is not able to cope with the constraints or demands encountered. In modern science i.e. physics, stress is the internal restoration force generated within a solid body when an external force is applied upon a material object or person to distort the body. Many studies have been conducted on the individuals to measure role stress, but no specific study has been conducted on the employees of pharmaceutical sector of Madhya Pradesh. The present study is an attempt to compare the role stress among the various levels' managers of pharmaceutical industry in Pithampur. 100 respondents from organizations like, Medi caps Limited, MedZel Limited, Cipla, etc. were taken and a standard tool developed by Udai Pareek was used to measure their role stress. With the help of ANOVA results were presented and inferences were drawn.*

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**DEVELOPMENT OF CONCEPT**

Stress as a known phenomenon is increasing in all countries, organizations and professions. Stress is a part of our everyday life. Moderate level of stress is in fact necessary for an individual to stay alert and active. High level of stress may lead to impairment of human wellbeing and may also affect performance. Its origin can be traced in the literature to the 17th Century by the Latin word: Stringere- when it was recognized with hardships, adversity, affliction or suffering. In 19th century, the meaning of stress changed to denote force, pressure, strain or strong effort with reference to an object or person (Hinkle 1973). The concept of stress was transferred from physicists to social scientists (Cooper & Marshall 1978). The first reference to the term, 'stress' was done by Hans Selye an endocrinologist, to identify physiological responses in laboratory animals (Selye, 1936). He later broadened and popularized the concept to include the perceptions and responses of humans trying to adapt to the challenges of everyday life. It was clarified that stress is not only a response, but also a function of individual appraisal of the situation. People do not respond directly to a stimulus as such; they respond to meaning of the stimulus in relation to their perception of the environment (Lazarus, Cohen, Folkman, Kanner and Schaefer, 1980).

Stress depends on the individual judgement of what results are to be achieved and what resources are available for meeting the arising demands. It results from a lack of conformity between a person and his/her environment i.e., when the person is not able to cope with the constraints or demands encountered (Harrison, 1978). In modern science i.e. physics, stress is the internal restoration force generated within a solid body when an external force is applied upon a material object or person to distort the body. The concept of stress was borrowed by Osler (1910), Cannon (1935), and others in the 20th century. Osler (1910), referred to some of his patients as being subjected to stress and strain, which he considered to be a factor in many cases of angina pectoris. Stress releases powerful neuro-chemicals and hormones that prepare us for action i.e., to fight or flee. If one does not take action, the stress response can lead to health problems. Prolonged, uninterrupted, unexpected and unmanageable stresses are most damaging types of stresses. Thus, it leads to physical and psychological risks for both individuals and organizations; physical results are demonstrated in heart disease, headache, migraines, back and muscle pain and psychological disorder results due to job stress effect employee's job satisfaction, organizational commitment and employee's turnover (Chen and Kao, 2011).

Stress is inevitable in human lives (Pestonjee, 1999). What is stressful for one person may be normal for others and vice versa. What is stressful for an individual in some situations may not be stressful for the same individual in other situations. The modern view of stress is that it arises from a lack of fit, conformity between a person and his/her environment when there is an inability to cope with the demands made (Harrison 1978). Understanding the meaning of stress, its nature and complexities, its causes and determinants are important for maintaining human wellbeing and effectiveness in the organisational and non organisational contexts.

Stress can be triggered by both desirable and undesirable events in life. Stress resulting from desirable events is called Eustress -meaning good stress. Eustress is pleasant and has curative effects. On the other hand, stress resulting from undesirable events is called Distress meaning bad stress. Distress has bad effects on the individuals concerned (Selye 1975). Conceptualization of stress is basically physiological in which the stress response is seen as necessary adjunct to the organisms fight for survival. By causing various body changes, the stress response prepares the individual for any exigency, giving extra resources to fight that emergency or to take flight from it. At the same time, the term stress implies strain, which can be caused by prolonged exposure to the stressor (Selye, 1936). When it comes to defining the term “stress”, there are three classes of definitions: as a response; as a stimulus; and as an intervening variable (Cox, 1978). In case of response definition, a prime example is the one given as a non specific response of the body to any demand (Selye, 1976). Characteristically, such response definitions lack the emotional component usually associated with stress. In case of stimulus definition, stress is referred to as the condition causing the body to readapt. In other words, the term stress and stressor are used synonymously (Levi, 1996). The emotional component is also lacking in stimulus definitions. In case of intervening definition, in contrast to the response and stimulus definitions, these definitions come closest to the everyday meaning of the term stress. Intervening definitions lay emphasis on the individual's perceptions of the demands made by the environment, and his abilities to meet those demands. It is the mismatch between these personal resources and environmental demands that leads to the condition called stress. Examples of such conceptualizations are found in the Person-Environment fit theory and Lazarus' theory of stress. These definitions lay great importance on the emotional component of stress commonly referred to by clinical practitioners and behavioural scientists alike.

Roles may be achieved, ascribed or they can be accidental. A person when voluntarily assumes a position to show his skills, abilities, competencies and active approach, achieved role is displayed. When a position is assigned to an individual or individuals forcefully without considering merit or competency it is known as ascribed role (Stark, 2007). Roles can be semi-permanent or transitory. Sick role is an appropriate example of transitory role; a sick person is exempted from his usual roles, but is expected to follow doctor's orders to get well thus conforming to transitory behavioural standards. For some roles one must meet certain biological or sociological conditions. For example, a boy cannot take biological role of a mother; other roles may require proper training and/ or prior experience (Parson, 1951).

The following role stressors have been defined as follows: *Inter- Role Distance*: The individual occupies more than one role. It is experienced when there is conflict between organizational and non organizational roles; *Role Stagnation*: The individual grows in the role he/she occupies in an organization. He or she is expected to learn new things, take up challenging tasks and prepare for higher responsibilities etc. When the role does not provide such opportunities, the individual experiences the role stagnation. This becomes acute problem especially when the individual has occupied the role for a long time and keeps performing the same routine functions. It is the feeling of being stuck in the same role. This stress may result in perception that there is opportunity for further development of one's career.

*Role Expectation Conflict*: When there are conflicting expectations or demands from different role senders (people having expectations from the role), the role occupant may experience this stress. This type of stress is generated by different expectations by different significant persons i.e. superiors, subordinates and peers about same roles and the role occupant's ambivalence as to whom to please; *Role Erosion*: When a role occupant feels that some functions that he or she would like to perform are being performed by some other role, the stress felt is role erosion. This type of role stress generates feeling that some functions which should properly belong to his/her role are transferred to/or performed by some other role. It is a subjective feeling of an individual that some important role expectations he or she has from the role are shared by other roles in the role set. This can also happen when the functions are performed by the role occupant but the credit for them goes to someone else. Another manifestation is in the form of under utilization in the role. Role erosion is likely to be experienced in an organization that is redefining roles and creating new roles. In several organizations that redefined their structure, the stress of role erosion was strongly felt.

*Role Overload*: When the role occupant feels that there are too many expectations from the significant role senders in his /her role set, he/she experiences role overload. There are two aspects of this stress: quantitative and qualitative. The former refers to having too much to do, while the latter refers to things being too difficult and accountability in the role. Role overload has been measured by asking questions about people's feeling on whether they could possibly finish the work given to them during a modified workday and whether they felt that the amount of work they did might interfere with how well it was done. Most executive role occupants experience role overload. Role overload is more likely to occur in the absence of a mechanism of role

integration, in the absence of power ceded to role occupants, in situations where there are large variations in expected output and in instances when delegation does not result in more time as expected.

**Role Isolation:** In a role set, a role occupant may feel that certain roles are psychologically closer to him or her, while other roles are at a distance. The main criteria governing this perception of distance are frequency and ease of interaction. When linkages are strong, role isolation will be low. In absence of strong linkages, role isolation may be high. Role isolation can therefore, be measured in terms of existing and desired linkages. The gap between desired and actual linkages will indicate the amount of role isolation. It is also defined as role distance which is different from inter role distance, in the same sense that while inter role distance refers to the distance among various roles occupied by the same individual, role isolation is characterized by the feelings that others do not reach out easily, indicative of absence of strong linkages of one's roles with other roles. This can be geographic or systemic.

**Personal Inadequacy:** When a role occupant feels that he or she is not prepared to undertake a role effectively, he/she may experience this kind of stress. It arises when the role occupant feels that he/she does not have the necessary skills and training for effectively performing the functions expected from his/her role. This is bound to happen when the organization do not impart periodic training to enable the employees to cope with the fast changes both within and outside organization; **Self Role Distance:** This stress arises out of the conflict between the self concept and one's expectation from the role perceived by the role occupant. If a person occupies a role that he or she subsequently finds is conflicting with his or her self concept the person feels stress. When the role a person occupies goes against her/his self concept, then she/he feels self role distance type of stress. This is essentially a conflict arising out of mismatch between the person and her/his job.

**Role Ambiguity:** It refers to lack of clarity about the expectations regarding the role which may arise out of lack of information or understanding. It may exist in relation to activities, responsibilities, personal styles and norms and may operate at three stages: When the role sender holds her/his expectations about the role; when she / he send it; when the occupants receive those expectations. Generally, role ambiguity is experienced by people occupying roles newly created in the organizations, roles in organizations undergoing change or process roles with less clear and concrete activities. **Resource Inadequacy:** This type of stress is evident when the role occupant feels that she/he is not provided with adequate resources like information, people, material ,finance and facilities for performing the functions expected from her/his role (Pareek, 2004). Stress is cost by a multitude of demands i.e. stressors, such an inadequate fit between what we need and what we capable of, and what our environment offers and what it demands of us (Levi, 1996).

Every role stressor arises from a specific kind of problem encountered by the role occupant during the course of his/her role performance. Identification of prominent role stressor(s) at the organisational level is useful for identifying the most important problem(s) to be solved for the organisation and offers excellent opportunities for enhancing organisational performance and effectiveness (Srivastav 2007). Stress affects employee performance, managerial responsibility and consequences of high stress. The factors affecting stress were identified as; personal issues, lack of administrator support, lack of acceptance for work done, low span over work environment, unpredictability in work environment & inadequate monetary reward. Analysis showed immense support for negative relationship between stress and job performance; greatly affected career change over and job satisfaction, errors in treatment, knowledge. It was also found that with every unit; increase in personal dilemmas, decrease in financial reward, decrease in influence over work environment, decrease in supervisor support- there was decrease in job performance. Higher level of stress existed with no managerial concern for solution consequently lowering the employee performance; staking organizational reputation and loss of skilled employees', these situations call for immediate concern from organization management for employing effective stress management practices to increase employee satisfaction and overall employee performance (Imtiaz and Ahmad, 2009).

## RESEARCH METHODOLOGY

### Objectives

- To study the role stress of the employees of Pharmaceutical industry in Pithampur.
- To compare the role stress and its dimensions of various levels of management Pharmaceutical industry in Pithampur.

The present study is a causal research where the independent variable is level of management and the dependent variable is role stress. The ten dimensions of role stress as depicted by Udai Pareek are also considered in the present study. The ten dimensions are role distance, role stagnation, role expectation conflict, role erosion, role overload, role isolation, personal inadequacy, self role distance, role ambiguity and resource inadequacy. The

population for the study comprises of all the employees working in the Pharmaceutical organizations in Pithampur. The sample size is 100 and convenience sampling is used for the purpose. Role stress is measured by a standard tool having high reliability and validity by Udai Pareek. The data is analyzed using ANOVA, as the independent variable viz. levels of management are taken at three levels (top, middle, lower).

### HYPOTHESIS TESTING

The ten dimensions are considered from hypothesis 1-10, followed by the table of descriptive statistics and table of ANOVA. The hypothesis of role stress is dealt separately and its tables are also separately shown. Based on the p values the results have been discussed after the tables.

H1: There is no significant difference in inter role distance dimension of role stress among the three levels of management.

H2: There is no significant difference in role stagnation dimension of role stress among the three levels of management.

H3: There is no significant difference in role expectation conflict dimension of role stress among the three levels of management.

H4: There is no significant difference in role erosion dimension of role stress among the three levels of management.

H5: There is no significant difference in role overload dimension of role stress among the three levels of management.

H6: There is no significant difference in role isolation dimension of role stress among the three levels of management.

H7: There is no significant difference in personal inadequacy dimension of role stress among the three levels of management.

H8: There is no significant difference in self role distance dimension of role stress among the three levels of management.

H9: There is no significant difference in role ambiguity dimension of role stress among the three levels of management.

H10: There is no significant difference in resource inadequacy dimension of role stress among the three levels of management.

### Descriptives

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
inter_role_stress	Top	20	13.4000	2.58335	.57765	12.1910	14.6090	8.00	19.00
	Middle	40	12.7250	1.76849	.27962	12.1594	13.2906	9.00	17.00
	Lower	40	12.5250	1.90798	.30168	11.9148	13.1352	8.00	16.00
	Total	100	12.7800	2.01299	.20130	12.3806	13.1794	8.00	19.00
role_stagnation	Top	20	14.1000	2.35975	.52766	12.9956	15.2044	10.00	19.00
	Middle	40	14.1750	2.26328	.35786	13.4512	14.8988	9.00	19.00
	lower	40	15.4000	1.95854	.30967	14.7736	16.0264	11.00	19.00
	Total	100	14.6500	2.23098	.22310	14.2073	15.0927	9.00	19.00
role_expectation_conflict	top	20	13.6000	2.99825	.67043	12.1968	15.0032	8.00	19.00
	middle	40	14.9750	2.23592	.35353	14.2599	15.6901	11.00	22.00
	lower	40	14.6750	1.93996	.30674	14.0546	15.2954	10.00	19.00
	Total	100	14.5800	2.33195	.23319	14.1173	15.0427	8.00	22.00
role_erosion	top	20	13.4000	2.34857	.52516	12.3008	14.4992	9.00	18.00
	middle	40	13.2000	2.18620	.34567	12.5008	13.8992	8.00	17.00

role_overload	lower	40	13.8000	1.97679	.31256	13.1678	14.4322	8.00	18.00
	Total	100	13.4800	2.13428	.21343	13.0565	13.9035	8.00	18.00
	top	20	13.5000	2.25948	.50524	12.4425	14.5575	10.00	18.00
	middle	40	14.7250	2.28695	.36160	13.9936	15.4564	11.00	19.00
	lower	40	14.2750	1.93467	.30590	13.6563	14.8937	11.00	19.00
role_isolation	Total	100	14.3000	2.17191	.21719	13.8690	14.7310	10.00	19.00
	top	20	14.0500	2.45967	.55000	12.8988	15.2012	8.00	17.00
	middle	40	13.2000	2.27810	.36020	12.4714	13.9286	7.00	17.00
	lower	40	13.5750	2.14700	.33947	12.8884	14.2616	9.00	18.00
	Total	100	13.5200	2.26292	.22629	13.0710	13.9690	7.00	18.00
personal_inadequacy	top	20	13.2000	2.04167	.45653	12.2445	14.1555	10.00	16.00
	middle	40	13.6000	2.35121	.37176	12.8480	14.3520	8.00	20.00
	lower	40	13.2000	1.71270	.27080	12.6523	13.7477	9.00	16.00
	Total	100	13.3600	2.04258	.20426	12.9547	13.7653	8.00	20.00
	Top	20	14.9500	2.16370	.48382	13.9374	15.9626	11.00	19.00
self_role_distance	Middle	40	15.4750	2.62129	.41446	14.6367	16.3133	9.00	20.00
	Lower	40	15.6750	1.75977	.27824	15.1122	16.2378	13.00	20.00
	Total	100	15.4500	2.21280	.22128	15.0109	15.8891	9.00	20.00
	Top	20	12.5500	2.11449	.47281	11.5604	13.5396	9.00	16.00
	Middle	40	12.7750	2.55692	.40428	11.9573	13.5927	8.00	19.00
role_ambiguity	Lower	40	12.3500	1.92886	.30498	11.7331	12.9669	8.00	16.00
	Total	100	12.5600	2.22166	.22217	12.1192	13.0008	8.00	19.00
	Top	20	16.1000	2.84513	.63619	14.7684	17.4316	10.00	20.00
	Middle	40	14.9500	2.42794	.38389	14.1735	15.7265	11.00	21.00
	Lower	40	15.6500	2.27077	.35904	14.9238	16.3762	9.00	20.00
resource_inadequacy	Total	100	15.4600	2.47174	.24717	14.9696	15.9504	9.00	21.00

# ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
inter_role_stress	Between Groups	10.410	2	5.205	1.292	.279
	Within Groups	390.750	97	4.028		
	Total	401.160	99			
role_stagnation	Between Groups	37.575	2	18.788	4.004	.021
	Within Groups	455.175	97	4.693		
	Total	492.750	99			
role_expectation_conflict	Between Groups	25.810	2	12.905	2.442	.092
	Within Groups	512.550	97	5.284		
	Total	538.360	99			
role_erosion	Between Groups	7.360	2	3.680	.805	.450
	Within Groups	443.600	97	4.573		
	Total	450.960	99			
role_overload	Between Groups	20.050	2	10.025	2.176	.119
	Within Groups	446.950	97	4.608		
	Total	467.000	99			
role_isolation	Between Groups	9.835	2	4.918	.960	.387



	Within Groups	497.125	97	5.125		
	Total	506.960	99			
	Between Groups	3.840	2	1.920	.455	.636
personal_inadequacy	Within Groups	409.200	97	4.219		
	Total	413.040	99			
	Between Groups	7.050	2	3.525	.716	.491
self_role_distance	Within Groups	477.700	97	4.925		
	Total	484.750	99			
	Between Groups	3.615	2	1.808	.361	.698
role_ambiguity	Within Groups	485.025	97	5.000		
	Total	488.640	99			
	Between Groups	20.040	2	10.020	1.662	.195
resource_inadequacy	Within Groups	584.800	97	6.029		
	Total	604.840	99			

From the above table on comparing the p values with 0.05, it can be inferred that nine of the ten hypotheses are accepted. Only H2 is having a value of p less than 0.05 and so is rejected. The descriptive statistics show that the lower level employees are having higher values of role stagnation as compared to top and middle level managers of pharmaceutical industry in Pithampur.

H11: There is no significant difference in role stress among the three levels of management.

#### Descriptives

##### role\_stress

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Top	20	138.8500	15.89199	3.55356	131.4123	146.2877	102.00	162.00
Middle	40	139.8000	12.21433	1.93125	135.8937	143.7063	111.00	161.00
Lower	40	141.1250	9.65876	1.52718	138.0360	144.2140	114.00	164.00
Total	100	140.1400	12.03196	1.20320	137.7526	142.5274	102.00	164.00

#### ANOVA

##### role\_stress

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	76.715	2	38.357	.261	.771
Within Groups	14255.325	97	146.962		
Total	14332.040	99			

As the p value is more than 0.05, the stated hypothesis stands not rejected, which implies that all the levels of managers are having a same perception towards role stress in pharmaceutical industry of Pithampur.

#### CONCLUSION

The present study shows that role stagnation has emerged as the most prominent stressor for the various levels of managers of pharmaceutical industry in Pithampur. As the studies have time and again established that role stagnation (RS) results from inability to take over a new role; due to lack of competence for the new role. The role occupant keeps on stagnating in the old role as he/she feels more comfortable and secure in that role or is not able to develop competency or skill for the new role. The employees at various levels seldom wish to get into a new or different role. They may also not be interested to learn new things necessary for getting into new role fit. This may also be due to the fact that stress depends on the perceived danger to individual well being (Vazquez, 2001). Stress is dependent on perception and perception is influenced by personal variables, it can be expected that role stress is dependent on personal variables. A relation was found between role stress and job satisfaction (Teas, 1983), and job satisfaction is related with personal variables (Asadi, et.al. 2008). So, role stress may be related with personal variables viz. physiological, psychological, socio-cultural, spiritual and

developmental. These variables may affect the role played by an individual. There may be some impact on an individual leading to role stagnation. Lack of delegation by a boss to his/her subordinates or the boss trying to do his/her subordinates work is often due to role stagnation experienced by the boss (Tyagi, 2014). This study has also discovered that role stagnation exists at all the levels of management. It was found that at all levels of management considerable amount of role stress exists, the major stressor being role stagnation. The study also signifies that role stagnation was more at top and middle level in comparison to lower level of management in pharmaceutical industry.

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**COMPARATIVE ANALYSIS OF TRAINING AND DEVELOPMENT PRACTICES IN FAST FOOD SEGMENT – MCDONALDS AND KFC**

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**ABSTRACT**

*Human resource is the core asset of any organization and its training and development will mutually benefits to organization and individual to achieve its mutual goals. So every modern management has to develop the organization through human resource development. Employee training and development is important sub-system of human resource development. Employee training and development is important function for human resource management. The objective of this research paper is to study the theoretical aspects of training and development process as well as to understand the practical aspects with the help of case study on training process within McDonalds and KFC. The McDonalds and KFC both are the leading organizations in the fast food segment. The process of training and Development at McDonalds and KFC has been studied in the report. Food segment is one of the growing segments in India. Technology keeps on changing and therefore the investment in training and the training methods is expected to increase and change at a very rapid rate in this segment to meet the international standards. Considering all these factors, it was interesting to understand how the leading companies in the fast food segment views training and how they design their training programs. After studying the training and development process of KFC and McDonalds, analysis is made on the basis of certain parameters as to which company's training and development practices is better than the other on those same parameters. Also a few recommendations have been made for the other to become competitive like the first one.*

*Keywords: Training, Development, Fast-Food*

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**INTRODUCTION**

Training and development in business parlance is perceived as learning and Development opportunities that are provided in order to provide performance at work. Training implies to do something on a more productive and professional way. Training and Development is the framework which helps employees to develop their knowledge, skills, and competency. Human Resource Development main focus is to develop the multi skilled competent workforce, so that the organization and employee can accomplish their mutual goals. All employees want to be valuable and remain competitive in the labor market at all times. This can only be achieved through employee training and development. Employees will always want to develop career-enhancing skills, which will always lead to employee motivation and retention. There is no doubt that a well trained and developed staff will be a valuable asset to the company and thereby increasing the chances of his efficiency in discharging his or her duties.

Hence, we can say that the concept of training refers to process, which is planned to facilitate training so that people can become more effective in carrying out various aspects of their work. This definition is broad enough to include activities such as on the job learning, team development, action learning and performance management, etc. a person's performance is improved by showing him/her how to master new or established technology. The technology may be a piece of heavy machinery, a computer, a procedure for creating a product or method of providing a service. This includes training new person to perform their job, introducing a new technology or bringing an employee up to standards. Development is a broad term which defines a set of activities to bring someone or an organization up to another level of performance, often to perform some job or new role in the future.

**LITERATURE REVIEW****Training and Development**

As the study of Raza (2014) stipulates, together with mission and vision of an organization, the human resource management also constitutes the major prospective that influences its overall performance. This research further concluded that training and development were the foremost aspect that improved the employee behavior and growth of an organization. Again, the empirical findings of Jehanzeb and Bashir (2013) identified that, the employees in MUMBAI related training and development programs to improve their technical and professional skills and promotions and therefore, management training were irrelevant to the MUMBAI industries.

Moreover, Galanou and Priporas (2009) had also pointed out that training and development programs had foreseeable role in increasing employee loyalty and reducing employee turnovers. The importance of career development from the perspective of employee's is that it offers job security to them and also they are able to improve their earning potential through career development, notes Saks and Haccoun (2010).

Due to this career development programs along with training programs have become an integral aspect of human resource management in organizations. Hence, the present research finds that training and development programs are the effective methods through which an organization improves the weak skills and knowledge of employees and induce them to work together to achieve the organizational goals.

#### **Kirkpatrick's Four-Level Training Evaluation Model**

Kirkpatrick's Four-Level Training Evaluation Model can be used to understand the link between training and organizational performance. As per this model, the effectiveness of a training program can be assessed using four levels (Tan and Newman, 2013). The effectiveness of training improves as the training passes evaluations of each level.

**Reaction:** This criterion looks at how employees reacted to the training program. If the program created positive reaction from employees, then it is considered effective (Tan and Newman, 2013).

**Learning:** This looks at the actual learning received by employees from the training. If employees have improved their skills then the training is successful (Tan and Newman, 2013).

**Behavior:** This looks at how the behavior of employees has changed through training. If the training program effected positive change in employee behavior then it is deemed as successful (Tan and Newman, 2013).

**Results:** This looks at how training program has impacted the bottom line performance of the organization. If the training program has positive impact on performance then it is deemed successful (Tan and Newman, 2013).

The review of this model indicates that the effectiveness of training programs can be linked to improvement in organizational performance.

#### **Dimensions of Training and Development Programs**

As per Obi-Anike and Ekwe (2014), training and development programs are a mixture of different practices that impart job specific knowledge to employees, establish career development strategies, develop training goals and make employees familiar with organizational practices. Some of the tools used for training and development include information system, learning management systems and teaching and conferencing tools. As identified by Nda and Fard (2013), training and development programs include the following dimensions:

**Foundation:** This program includes training provided to newly recruited staffs on rules and regulations related to administration, financial transactions, report making, communication skills etc (Nda and Fard, 2013).

**Induction:** This program is provided by the organization in order to make its employees understand the goals, targets, objectives, mission, vision etc of the organization (Nda and Fard, 2013).

**Job instruction:** This program is otherwise termed as 'on-the-job' training where the higher management staffs provide instructions to the employees about how to carry out their current jobs (Obi-Anike and Ekwe, 2014).

**Career development:** It is imperative that employees refine their skills and knowledge timely so that improvement in job mastery and professional positions could be attained and Career development programs aims this necessity (Obi-Anike and Ekwe, 2014).

**Job shadow:** This training and development programs is specifically related to the MUMBAI fast food industry where new employees are teamed up with an existing employee. The new employees put on higher efficiency by observing and learning how existing employees carry out their work in the restaurant (Khan, Khan and Khan, 2011).

This indicates that the different dimensions of training and development influence organizational performance significantly by improving the skills and knowledge of employees.

#### **Understanding Organizational Performance**

Even though many management books, researches, business case analysis etc have considered studying organizational performances, it is significant to understand what means by performance of an organization. A concrete and clear definition to organizational performance has been given by Khan, Khan and Khan (2011) who mention it as the evaluation of how productively the personnel groups with particular functions in a firm have

achieved the targeted objectives and missions. In simpler terms, the researcher mentions that organizational performance is nothing but the successful achievement of organizational goals and objectives.

### **Training and Development, Employee Performance**

Training and development programs in organizations are primarily aimed at improving employee performance (Bapna et al., 2013). So it can be inferred that the main beneficiaries of training and development programs are the employees of an organization. Training programs are conducted to cover the skill gap of employees and thereby help employees achieve desired performance levels, notes Asfaw, Argaw and Bayissa (2015). This shows that proper training and development can enhance employee performance.

One of the main benefits received by employees from training and development programs in the improvement in job-related knowledge argues Srivastava and Agarwal (2014). Training programs provide employees with study materials that enhance their knowledge about their job requirements. Apart from this employees also receive knowledge about techniques, skills and abilities that will enable employees in performing effectively in their jobs, observes Hameed and Waheed (2011). Training and development programs also increase the overall competency of employees as both their knowledge and skills improve through training.

Another obvious positive impact of training and development on employees is the enhancement in morale and motivation levels of employees, asserts Helmy (2015). When given proper training and development employees feel valued by the company and thus they develop strong emotional connection with the firm. This also helps in retaining employees.

Training and development is also found to have positive impact on leadership skills of employees as employees are given more responsibility through training and development (Ji et al., 2012). From the above discussion, it can be inferred that employees receive many benefits ranging from improved skills and knowledge to motivation from training and development. It can also be understood that effective training and development has positive correlation with employee performance.

### **The Link between Previous Researches and the Present Research**

As discussed above, the positive relationship between training and development programs and employee performance has been established theoretically in the studies of Wurim (2012), Schmidt (2009) and Quartey (2012). However, Khan, Khan and Khan (2011) argue that there is a gap between theoretical and practical knowledge about training and development. For example, Raza (2014) dictates that effective training and development programs do not guarantee improvement in organization performance.

The present research will focus on covering this gap by reviewing the link between training and development programs and organizational performance in KFC and McDonalds, MUMBAI.

## **RESEARCH METHODOLOGY**

### **OBJECTIVES OF THE STUDY**

The objective of this research paper is to understand the practical aspects of Training and Development practices which is being carried out in the fast food segment. Also this study is carried out to understand how the theoretical excellence can be combined with practical - on the job knowledge by taking comparative study of McDonalds and KFC.

### **OBJECTIVES OF THE RESEARCH ARE**

- To study the theoretical aspects of training and development process.
- To understand the practical aspects of training process of the frontline employees in the fast food segment with the help of 2 companies namely –
  - McDonalds
  - KFC
- To critically analyze the training practices at both the above mentioned companies.
- To analyze how training and development programs could improve the performance of an organization
- To recognize the training and development programs in **KFC & MCDONALDS**, Mumbai and its impact on its employee performance
- To critically evaluate the issues associated with training and development programs in **KFC & MCDONALDS** and its impact on the overall performance of the organization

- To suggest recommendation to improve training and development programs in **KFC & MCDONALDS** and thereby attain competitive advantage in the Indian fast food industry .

## RESEARCH QUESTIONS

1. What is the significance of training and development programs in an organization?
2. Do training and development programs improve the performance of an organization?
3. How has training and development programs improved the performance of KFC and McDonald in Mumbai?
4. What are the current issues that KFC and McDonald faces with respect to training and development in Mumbai outlets and stores?
5. What remedial actions need to be taken by KFC in order to overcome the identified issues?

## RATIONALE

### What is the research issue?

In the technological era, training and development has a crucial role to satisfy the skill and knowledge need of every organization. Training and development is an important function of Human resource management within organization. It has been identified that training & development is align with organizational business strategy will play the important role in the performance of employee. Hence this research report will analyze the importance of training & development in organizational success.

### Why is it an issue for the fast food industry?

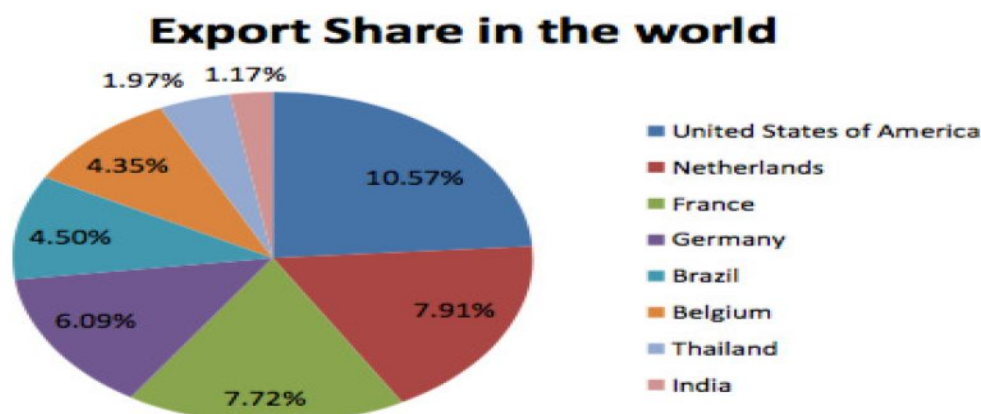
Food industry is one of the major sector in India which plays the major role in Indian economy .Currently Indian food industry has been values of 39.71 billion USD with 11% annual growth rate

	Contribution to GDP (Rs. in Crores) at 2004-2005 prices						CAGR
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2005-06 To 2009-2010
Manufacturing	453225	499011	570436	629052	655775	713428	9.35
Food processing industry	44355	47690	52164	57320	67122	66078	8.49
Registered food processing industry	22148	26780	30710	34752	43893	43910	13.16
Non-registered food processing industry	22207	20910	21454	22568	23229	22168	1.47
Total GDP	2971464	3254216	3566011	3898958	4162509	4493473	8.40

Table 1: Contribution in GDP from 2004-2010 [17].

Source: (Rachit Kuchhal, June ,2016)

After globalization many top international brand launched in India and has shown a significant growth rate in last decade but it report the poor provision of training and development still remains in industry. Many of the fast food giants in India hesitate to spend money on training and development which is adversely affect the skill of employee. Therefore, it is essential to search the parameter and dimension of training and development to enhance the organizational performance through improve employee skill.



Source: (Rachit Kuchhal, June ,2016)

**Why is it an Issue for KFC & MCDONALDS now?**

According to Spary (2015) KFC & MCDONALDS promotes itself to be an employer which invest large amount on the training and development its employees; but and Cockroft and De Graaf (2014) reports that despite of the training and development sessions, the employee attitude and behavior towards customers in KFC & MCDONALDS is unusual. For instance, it was found by Rooney (2015) that a customer who visits KFC has more chances to boycott the restaurant than re-visit, majorly due to rude employee behavior and poor food quality. Weir (2015) has further reported than KFC & MCDONALDS in has faced a shocking 18% fall in its revenue during 2014-2015, despite of that tremendous growth of the Indian fast food sector. Hence, a critical analysis on the issues in KFC & MCDONALDS training and development becomes necessary and to study about how these issues have affected its performance.

**WHAT COULD THIS RESEARCH SHED LIGHT ON?****This research study will shed light on**

- 1 Evaluate the importance of training and development program in the Indian fast food industries.
- 2 Analyze the training and development program at KFC & MCDONALDS, Mumbai.
- 3 Investigate the effectiveness of training and development program on the organizational performance of KFC & MCDONALDS in Mumbai.
- 4 Recommendations to improve the training and development programs of KFC & MCDONALDS to enhance the performance

**RESEARCH AIM**

- This research mainly aims to conduct a critical analysis on the training and development programs provided by organization here and its impacts on their performance, by taking **KFC & MCDONALDS** in Mumbai as the case study.

**PROBLEM STATEMENT**

Training and development programs help to enhance the skills and performance level of the employees which improves the quality of services of the organizations. Good quality services help the organizations to improve the overall performance of the organizations (Waheed, 2011). However, Jacobs (2014) argues that over work pressure, lack of effective training programs, disinterested behavior of staffs, etc negatively impact employees attitude towards the organization and it results to high employee turnover from **KFC & MCDONALDS** and it negatively affect company performance. So, the present research study concentrates on 2 main research issues. They are:

- How useful is **KFC & MCDONALDS** training and development programs in increasing organizational performance?
- What are the main challenges associated with the training and development programs of **KFC & MCDONALDS** in Mumbai?

**❖ TRAINING AND DEVELOPMENT AT MCDONALDS**

McDonald family is basically from Manchester, California. Mr. Patric McDonald open first food stand in Los Angeles in 1937 in which first item was sold is 'hot dogs'. Later they started to sale hot dogs with orange juice on 5 cent in 1940. In October 1948, McDonald brothers realize that their more profit is coming from selling hamburgers, so they withdraws the sale of cheeseburgers, potato chips, coffee, soft drinks, and apple pie. In 1960, The MacDonald's sale is at pick due to their advertising campaign named "Look for Golden Arches". In 1962 McDonalds introduced world famous Golden Arches logo. In October 1990 first McDonald's Mainland China opened in Dongmen, Shenzhen. It took McDonalds 33 years to open first 10,000 restaurants. In mid-1996 company reached 20000 restaurant marks. In January 2012, the company announced revenue for 2011 reached an all-time high of \$27 billion, and that 2,400 restaurants would be updated and 1,300 new ones opened worldwide.

Employee training program at McDonald's is designed in highly structured format. In that line-level staffs are given priority to go through the basic let training name Crew Training System (CTS). The program consists of on-the floor- training and is largely practical base. Each stage of advancement grow step by step. As after the crew level then entails a new training program, with that difficulty level get increased and skills becoming more complex and generalized.

**The Restaurant Management Structure**

1. Restaurant Manager



2. First level Assistant Manager
3. Second level Assistant Manager
4. Staff training crew
5. Crew Members.



### Crew Members

On the day of joining training begins immediately with one-hour induction training. Each restaurant has its training room with own video player. Step by step manuals and video tapes cover every detail of the operations, everything from how to make a burger to a shake. Each restaurant has 25 stations from the grill area to the front counter. Trainers use a series of checklists as new crew members move through the restaurant. A level of competency is demonstrated and the activity is checked off on the Station Observation Checklist (SOC). There is a follow-up SOC to get certified on the station. He or she becomes a certified crew trainer. Once a crew member performs successfully he becomes the training person for the new staff and then he or she is eligible for the Management Development Program (MDP).

Certificate II in Retail, is offered to crew members who show potential in their work performance. McDonald's 'crews' are, in general, young people who are balancing study with part-time work. We see being offered a traineeship as a reward to a crew person for a job well done. There is no cost to crew to complete a traineeship at McDonald's – in fact, crew are paid for their training time.

### Management Development Programme (MDP)

Promising recruits enter the McDonald's system as Restaurant Management Trainees; they typically go through operational basic level training which is of three to six months. Once they master the workings of key positions in the restaurant, the four-step accredited Management Development Programme (MDP) is officially underway. Under this programme, management recruits are given increasing levels of management responsibility and training in preparation for a series of successive promotions. Each level of learning involves a rigorous training sequence conducted both in the indoor and on-the-job.

#### The 4 stages of MDP are as follows

##### TRAINEE MANAGER

Each person's suitability to be considered for a Trainee Manager's position will be assessed on their ability to supervise people, product and equipment to deliver outstanding Quality, Service, Cleanliness & Value (QSC&V) on assigned shifts and their motivational desire to perform. The person should be able to demonstrate and reinforce the leadership behaviors and basic people skills necessary to gain commitment from Crew and other shift managers. At this stage the employee is expected to develop a thorough understanding of McDonald's people, policies and security and safety procedures. And after this, the first level of MDP gets over. After this they can undergo the first management course as decided by them at the Head Office. On completion of this course and the required restaurant experience the person now becomes eligible to apply for a Certificate III in Retail.

Certificate III in Retail, is offered to select senior crew (Staff training crew) and crew trainers. It is designed to develop more advanced skills in the operations of the business and is the next step towards a management career.



**The Trainee Managers responsibilities include**

- Learning the basics of restaurant operations through onsite training, area management and floor management.
- Gaining experience while attaining and maintaining customer satisfaction.
- Developing an understanding of basic supervision, human relations, interpersonal communication and follow up skills.
- Establishing an Individual Development Plan (IDP) to help focus on personal career development objectives.
- Ensuring that a respectful workforce exists in the restaurant.

**SECOND ASSISTANT**

Upon successful completion of level one of the McDonald's MDP and having demonstrated the ability to maintain a consistently high level of QSC, the employee gets promoted to Second Assistant. This provides the platform to take on secondary responsibilities such as crew training, workplace safety, and ordering of stock. As a Manager the person is expected to contribute his best in retaining the crew who are enthusiastically dedicated to customer satisfaction. Further, depending on the interest and the ability of the employee he or she can undergo various courses as a part of second stage of MDP. Completion of the second stage of the MDP program, the associated courses and the required restaurant experience the employee is eligible to apply for a Certificate IV in Retail Management.

**The associated courses are****Advanced Shift Management (ASM) and Systems Management(SM)**

The **Advanced Shift Management (ASM)** is intended for a Second Assistant Manager. It develops the manager's ability to observe and gather facts, analyze information, and then act and communicate according to McDonald's policies and good business/people practices.

**Systems Management** – This course is again intended for the second assistant managers and newly promoted first assistant managers. This programme covers all the operational and technical area of McDonald's systems, increasing the business knowledge o managers and developing individual techniques. This is accomplished through a series of courses and seminars, tailored to individual development needs.

**The Second Assistant Managers responsibilities include**

- Developing and training crew employees
- Maintaining critical standards for product quality, service speed and quality, cleanliness and sanitation
- Managing shifts and or areas without supervision
- Ensuring all safety, sanitation and security procedures are executed
- Controlling food components, labor, waste and cash while managing shifts and or areas
- Completing all assigned shift paperwork
- Ensuring that a respectful work environment exists in the restaurant

**FIRST ASSITANT MANAGER**

To be promoted to a First Assistant position (effectively the second in charge) the employee needs to complete the second stage of the MDP and all of the associated training courses. Having gone through the second stage, the employee is identified as one who shows a good level of maturity and who has the ability to take up this additional responsibility.

Having shown that interest, the employee will now start balancing and maintaining the high standards of Quality, Service and Cleanliness whilst motivating and engaging the crew on his shifts. This employee would then be focusing on people development and increasing profitability.

As a successful First Assistant Manager the employee is expected to consistently demonstrate the ability to evaluate the restaurant's performance, and will develop and implement goals and action plans designed to bring about performance improvements. He would be viewed as a leader by his peers: he will train and develop future managers in all aspects of the restaurant's systems and performance. After the completion of the third stage of MDP program the employee will attend the Restaurant Leadership Practices course, and other associated courses and then after getting the required restaurant experience the employee is also eligible to apply for a Diploma of Retail Management.

**Restaurant Leadership Programme [RLP]**

Restaurant Leadership Programme (RLP) focuses on the skills and behaviors necessary to drive business results within a McDonald's restaurant environment. This includes a focus on leadership skills, team building, decision-making strategies, and problem solving. This programme is specially designed for the promotable First Assistant Manager so that he becomes well equipped with the restaurant's working which is followed at the managerial level.

**First Assistant Manager's responsibilities include**

- Demonstrating and reinforcing the leadership behaviors and basic people standards necessary to gain commitment from crew and other shift managers
- Recruiting, staffing, scheduling and retaining employees
- Managing the training and development of crew and shift management employees.
- Building sales and controlling costs to deliver optimum business results for all areas of accountability
- Maintaining critical standards for product quality, service speed and quality, cleanliness and sanitation.
- Controlling assigned profit and loss line items
- Ensuring that a respectful workplace exists in the restaurant.

**RESTAURANT MANAGER**

After the employee has proved himself as a capable First Assistant Manager he is now eligible to become the Restaurant Manager as and when the opportunity arises in the organization. At this stage the employee will be responsible for managing every aspect of the restaurant's performance. This would include managing all restaurant employees and their development, overseeing restaurant operations, meetings sales and profit targets and business planning.

Further as a Restaurant Manager the employee would complete the MDP and later he or she has to attend the Business Leadership Course (BLP) and he would receive regular formal and informal feedback and training from the Operations Consultant.

On completion of the fourth stage of the MDP program, the associated courses and the required restaurant experience the employee is now eligible to apply for an Advanced Diploma of Business Management.

**As a Restaurant Manager his responsibilities include**

- Developing and training Assistant Managers
- Measuring external customer satisfaction and executing plans to increase brand loyalty
- Implementing and conducting in restaurant new products and procedures
- Ensuring execution of all security, food safety and maintenance of the restaurant
- Projecting and controlling accurate profit and loss line items.
- Administering all in restaurant records and procedures including benefits, payroll, incentives, security and employee personnel files.
- Ensuring that a respectful workplace exists in the restaurant.

This is how the Management Development Programme takes place. This whole training process takes 6 months to complete.

**OTHER TRAINING PROGRAMMES**

There are other training programs beyond Restaurant Manager which an employee can take up based on his interest and performance. The time frame for these opportunities range from 14 days training time and to clear the exams within next 7 days. These opportunities are:

1. Operations Consultant Course (OCC)
2. Training Consultant Course (TCC)
3. Business Consultant
4. Human Resource Consultant

**Operations Consultant Course (OCC)**

The Operations Consultant course is designed to help the McDonald's consultants develop a strong business relationship with Restaurant Managers through the use of effective communication, leadership, operations and consulting skills. Participants learn how to prioritize and prepare for both scheduled and non-scheduled restaurant visits, appropriate data gathering techniques in order to analyze and diagnose needs and challenges for individual restaurants and also how to implement problem-solving techniques with their restaurant managers; link restaurant support tools to the restaurant system and measure store and patch performance. They also get to conduct a restaurant visit for hands on operations training.

**Training Consultant Course [TCC]**

TCC teaches consultants how to present and facilitate training more effectively in order to maximize learning and performance of participants. TCC is designed for regional/country Training Consultants. They conduct training that motivates and improves individual's performance and which contributes to restaurants results. They serve as operations expert and consultant on McDonald's operation standards, management tools and training systems.

**Business Consultant**

His work would be to consult an assigned group of franchisees to optimize sales, QSC, profit and people development. Also his responsibility would be to see maximization of business potential for the franchisee organization.

**Human Resource Consultant**

His responsibility is to provide leadership and support to the operations team, regional staff and franchisees on Recruiting and Staffing Management/Crew Employees, Employee Relations, Management Development, Diversity Development, Benefits/ Compensation and Management/Crew Retention systems.

**MANAGEMENT PROGRAMMES**

Management Programs are also available for personal development, which prepares the employees for each step along the way. These opportunities are as follows –

**1. Shift Management Program (SMP)**

This programme is a combination of self study modules and on the job coaching. As a part of this program the employee also has to undergo two others courses which are offered by the Regional Training Department. These courses are –

**2. Basic Shift Management Course (BSM)**

The BSM takes place at the Trainee Manager level. It addresses the 'whys' and 'how to' of McDonald's procedures and standards, rather than 'what-to-dos' or 'what-to knows'. It also deepens the candidates understanding of operational skills, standards and procedures. This program assists the employees in developing and sharpening management skills in area management, food safety, basic people skills, respectful workforce, delivering QSC&V, coaching and counseling, shift management, customer satisfaction and recovery etc.

**3. Advanced Shift Management Course (ASM)**

This course is intended for a Second Assistant Manager. It develops the manager's ability to observe and gather facts, analyze information, and then act and communicate according to McDonald's policies and good business/people practices

**4. Graduate Career Advancement Programme [GCAP]**

At McDonald's, every employee is encouraged to grow by providing all the necessary support possible. The Graduate Career Advancement Programme is one of the ways in which we put our good intentions to practice. Several McDonald's managers across our restaurants and head office had started as crewmembers and have developed valuable career skills along the way. This development has been fostered by McDonald's policy to actively promote from within the organization. Employees are encouraged at all levels to invest in their studies even while they work. GCAP gets the crewmember directly to a Second Assistant Manager's level on successful completion of the programme.

The eligible candidates are required to sit for written evaluation, personality assessments and personal interviews. After which they are put on a training programme and upon successful verification get promoted to Second Assistant Manager. Learning initiatives are continuously enhanced to match the requirement of developmental needs to see that employees are continually aiming at improving themselves.

### 5. Global Mobility Program

This program is designed to enhance the development of leaders (managerial level, 1<sup>st</sup> AM and above) as it gives unparalleled insight into McDonald's global operations and the impact McDonald's has on a global scale. The employee is given a global assignment as an opportunity to experience working and living in a new global location so that the employee experiences the most out of it on personal as well as professional front. This kind of boosts the morale and self confidence of the employee.

### 6. Requirement Based Training

Requirement based training is also given in order to enhance the skills of the employees in which they are lacking. They are relating to time management skills, practical skills, teamwork and communication skills. The duration of such programmes ranges from 3 days to 7 days.

## ❖ TRAINING AND DEVELOPMENT AT KFC

### COMPANY PROFILE – KFC

KFC Corporation, Headquarter is based in Louisville, Kentucky, US is the world's most famous restaurant chain, specializing in original recipes, extra crispy; Kentucky grilled chicken and original recipe strips with home-style sides, Honey BBQ Wings and freshly made chicken sandwiches. Everyday more than 12 million customers are served at KFC restaurants in 109 countries and territories around the world. KFC chain in United States consist more than 5200 restaurants and more than 15,000 units around the globe. KFC is world famous for its original recipe fried chicken made with the same secret blend of 11 herbs and spices Colonel Harland Sanders perfected more than a half century ago. Customers around the globe also enjoy more than 300 other products from Kentucky Grilled Chicken in the United States to a salmon sandwich in Japan.

Yum! Brands, Inc., the world's largest restaurant company in terms of system restaurants, with more than 36,000 locations around the world and KFC is a part of Yum! Brand

### HR PHILOSOPHY

Hiring and retaining the right employees is critical to the success of our restaurants operation. Philosophy of KFC stands on "the CHAMPS program" i.e.

C – Cleanliness

H – Hospitality

A – Accuracy

M – Maintenance

P – Product Quality

S – Speed of Service

### RESTAURANT STRUCTURE AND THEIR RESPONSIBILITY

**Restaurant General Manager (RGM)** - The Restaurant General Manager is accountable for creating and running an energetic and valuable work environment, which is committed to serving the crispy chicken at the fastest speed and with a quality. The Restaurant General Manager reports directly to an Area Manager and is accountable for successfully implementing and maintaining all Company policies and procedures in relation to operations, customer service, cash handling, marketing, purchasing, human resources, health & safety, administration, training and development

**Assistant manager (AM)** - The Assistant Manager is responsible for assisting the Restaurant General Manager (RGM) in creating an energetic and valuable work environment, which is committed to serving the best chicken at the fastest speed and with a smile. Assistant Managers are also responsible for ensuring all company policies and procedures are followed in relation to operations, customer service, cash handling, marketing, purchasing, human resources, health & safety, administration, training and development.

**Shift Manager (SM)** – The Assistant Manager is responsible for assisting the Restaurant General Manager (RGM) in creating an energetic and valuable work environment, which is committed to serving the best chicken at the fastest speed and with a smile. Assistant Managers are also responsible for ensuring all company policies and procedures are followed in relation to operations, customer service, cash handling, marketing, purchasing, human resources, health & safety, administration, training and development.

**Frontline / Team member (TM)** - Responsible for working the service areas and ensuring quality product, customer service, food preparation and safety, cash handling, stock control and cleanliness is delivered to all customers at top speed and with a smile.

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**TRAINING AND DEVELOPMENT AT KFC**

All employees at KFC receive extensive training provided through using blended learning techniques (e-learning, on the job and off the job training). Everyone from the frontline employee who is also known as a Team member (TM) to the Restaurant General Manager (RGM) participate in the KFC Global Training Curriculum. The training is designed and facilitated by accredited professionals (internal and external) to ensure that every member of the organization gains the skills, knowledge and experience to operate the restaurants successfully. Also the training programmes of KFC are matched against the Australian Qualifications Framework (AQF).

The training and development process at KFC is an everyday ongoing process. It is conducted either on the floors or if there is no rush then the training takes place off the job in the restaurant itself. As soon as a person is recruited there is a fixed pattern of training that he or she has to undergo at KFC. The training programs are well structured in order to provide good career opportunities to an employee.

Every employee after joining KFC has to undergo training in order to climb up the ladder to become the area manager which is the highest position. There are defined numbers of modules of training to be completed to come to the next level of position in the hierarchy.

Everyday there is either practical training or subjective training on – product knowledge, food and hygiene, shelf life, health and safety, temperature keeping knowledge etc. In all in a year's time an employee has to learn and clear all the training modules in order to become the Restaurant General Manager. KFC basically has 2 kinds of stores – Equity stores and Franchises. In Mumbai, there are 5 Equity stores of KFC –

- KFC at In Orbit mall
- KFC at Oberoi mall
- KFC at Bandra West
- KFC at R City mall
- KFC at Vashi.

Training program starts with the Champs and Orientation (CNO) program which is to be given by each and every employee joining KFC. This training program is for totally 3 days and the objective of this training program is to make familiar the employees with the CHAMPS. CHAMPS stand for –

- C – Cleanliness
- H – Hospitality
- A – Accuracy
- M – Maintenance
- P – Product Quality
- S – Speed of service

At the end of the 3<sup>rd</sup> day there is an exam on this training program. On clearing this training program on the 4<sup>th</sup> day he or she meets the Restaurant General Manager and has a meal with him. And at that time he is acquainted with the 3 different training trackers which are –

1. Kitchen tracker
2. Supply chain tracker
3. Frontline tracker (also known as cash counter tracker).

After the discussion, they decide where the employee wants to start of from which tracker. Once decided, they get a buddy trainer who trains them for next 14 days. (A buddy trainer is a person who is a master and has cleared all the exams at KFC in order to become a buddy trainer and provide training to a set of employees in different trackers). In these 14 days he or she undergoes training in one of the tracker and tries to be an expert in that tracker.

On 14<sup>th</sup> day there is an On Job Evaluation (OJE) which the employee has to clear in order to move on to the next level of designation. If the employees clear the exam he becomes the frontline employee / Team Member (TM) and his evaluation is done by the Restaurant General Manager. The evaluation is also done by the Assistant Manager who acts as the training co coordinator. The evaluation is done on the 21<sup>st</sup> day.

On clearing the exam that particular employee becomes certified team member in that particular tracker. In case if the employee does not pass he or she is given 7 days to study again to pass once again. Within 30 days the employee has to become a certified team member in a particular section. They get 1 STAR which proves they are a team member in one particular tracker. In order to become certified master he or she needs to undergo 2 months more training. Once they become master they can become buddy trainers and train other employees in that particular tracker. On becoming the buddy trainer they get a different badge which shows that the person is a master and now a buddy trainer.

To become 3 star an employee has to undergo 9 months training and to become a 4 star he or she has to undergo 12 months training. Once the training of 12 months is completed he or she is called as “Product Champion” or “Sheaf of the day”. To earn 3 stars the employee goes under intense training for 9 months on all the 3 trackers and to earn 4 stars that employee has to undergo training all the 3 trackers as mentioned earlier also another tracker which is known as “delivery”. In this tracker intense training is given on home delivery front which requires to get trained on communication skills, and many more.

After earning 4 stars there a Readiness Checklist (RC) is done by the Restaurant General Manager. The reason why it is done is the RGM wants to have a check that whether that person is ready to be a Manager or not. If the RGM gives a green signal then that employee goes to the next level i.e. “Internal Development Program” (IDP). And in case if he gets a yellow signal then the RGM advises that employee a development plan for him so that he can improve himself and within a month again an RC i.e. readiness checklist is done to see whether he is not also ready or not to become a manager.

In case if the employee does not pass the RGM gives 11 modules (1 – 11) so that on clearing that within 7 days he is eligible to become a Shift Manager (SM). On the 7<sup>th</sup> day again the module review is done to see whether that employee is now ready to become SM or not. On successfully passing this module he has to pass through the Board of Review (BOR) round which is taken by the RGM, the AM and the HR (training Manager) to become a Certified Shift Manager (SM). Then to attain mastery he has to undergo 3 months training.

The next level designation is of the Assistant Manager (AM) for which he gets modules to clear from 12 – 20. Again the same procedure after clearing the exam he becomes the AM and then to become master he needs to undergo 3 months training.

Same way to become a Restaurant General Manager he has to clear modules 21 – 30 which make him a Certified RGM but to gain mastery he has to undergo 3 months rigorous training. Also to be a RGM he has to undergo training for 3 months for the “delivery” parameter. In all it becomes 6 months training. After clearing the training modules he has to clear the BOR again which is conducted at New Delhi office. And after that the employee is at the highest designation of KFC i.e. the Restaurant General Manager. In all there are 33 modules to be completed to reach the level of RGM and it is to be completed in 12 months. This is how the training program is carried out at KFC.

#### **Other training programs conducts if the need be are as follows**

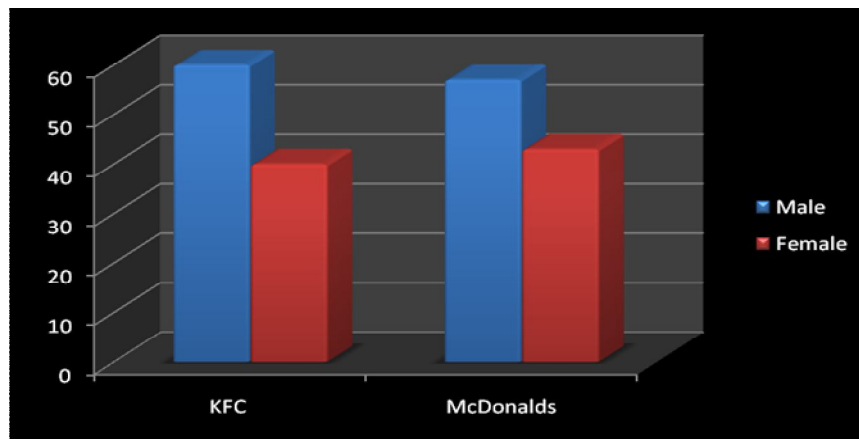
- **Practical skills:** delivering exceptional customer service, handling money, using equipment and product quality control to name just a few.
- **Team skills:** learning to work along other Crew Members and contributing to the team.
- **Communication:** interacting with colleagues, the management team and our customers.

#### **Evaluation of the Training and Development program**

The evaluation of the trainings carried out is done by the RGM, AM and the HR (Training Manager). But it is a collective effort to help employees gain more knowledge from the training they undergo. So everyone has their own set of responsibilities such as the RGM, AM, Shift Manager, Buddy trainer, Team Member etc.

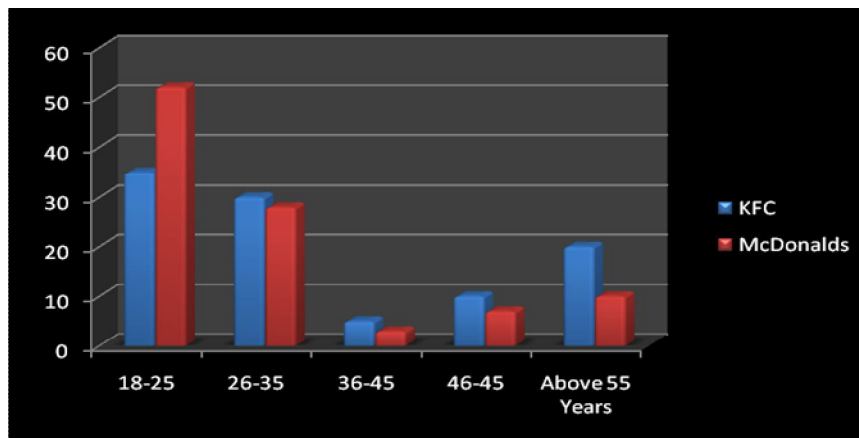
#### **ANALYSIS AND INTERPRETATION OF DATA OF THE STUDY**

Gender		
	KFC	McDonalds
Male	60	57
Female	40	43



Gender of Respondent

Age					
Age	18-25	26-35	36-45	46-45	Above 55 Years
KFC	35	30	5	10	20
McDonalds	52	28	3	7	10

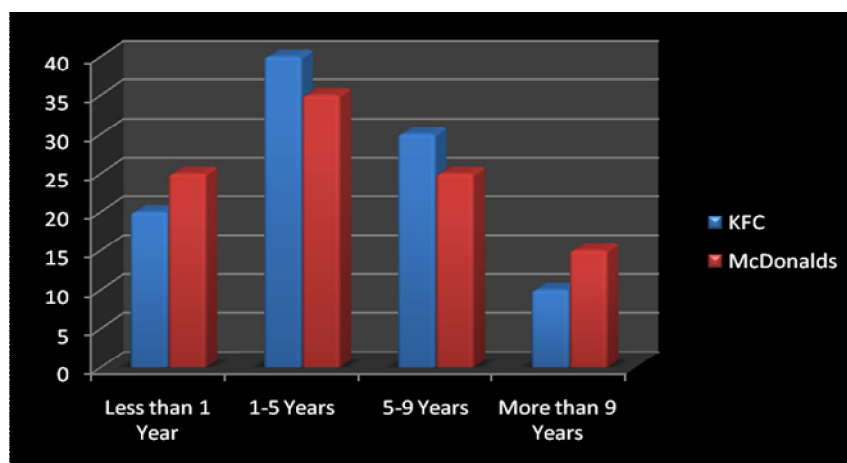


Age of Respondent

**Objective 1:** To analyze how training and development programs could improve the performance of an organization.

### 3. How long have you been a customer of KFC?

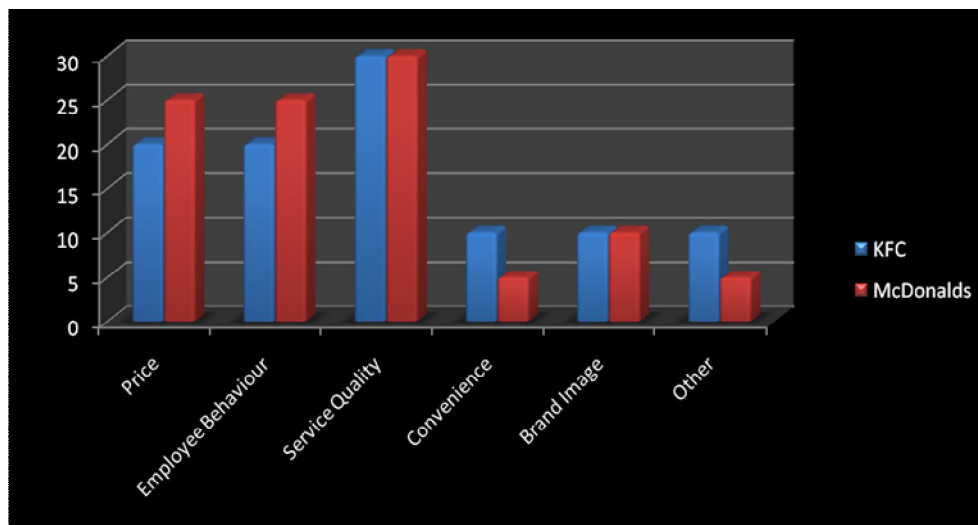
Loyalty	Less than 1 Year	1-5 Years	5-9 Years	More than 9 Years
KFC	20	40	30	10
McDonalds	25	35	25	15



Customer loyalty

#### 4. Which of the following factors has most impact on your selection of fast food restaurants?

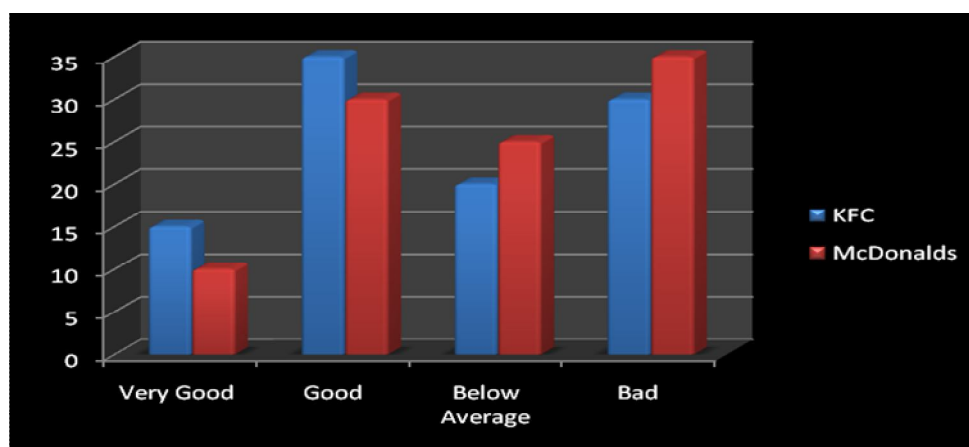
	Price	Employee Behavior	Service Quality	Convenience	Brand Image	Other
KFC	20	20	30	10	10	10
McDonalds	25	25	30	5	10	5



Factors influencing selection of fast food restaurants

#### 5. How do you rate the overall performance of employees of KFC?

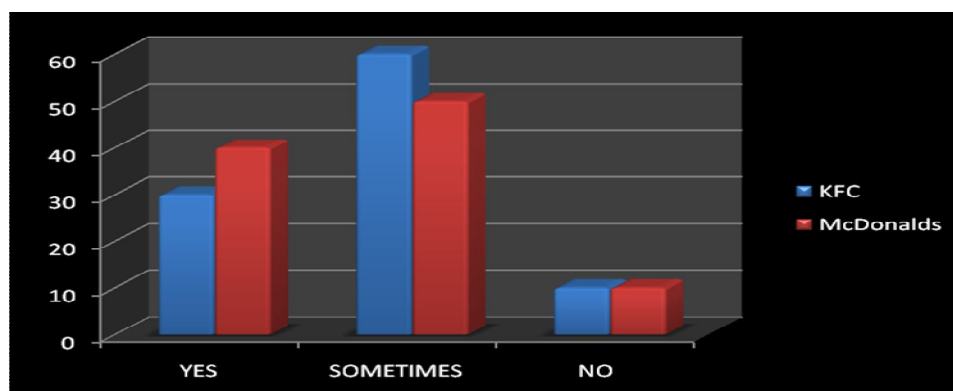
	Very Good	Good	Below Average	Bad
KFC	15	35	20	30
McDonalds	10	30	25	35



Rating of overall performance of the employees

#### Do you feel that KFC employees are properly motivated?

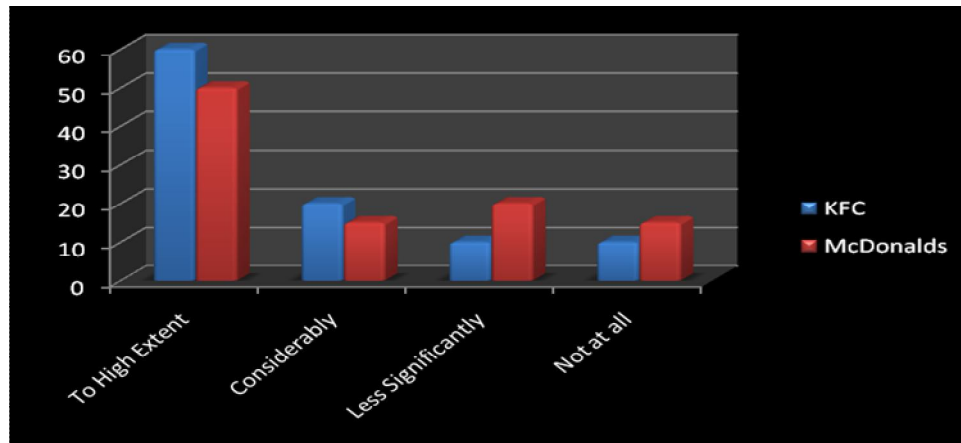
	YES	SOMETIMES	NO
KFC	30	60	10
McDonalds	40	50	10





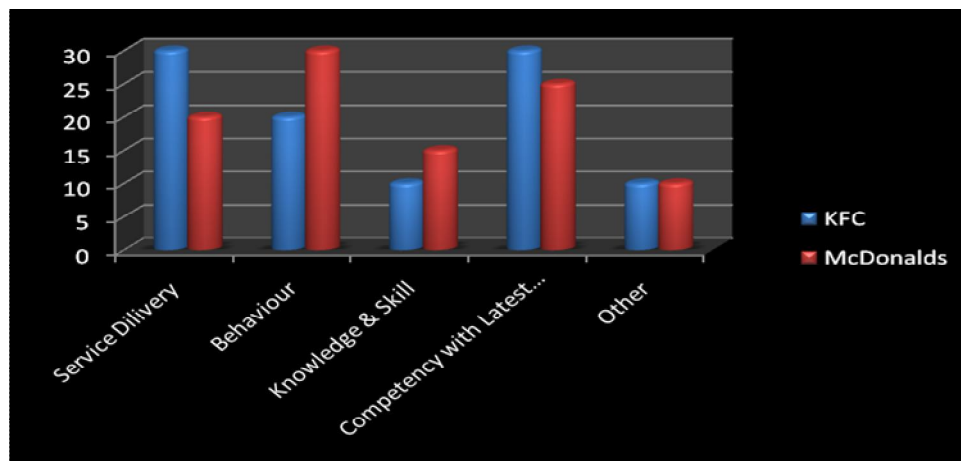
7. Do you believe that the performance of employee's of KFC can be improved through training and development programs?

	To High Extent	Considerably	Less Significantly	Not at all
KFC	60	20	10	10
McDonalds	50	15	20	15



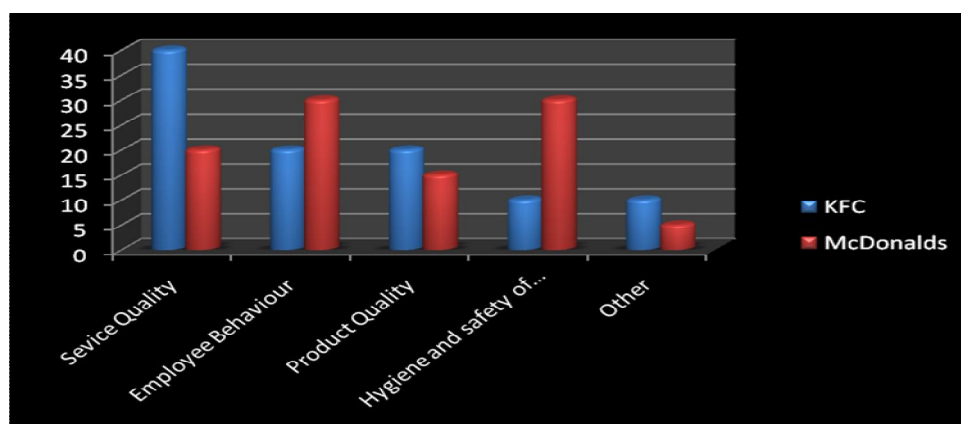
9. Which aspect of employee performance in KFC needs most improvement?

	Service Delivery	Behavior	Knowledge & Skill	Competency with Latest Technology	Other
KFC	30	20	10	30	10
McDonalds	20	30	15	25	10



10. Which is the main area of KFC that needs to most improvement in performance?

	Sevice Quality	Employee Behaviour	Product Quality	Hygiene and safety of restaurant	Other
KFC	40	20	20	10	10
McDonalds	20	30	15	30	5



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**QUALITATIVE ANALYSIS**

The information about the training and development practices at McDonalds and KFC was taken in his form of personal interview with the respective designated person as mentioned in acknowledgement. Also as the objective of the study is to understand how the frontline employees at both the organizations view their training and development practices so in order to understand that questionnaires have been filled by 5 frontline employees from each organization and the analysis of the same is as under.

The training and development practices is being analysis on 4 parameters which are –

- Training methods
- Frequency of training methods
- Satisfaction level of frontline employees
- Feedback – post training.

**Who identifies the training needs?**

As per the responses received from the employees at KFC the training needs of the employees are identified by themselves only once they enter the organization. They know where they stand at the entry point and where they need to head. So in a way its good they themselves know what is the next thing they need to learn as they know where they lack.

At McDonalds, the training needs are identified by the superior person first. After entering the flow of training for each employee is decided by the superior and not by the employee himself or herself. They are guided at every stage as to which training they need to undergo at what time.

As per my analysis the method followed at KFC is better because the employees do not have to wait for anyone to come and dictate the training procedure. They themselves know they where they lack and need training first. Also a fixed pattern of training along with side courses allows them to identify their training needs in a better way.

**How many training programs do you attend in a year?**

At KFC, due to the structured pattern of training programs the employees undergo more than 20 training programs in a years time whereas at McDonalds, there are less than 20 training programs that an employee undergoes in which it includes few compulsory training programs and few side courses.

As per my analysis, frequency wise KFC conducts good number of training programs than McDonalds in a years time.

**What is the frequency of training programs given to you?**

Training at KFC takes place on everyday basis whereas in McDonalds it takes place either weekly or on monthly basis depending upon the training program.

Training and learning everyday is a much better experience than weekly or monthly learning's. Also KFC's policy says that if there is no rush the employee can do his training at the back of the restaurant anytime he is free whereas in McDonalds though there is training off the job but not everyday. So therefore, I feel the frequency of the training programs at KFC is better than McDonalds'.

**What mode of training method is normally used in your organization?**

KFC and McDonalds more or less use both the mode of training i.e. on the job as well as off the job. The only difference is KFC concentrate more on, on the job training whereas McDonalds concentrates on both as a mixture. The idea at KFC is if their employees are good at other trainings and weak at on the job training they are given intense coaching for that to become a master in that area and does not spend much time on repeating the training in that area where the employee is already good at.

**What are all the important barriers to training and development in your organization?**

Employees at KFC feel there are no such barriers relating to training and development in their organization. Whatever training they require they do get it whereas at McDonalds few employees feel there is no such barriers while others feel time is only barrier because the self paced programs are to be completed with the core training program going on at the same time. Also the duration for completing the training programs is too small.

**How would you rate the training program so conducted?**

Employees at KFC and McDonalds both have rated the training programs more or less as very good and very few have said as good. The reason for saying just good and not very good is that they are right now at the

middle position of the ladder so at present they feel it is good once they experience the above designated positions as and when the time comes it might be a different case. Also it is their learning process so they prefer to learn maximum on daily basis.

**What type of training is being imparted for new recruitments in your organization?**

As already mentioned earlier training at McDonalds and KFC comprises of both off the job and on the job training. So more or less they both provide behavioral and technical based trainings to their employees. But at KFC, special care is taken for employees to give them extra training for improving the aspect in which they feel they are not up to the standards of KFC, like communication skills, product quality, team skills and practical skills.

**Are you able to implement the learning's of the training in your work day to day?**

All the employees at KFC as well as <McDonalds agree that they all are able to implement their learning's of the training in their day to day work. And also they are happy to work hard and achieve their goal of becoming a Restaurant Manager one day and constantly in steps trying to achieve their dream.

**To what extent are your training objectives fulfilled?**

Employee objective is to become a Restaurant General Manager at KFC one day and also believe that along with them their organization is equally contributing in helping them to achieve their objective whereas at McDonalds though the organization is contributing to help employees some employees are not able to overcome their weak points easily which obstructs their way to achieve their objectives. Few lack in proper practical training without which there is no chance at McDonalds one can move on the next designation without attaining mastery at that point.

**Does the superior support the subordinate to successfully complete the training program?**

Yes, the superior and the management always support the employees to perform better by completing their training programs successfully. They encourage them to perform better and upgrade themselves. Also the management believes in training those employees more properly who have the potential of performing but because of some problem they are not able to so they try to remove these obstacles by giving them the required trainings separately.

**Are you satisfied with the training facilities provided by the organization?**

The facilities for training provided at KFC include on the floor experience, back office and sometimes theoretical module studying is also provided whereas at McDonalds the facilities for training include on floor experience, head office classrooms, e learning etc.

There is lot many facilities provided as per the training requirement provided to employees who make them comfortably go through the training and satisfied with the facilities.

**Who conducts the training program?**

At KFC, the buddy trainers are the internal trainers who provide training to the team members on an ongoing basis every day. They are available at any point in the restaurant only whenever the need be. External trainer comes only for training when there is a need from different KFC restaurants and then a session is conducted but the frequency is very less.

At McDonalds, there are trainers internally who have undergone training and have become trainers to train the new staff. They are from the training and development head offices who come and train people and they are assigned few restaurants where they are suppose to carry out training.

**CONCLUSION**

The wave of the future of training is breaking on the shore. It's dissolving old ways of thinking and asking organizations to look at training in a whole new way. Why? Because much of what organizations did for years in training failed to produce the desired results, if expected outcomes were defined at all. Yes, results. It's no longer acceptable to hope an employee learns something - or maybe gets entertained - at a training session. The agile, changing organizations that will succeed in the future are thoughtfully developing their most important resource: the people they employee.

**The above analysis is done keeping in mind the following parameters**

- Training methods
- Frequency of training methods
- Satisfaction level of employees
- Feedback – post training

On the basis of above parameters and the complete case study and survey of the training and development practices carried out at each organization I would like to conclude that the training and development practices practiced at KFC is better than McDonalds. The following are the reasons for the same –

- ❖ KFC has a policy of training on everyday basis which is not the case in McDonalds
- ❖ The number of training programs provided by KFC is more than McDonalds.
- ❖ The frequency of trainings conducted is daily basis and sometimes monthly also due to the nature of the training program.
- ❖ The employees are more contented with the training facilities and career opportunities provided at KFC
- ❖ The satisfaction level of employees at KFC is very high as compared to McDonalds
- ❖ The training programs are structured and fixed in KFC which helps the employee to climb up to the level of the Restaurant General Manager.

### **RECOMMENDATIONS**

The following suggestions can be useful for McDonalds in order to improve their training and development practices:

1. Keeping the training programs as a part of everyday working would be the best in order to improve efficiency
2. Involving employees to give their feedback or any valuable suggestions to improve the training related matters should be welcomed
3. Having any structured pattern of training and making some of the training courses compulsory rather than associated courses will prove to give best results.
4. By working on the time limit given to employees to finish the training program needs a careful attention.
5. New training programs can be introduced
6. Also more use of e learning will help to reduce time taken for classroom training and employees will be more comfortable learning at their own speed.

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## A STUDY ON MARKET SHARE AND COMPETITIVE ADVANTAGES FOR KOEL WITH RESPECT TO OFF HIGHWAY ENGINES

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### ABSTRACT

*The study is related to map the market share of the Kirloskar Oil Engines Limited and also its competitors'. Today in Pune there are number of constructions are going on like road constructions, commercial and residential buildings where the off highway equipments are used like backhoe loader, forklift, concrete mixer etc in which off highway engine is used. So the researcher has selected the product off highway engine for the study and survey. As now-a-days there are increasing off highway engine manufacturers so there is rapid increase of KOEL competitors so to survive it in market as a market leader KOEL need to focus on the competitive advantages and also to know the customer satisfaction which is one of the objective of this study. This study is proposed to understand the basic research problem i.e. "A Study on Market Share and Competitive Advantages For KOEL with respect to Off Highway Engines"*

*Effort is being made to get information about different off highway engines used in different equipments. So that researcher would able to know the market share of KOEL and its competitors in Pune area. The study was conducted keeping in mind the constant growing and progressing nature of the company and also that threats of KOEL arriving in market.*

*Keywords: Off Road Vehicle, Market share, Customer satisfaction*

*An off-road vehicle is considered to be any type of vehicle which is capable of driving on and off paved or gravel surface. It is generally characterized by having large tires with deep, open treads, a flexible suspension, or even caterpillar tracks. Other vehicles that do not travel public streets or highways are generally termed off-highway vehicles, including tractors, forklifts, cranes, backhoes, bulldozers, and Golf carts.*

*KOEL produces off highway engines that are purchased by the Original equipment manufacturers (OEMs). OEMs are the manufacturers of such off high equipments.*

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### INTRODUCTION

#### **Kirloskar Group**

Kirloskar Oil Engines Limited (KOEL) has been one of the pioneers of the 'Make in India' concept since independence. KOEL, a part of the Kirloskar Group offers engineering products and solutions across the globe and has offices in Dubai, South Africa, and Kenya. It has manufacturing units in Pune, Kagal, Nashik (all in Maharashtra), and Rajkot (Gujarat). KOEL caters to the agriculture, power generation, and industrial and construction machinery sectors. (Bhatt, 2017) The Kirloskar group was founded in the year 1888 by the late Mr. L. K. Kirloskar and has a rich engineering heritage of 123 years. It is counted amongst India's largest multi-product, multi-location diversified engineering conglomerates with annual sales of \$1.6 billion.

#### **Kirloskar Oil Engines Ltd. (KOEL)**

Incorporated in 1946, KOEL is the flagship company of the Kirloskar group. KOEL has four state-of-the-art manufacturing units in India that offer world-class service. The company has a sizable presence in international markets, with offices in Dubai, South Africa, and Kenya, and representatives in Indonesia and Nigeria. KOEL also has a strong distribution network throughout the Middle East and Africa. Today KOEL is an acknowledged leader in the manufacturing of diesel engines, agricultural pump sets and generating sets.

The Off Highway business group's activities are moulded completely according to the power needs of customers who require products from 20 hp to 800 hp in the Off Highway space globally. KOEL manufactures a variety of quality diesel engines powering more than 85 Off Highway applications across seven sectors that are earth moving, construction, mining, fluid handling, material handling, agro industrial and marine application. For the off highway engines KOEL share of the Indian construction market hovers around 55 per cent. More specifically, KOEL has a near total share of the transit mixer and concrete pump markets in India. KOEL is determined to maintain its position as the market leader in the power generation, off highway and agriculture sectors.

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**PROBLEM STATEMENT**

A study is to know the market share of the highway engines for different engine manufacturers and also to study the competitive advantages of KOEL for the off highway engines

**RESEARCH OBJECTIVES**

1. To know the market share of KOEL's Off Highway engines and its competitors' in Pune area
2. To know the competitive advantages of KOEL over others
3. To measure satisfaction of the end-users for the KOEL's engine

**METHODOLOGY DETAILS**

The Study was carried out with the help of survey done in Pune area. The targeted people were either fleet owner or corporate customers. Some samples were also construction sites in Pune area. Very few samples were based on telephonic interviews that samples are construction companies. Telephonic interviews were held with the conversational tone rather than an interviewing one and relevant information was filled in the questionnaires so prepared.

**RESEARCH DESIGN****Type of Research used**

**Descriptive Research:** It is the research used when the objective is to provide a systematic description that is as factual and accurate as possible. It provides the number of times something occurs, or frequency, lends itself to statistical calculations such as determining the **average** number of occurrences or central tendencies.

**Sources of Data collection**

There are mainly two sources of data collection

**1. Primary Data Sources**

1. Questionnaire consisting of 14 questions was constructed for the end users.
2. Survey is conducted for the end users and also few telephonic interviews were held
3. Observation method is also used for the few questions in the interviews

**2. Secondary Data Sources**

Secondary data, is data collected by someone other than the user. It is data that can be used before doing any survey.

For this study sources for secondary data are collected from :Different web sites, Brochures ,Journals, Magazines

**SAMPLING PROCEDURES AND METHOD**

The scope of the study was limited to the customers that are end users and also in Pune area so only sample is taken randomly that sample could be fleet owner or corporate customer as scope was limited to for the end users only sample was selected randomly from end users only and not for the OEMs so the random sampling technique was used for this study.

**Sample Size**

Here sample size taken is 50 and targeted samples are as follows:

**Sample Area**

- Construction sites
- Construction companies
- Fleet owners

**LITERATURE REVIEW**

The Genset market in India is valued at more than INR 50 Billion. A booming economy and increasing power demand supply deficit act as major drivers for this market. The Indian Genset market is uniquely positioned to traverse on this growth trajectory. Frost & Sullivan expects it to grow at a compound annual growth rate (CAGR) of more than 15 percent between 2007 and 2012. With increasing competition between incumbents and new players (Maheshwari, 2010).

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**DIESEL ENGINES AND THEIR MARKET SHARE IN INDIA**

The diesel engine market at large designates the use of internal combustion engines for power generation. At present, reciprocated engine based gensets are highly saleable and globally acclaimed least expensive distributed power generation technologies. In India as well like other global countries, diesel engine leads the market followed by gas and dual fuel engines. In India the bio-fuel applications and heavy fuel are only on pilot, basis the availability concerns. Whereas on the other hand ease of fuel availability and comparatively lower cost for generating power has increased the supremacy of diesel engines in the country over the past 7-8 years.

The market size of diesel engines in India has shown continuous improvements from 2009-10 levels where in the market size has grown from 0.31 million units to 0.44 million units in 2013-14 and thereon to 0.50 million units in FY'15 (Diesel Engines Industry Report)

India diesel engine market revenues are projected to grow at a CAGR of 4.9% during 2018-23.

Growth in farm mechanization on account of decreasing labor availability and increasing labor cost are the prime factors driving the demand for diesel engines in India. Further, growing retail & logistics industry in the country is also contributing to the increase in sale of commercial vehicles, thus driving the diesel engine market. Although, the diesel passenger vehicle market volume in percentage terms has declined in 2017 due to shrinking price gap between petrol and diesel fuels.

In India, major demand for diesel engines is generated from automotive industry due to growing demand for passenger vehicles in domestic and export market. Further, growing retail & logistics industry in the country is also contributing to the increase in sales of commercial vehicle, thus driving diesel engine market. Commercial vehicle segment is forecast to surge the overall diesel engine market due to high demand for trucks and buses in the country.

Further, agricultural sector is the second largest consumer in value terms due to high utilization of diesel engines in farm equipment. With farm mechanization rate at just 40%, India is expected to witness growth in demand for self-propelled farm equipment during the forecast period. Decreasing labor availability and increasing labor cost would also lead to growth in farm equipment (2017)

**Market Share**

**Definition:** Out of total purchases of a customer of a product or service, what percentage goes to a company defines its market share. In other words, if consumers as a whole buy 100 soaps, and 40 of which are from one company, that company holds 40% market share.

**Description:** There are various types of market share. Market shares can be value or volume. Value market share is based on the total share of a company out of total segment sales. Volumes refer to the actual numbers of units that a company sells out of total units sold in the market. The value-volume market share equation is not usually linear: a unit may have high value and low numbers, which means that value market share may be high, but volumes share may be low. In industries like FMCG, where the products are low value, high volume and there are lots of freebies, comparing value market share is the norm.

The significance of market share: Market share is a measure of the consumers' preference for a product over other similar products. A higher market share usually means greater sales, lesser effort to sell more and a strong barrier to entry for other competitors. A higher market share also means that if the market expands, the leader gains more than the others. By the same token, a market leader - as defined by its market share - also has to expand the market, for its own growth. (Market share )

**Customer satisfaction**

Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals

**Reasons why customer satisfaction is so important**

- It's a leading indicator of consumer repurchase intentions and loyalty
- It's a point of differentiation
- It reduces customer churn
- It increases customer lifetime value
- It reduces negative word of mouth
- It's cheaper to retain customers than acquire new ones (wikipedia)

### Competitive Advantage

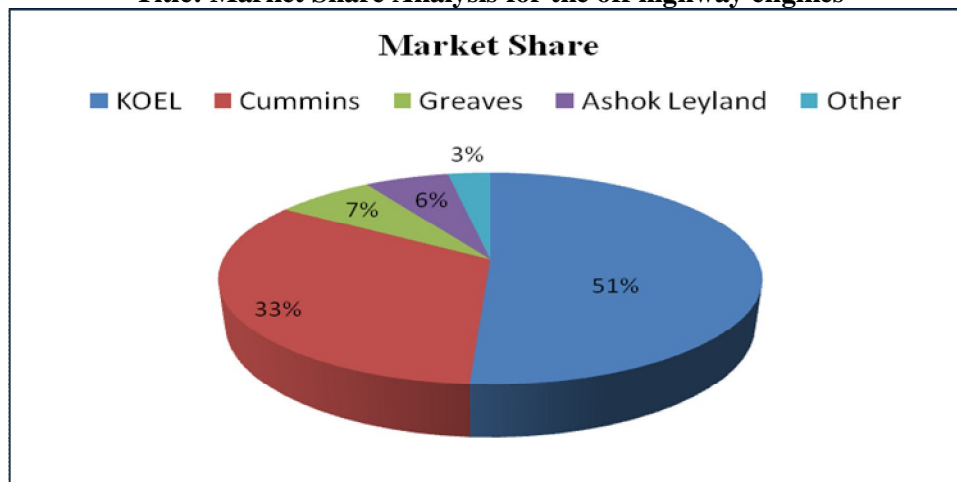
A competitive advantage is the recognition that a company either delivers quality products at a lower cost than the competition or offers support and services at a greater value than the competition, Establishing a competitive advantage takes planning and coordination among your departments. The importance of a competitive advantage is what makes it worth the investment of your organization's time and resources (bizfluent.com).

There are many ways to achieve the advantage but only two basic types of it: cost or differentiation advantage. A company that is able to achieve superiority in cost or differentiation is able to offer consumers the products at lower costs or with higher degree of differentiation and most importantly, is able to compete with its rivals.

An organization that is capable of outperforming its competitors over a long period of time has **sustainable competitive advantage**. (B.J., 1995)

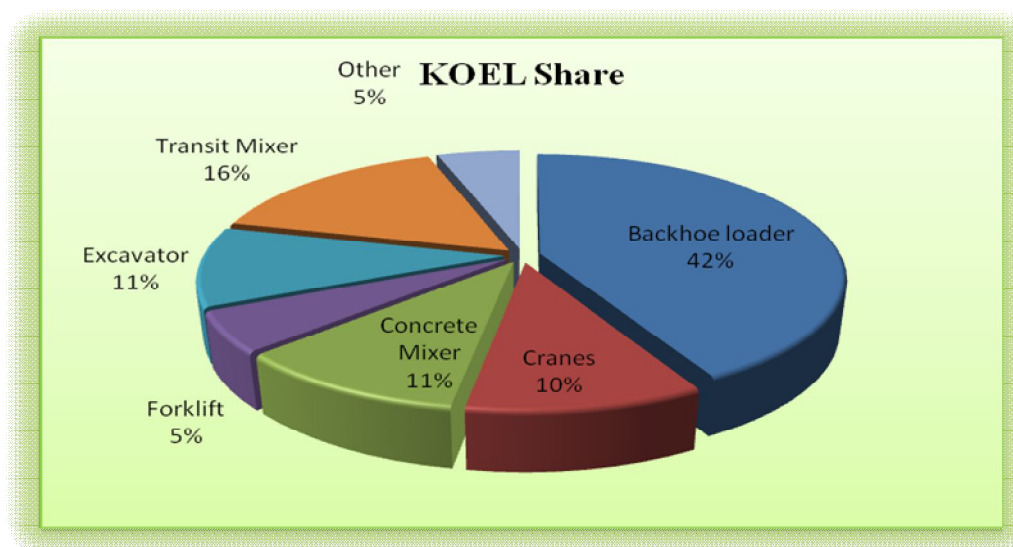
### DATA ANALYSIS

**Title: Market Share Analysis for the off highway engines**



**Interpretation:** KOEL has 51% market share for industrial engines while Cummins has 33% market share Greaves has 7% market share and for Ahok Leyland it is 6% while other has 3% market share for the industrial engines in Pune area. So it can be concluded that KOEL is market leader for the off highway engines in the market.

### KOEL share for different equipments



**Interpretation:** KOEL share for the different off highway equipments has been found out by the researcher it is as shown in the above diagram as KOEL has 42% share in backhoel loader market, KOEL has 10% share for the cranes, 11% share for the concrete mixer, 11% share in the excavator market, transit mixer 16% share aquired by KOEL and remaining 5% share of offhighway equipments aquired by KOEL.KOEL is market leader in the backhoel loaders market.



## Competitive advantages of KOEL

### For Backhoe loader

	HP@RPM	Fuel Consumption L/Hr	Weekly use in Hrs
<b>KOEL</b>	76	6.9 L	63hrs
<b>Cummins</b>	76	7.1 L	60hrs
<b>Greaves</b>	74	7.5 L	58hrs
<b>Ashok Leyland</b>	72	8 L	57hrs

**Interpretation:** For the backhoe loader KOEL engine power rating required is 76 Hp. Fuel consumption in litre per hour is 6.9 and its weekly use is 63hrs. Use of the KOEL powered equipment is more in a week as compared to others as other engines give heating problem with continuous use of equipment.

Power rating of Cummins is as same that of KOEL's engine but fuel consumption per hour is 7.1 L which is more than KOEL's engines so the KOEL engine is superior over the Cummins' engine.

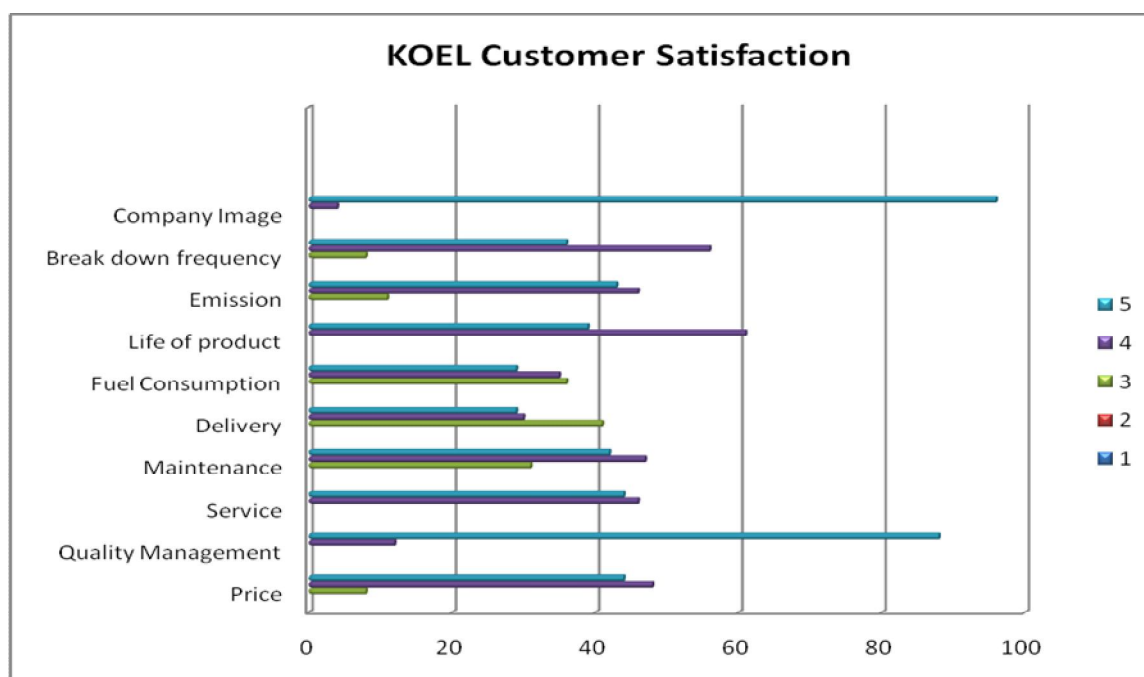
Power rating for the Greaves' engine is 74 Hp but its fuel consumption is 7.5 L per hour which is more than KOEL and Cummins engines fuel consumption as the power rating directly varies to fuel consumption but here power rating decreases and fuel consumption increases in case of Greaves and Ashok Leyland so both of them are not superior as that of KOEL and Cummins. Use of other power equipment is less than that of KOEL powered equipment as there is heat problem generated with the other engines with the continuous use of engine. So KOEL powered equipment is superior in all contexts as described above which becomes the one of the advantage for KOEL to grab the market share easily.

### For Cranes

	HP@RPM	Fuel Consumption L/Hr	Weekly use in Hrs
<b>KOEL</b>	49	5	56hrs
<b>Cummins</b>	49	5.2	55hrs
<b>Greaves</b>	47	6	53hrs
<b>Ashok Leyland</b>	47	6.1	50hrs

**Interpretation:** For the cranes KOEL engine power rating is 49hp cummins' 49hp and Greaves power rating for the engines used in cranes is 47 hp and Ashok leyland's power rating is 47hp. Fuel consumption for the KOEL powered equipment is 5 L/Hr, for Cummins' it is 5.2 L/hr for Greaves it is 6L/hr and for Ashok Leyland it is 6.1 L/Hr. Weekly use for the KOEL powered equipment is 56 hrs in a week. For Cummins it is 55hrs for Greaves it is 53 hrs for Ashok Leyland it is 50 hrs. As the power rating is in increasing order but fuel consumption is in increasing order even if power rating decreasing so KOEL beats the other engine manufacturers.

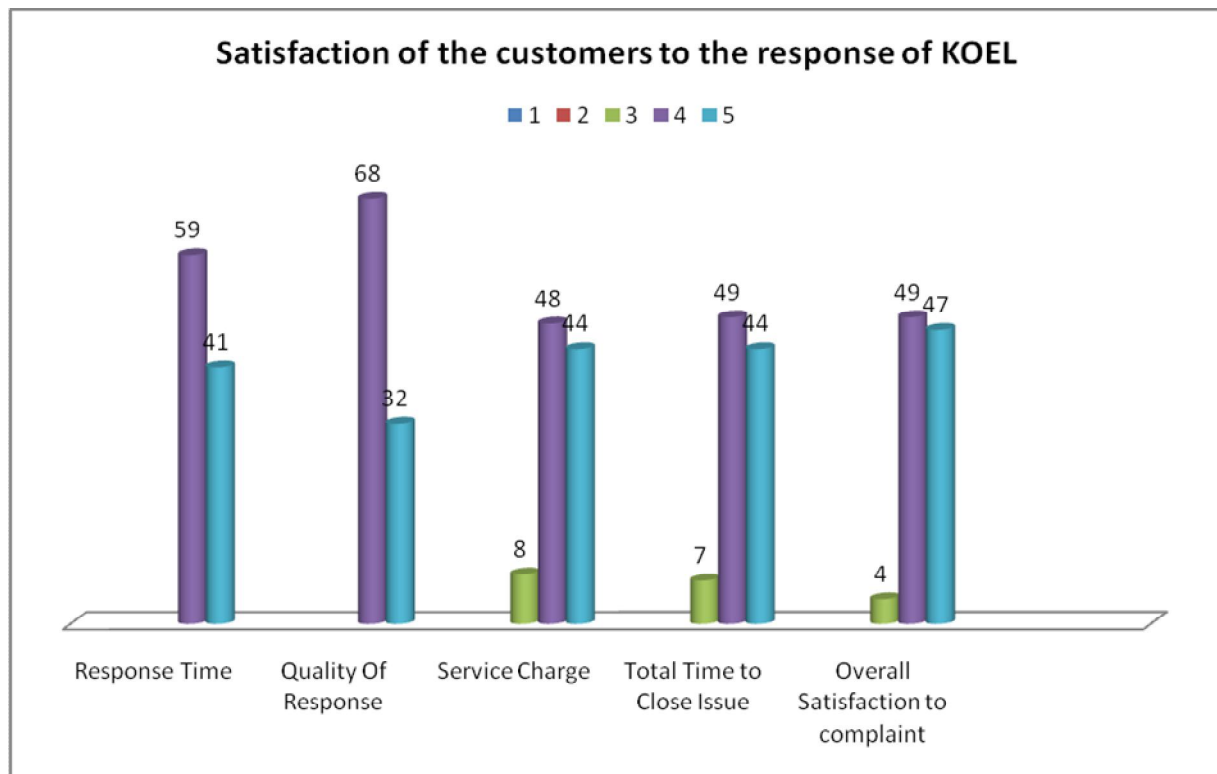
### Customer satisfaction



### Intpretation

- **Price:** 8% endusers are neither satisfied nor dissatisfied with the KOEL powered equipment for the price of equipment.48% endusers are satisfied with price of KOEL powered equipment and remaining 44% endusers are well satisfied for the price of KOEL powered equipment.
- **Quality management:**88% people are well satisfied with quality management of KOEL while remaining 12% people are satisfied with quality management of KOEL.
- **Service:**46% endusers are satisfied with the service provided by KOEL whie 44% customers are well satisfied with the service provided by KOEL
- **Maintenance:** 31% endusers are neither satisfied nor dissatisfied with the maintenace of KOEL powered equipment.47% people are satisfied while 42% customers are well satisfied with maintenance of KOEL powered equipment.
- **Fuel consumption:** 36% endusers are neither satisfied nor dissatisfied with the fuel consumption of KOEL powered equipment while 35% people are satisfied and 29% people are well satisfied for fuel consumption of KOEL powered equipment.
- **Emission:**11% customers are neither satisfied nor dissatisfied with the emission of KOEL powered equipment 46% customers are satisfied while 43% endusers are well satisfied with the emission of KOEL powered equipment
- **Breakdown frequency:**8% people are neither satisfied nor dissatisfied with the breakdown of frequecnry of KOEL powered equipment while 56% are satisfied and remaining 36% are well satisfied with the breakdown of frequency of KOEL powered equipment.
- **Company image:** 4% customers are satisfied with the KOEL's image while 96% endusers are well satisfied with the KOEL's image.

### Satisfaction of the customer for the response of KOEL for the complaint of enduser



Where: 1- Worst satisfied      2 -Dissatisfied      3-Neither satisfied Nor dissatisfied  
4-Satisfied      5- Well satisfied

### Interpretation

When equipment gets failed because of engine then KOEL is supposed to respond it and when it gets failed because of any other reason than OEM is supposed to respond.

This question was framed to understand the satisfaction level of end-user for the KOEL

**Response Time:** 59% end-users are satisfied with KOEL's response time when equipment gets failed because of any engine problem while 41% customers are well satisfied with the response time of KOEL

**Quality of response:** 68% end-users are satisfied with the quality response of KOEL while 32% end-users are well satisfied with the quality of response.

**Service charge:** 8% customers are neither satisfied nor dissatisfied with the service charge applied by KOEL while 48% people are satisfied and remaining 44% are well satisfied with service charge applied by KOEL.

**Total time to close issue:** 7% customers are neither satisfied nor dissatisfied with the total time taken by KOEL to close the issue generated. While 49% customers are satisfied with it and 44% customers are well satisfied with the time taken by KOEL to close any issue.

**Overall satisfaction to the complaint:** 4% customers are neither satisfied nor dissatisfied with overall satisfaction to the complaint while 49% endusers are satisfied while remaining 47% are well satisfied to the overall satisfaction to the complaint.

## **FINDINGS AND OBSERVATIONS**

### **Main findings and observations have been given below**

The company has some its own strengths and competencies. They are as under

- KOEL has good brand image in the market. As it is one of the oldest brand people prefer it over the other. People when at a point gets confused then most of the time they prefer oldest brand so KOEL gets one of the greatest advantage of this as having old brand since completed 125 years
- It is the market leader in the India for industrial engines so it is one of the positive points for KOEL to grab the market share for other products.
- Customers are always satisfied with product features, service provided by KOEL, and also do not have any issue about the engines. So it is one of the strength of KOEL.
- As KOEL has good dealership and area network and also has good personnel with them so almost all times good customer satisfaction to complaints of end users
- Well trained and flexible manpower
- Transportation problem during harvest season
- KOEL does not have that good international market share for off highway engines only
- As the construction businesses are at rapid growth nowadays so there is demand of off highway equipments and as KOEL is one of the oldest and best brand so it has an opportunity to be chosen by OEMs so KOEL can grab the maximum market share for off highway engines
- As KOEL has good customer support and also it is well service provider so it has an opportunity to retain its customer base and also to get new customers very easily.
- As there are number of achievements made by the KOEL so it would be definitely beneficial for the KOEL to gain new customer base.
- Weakness if approached in the right way may become an opportunity. It has an opportunity to become global market leader for the off highway engines
- One of the biggest threat for the KOEL is Cummins as if we see the forecasting through the survey done by researcher then Cummins is ready to grab the 42% market share so it can be biggest threat to the KOEL.
- Competitive strategies used by the opponents has to be observed and countered.
- New companies entering in the market for substitute products needed to be tracked.
- Most of the customers of KOEL are corporate customers and fleet owners for the off highway engines KOEL can concentrate on the new entrepreneurs as customers.
- KOEL has its maximum share for earth moving equipments and construction equipments. KOEL has good scope to enhance its share in other equipments also.
- KOEL has advantage having their old customers who are the customers since 10-15 years.

- KOEL is the market leader in backhoe loaders market. KOEL engine has very good characteristics as compared to others so it can get advantage of it to be a market leader in other equipments market.
- Use of other powered equipment is less than that of KOEL powered equipment as there is heat problem generated with other equipments with continuous use of engine so the KOEL powered equipment is superior in all contexts.
- Maintenance expenses for KOEL powered equipments are less as compared to other powered equipments and earning per equipment for the KOEL powered equipment is more as compared to others.
- KOEL customers are more satisfied than Cummins' customers. KOEL customers are also well satisfied to the response of the KOEL to the complaints made by the customers.

## CONCLUSIONS

1. If the company pays attention to the customer relationship management it can help to KOEL to become global market leader for off highway engines.
2. If company pays attention to get customers feedback regularly then it would be beneficial to achieve its goal in time. KOEL should pay attention to get new customers
3. If the organization studies and applies some different strategies that has been used by global market leaders for off highway engines it would help to maintain its market share in India and to enhance its global market share.
4. KOEL employees should have been trained as KOEL does so regularly it should continue to do so. It has been proved as the KOEL has got number of awards for quality excellence.
5. KOEL customers are always better satisfied than its competitors' customers.

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**A STUDY ON THE IMPACT OF AMBIENT FACTORS ON FULL SERVICE RESTURANTS IN SURAT CITY, GUJARAT**

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**ABSTRACT**

*Globally, there is a growing demand for food away from home as a result of higher incomes, changes in consumption patterns, changes in household composition, and the time pressures created by dual-working families. The food service industry has become highly competitive as the number of food service outlets has increased to meet the demand. This study adopts a comparative approach to examining how the ambient variables (light, music, scent, and colour) affect customers' patronage on the full service restaurants. The focus of this paper is on the most preferred restaurants in Surat city namely Dec 9, Vintage and Garden of Eden. In this study we employed a descriptive research design and the sample size was 150 respondents (90 males and 60 females) who were intercepted. The major finding of this paper is that even though we took a comparative approach to looking at the impact of ambient variables, the results confirm that indeed these have a positive effect on consumer patronage although with varying degrees of influence. Therefore, it is important that marketing practitioners are encouraged to consider the synergistic contribution of the ambient variables in order to create a comprehensively appealing environment for attracting patronage.*

*Keywords: Business, Restaurant, Ambience, Odour, Light, Customers and Patronage.*

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**INTRODUCTION**

Many researchers, restaurant owners, marketers, restaurant owners and practitioners have investigated the influence of ambient factors on consumer patronage and consumer behaviour in general (Gilboa and Rafaeli, 2003). The ambient factors play a significant role in forming customers impression (Bitner, 1992) and are crucial tangible components of the service product that give cues to customers and create a perceptual image in the minds of customers (Kotler, 1973). In fact, marketers and researchers have come to acknowledge that servicescapes have been widely used as a way to evaluate intangible products, that is, the appearance and external impression of a food business may create either a positive or negative influence on consumer patronage. The ambient factors are rich in cues which are very influential in communicating the business's image and purpose to its customers (Bitner, 1992). It is therefore important for the food Brands to appropriately mesh these variables (light, music, scent, and odour) so that they are able to appeal to the target market. However, past researches have examined the effects of individual stimuli such as music, colour, light or scent on consumer behaviour, but according to our knowledge we have not come across a research that has taken a comparative approach to see how the aforementioned variables impact on patronage.

**ATMOSPHERICS/ AMBIENT FACTORS**

According to Levy and Weitz (2009), restaurant atmosphere is referred to as the attribute that aims to intensify the restaurant environment with the combination of different cues such as lighting, colour, music, and scent. Masson, Morris and Wilkinson (1993), acknowledge that ambient factors are psychogenic variables which are highly impalpable and are therefore hard to quickly remember and that these variables (i.e. scent, colour, music and lighting etc), are critical in influencing and shaping behaviour while the individual will be in the restaurant and that the very moment the individual leaves the restaurant, these variables will cease to influence his or her future restaurant patronage choice or purchase behaviour. Donovan and Rossiter as quoted by Masson et al.(1993), suggest that, "... a restaurant that induces feelings of alertness and excitement leads to : (1) more enjoyment when dinning in the restaurant, (2) increased time spent browsing and exploiting the offerings, (3) more interactions with the restaurant personnel, (4) a greater propensity to spent more money than initially budgeted and (5) an increased likelihood of returning to the restaurant (future patronage)"

**SCENT**

What we eat, drink and breathe are heavily influenced by gustation (sense of taste) and olfaction (sense of smell), Lahey (2009). Feldman (2009) believes that a normal human being's olfaction is capable of detecting beyond 10,000 different odours and that people have strong abilities to easily remember odours associated with long forgotten events. Thus if an individual customer is not happy with an experience in a restaurant, he or she may vividly remember it each time he or she sniffs a smell which resembles that which already exists in memory. Levy and Weitz, (2009) concede to the fact that the odours are key drivers of individual buyers emotions. Odours are believed to be key stimulants of discontent, hunger, satisfaction and nostalgia depending on the manner in which the restaurant owners has set out scent ambient background (Levy and Weitz, 2009).

From a service marketing point of view scent is a psychological moderator which enhances individual customers' moods, their emotional and evaluative responses (Lovelock and Wirtz, 2011). Restaurant owners should vehemently advocate for the creation of restaurant facilities that are devoid of unpleasant ambient scents in order to create favourable conditions that can enhance positive customer perceptions, attitudes and behaviours. Large restaurants may design restaurant odours with fragrances that appeal to specific departmental wares with scents that have varying degrees of emotional and psychological appeals to customers (Lovelock and Wirtz, 2011). Thus to create conducive buying atmosphere a restaurant should, "smell like it is supposed to smell", (Lewison and Delozier, 1986).

### **COLOUR**

From an artistic point of view colour has the ability to invoke feelings, emotions and behaviours in different people (White and White, 2006). According to Birren, (1987), "...colour in scientific and common usage refers generally to all visual sensations as conceived mentally and seen visually. Colour variations can fall into any one of the seven forms namely pure colours (i.e. red, yellow, blue and green- the so called hues), white, black, gray (a combination of black and white), tints (brown, lavender, peach), shades (i.e. brown, maroon and olive), tones (i.e. tan, beige and taupe)." Colour creates a very strong and lasting visual impression and image about a retailer (Lovelock, and Wirtz, 2011 and Lewison and Delozier, 1989). Since colour catches the customer's attention it therefore creates either a positive or negative feeling in a customer. As quoted by Lovelock and Wirtz, (2011) the Munsell system classifies colour into three broad categories on the basis of their psychological effect on food patrons, namely hue – which suggests the names of the common ordinary colours i.e. red, green, blue, and yellow, value- which suggests the scope of vividness or dullness of the colour and the chroma- which refers to the extent to which the hue is bright and dull. Levy and Weitz, (2009) assert that colours such as red, yellow, gold or orange are deemed to be warm colours that portray love, romance, warmth, friendliness, openness among other images. Traditionally, cool colours like blue, white and green depict a serene, soothing-gentle and calming restaurant environment. Despite all these general moods, emotions or environments created by colour, diverse cultural orientations may pose challenges in designing the effective combinations of colours that can effectively spruce up the image of the retailer, especially with in mind the Fast Food retailer. There is a strong feeling that bright colours have a much more psychological appeal as compared to the so called cool colours. Masson et al, (1993), feel that warm colours do exceptionally well for low-involvement fast moving consumer goods (FMCGS) that are usually displayed in a manner designed to elicit impulse buying, while cool colours suit well for customers engaging in high-involvement purchasing decisions which require extensive problem-solving.

### **LIGHTING**

Lighting emerges in a variety of forms and is used for different reasons such as landscape lighting, task lighting, decorative lighting, key lighting, backlighting and accent lighting. James and Mehrabian (1976), say that lighting can be the main factor of restaurant atmosphere that has greater impact on consumer behaviour. This means that bright light helps customers to have positive attitude towards the business or food brand. When the restaurant environment is brighter, customers are likely to observe and touch the commodities in the restaurant (Vaccaro et al., 2008). People believe that bright lights allow them to see the food clearly and also some believe that it livens up the restaurant atmosphere (Ruchi et al.). According to Levy and Weitz (2009) lighting in a restaurant involves more than just illuminating space. Lighting helps in creating a sense of excitement in the restaurant. This means that bright lighting induces customer to behave positively towards a business or a restaurant brand. It gives an accurate colour rendition of the goods in the restaurant. One essential use of light is called popping the food that is focusing spotlights on special items. Popping the various elements can train the customer's eyes on the items and can direct strategically their attention through the restaurant. It has to be noted that successful lighting requires expertise and latest lamp and luminaries' equipment. Appropriately lit and balanced environments can give merchandise an added appeal and show unique selling points. When the restaurant atmospheres is brighter, customers see and touch the products in the restaurant (Vaccaro et al., 2008). Therefore lighting has an influential impact on how customers react and finally reach at the purchase decisions. Naturally customers are attracted to the brightest areas of the restaurant, lighting techniques such as wall washing, indirect and cove lighting can be applied to lead the consumer through the restaurant in a deliberate traffic pattern and guide the purchase decision making process. Colour works hand in glove with lighting as an important attention getter as well as the provider of colour contrast which work closely with lighting. Lighting has an effect on speed of transaction, it helps in accuracy service at cashier's tables and it enhances the sale. To be effective lighting must be uniformly distributed and be bright enough to make customers feel secure in the restaurant. However, over-lighting must be avoided at all cost, and be shielded

luminaries must be used to prevent glare. Unwanted light as viewed from the surrounding area must be avoided as it can produce disabling glare for drivers as they approach the restaurant.

## MUSIC

Background music is influential to the interaction between buyers and sellers and it adds their need to belong (Dube, Chebat, & Morin, 1995). The music played affects consumer's behaviour, creates image, attracts attention or controls restaurant traffic. "Volume and tempo of music can control the crowd in restaurant. Grewal et al (2002), in agreement with Mattilia and Wirtz, (2001), say that music is an important element in enhancing in-restaurant feelings and emotions. Slow music results in slows traffic in-restaurant but research by Milliman (1982) shows that foot in is higher in such an environment. Spangenberg et al (2005) contend that music assumes different tempos such as fast and slow tempos, classical and instrumental tempos. This augmented with the times during which these are played, normally have a significant influence on consumer's moods and the time they will ultimately spent in the restaurant. (Kellaris & Altech, 1992; Kellaris & Kent, 1992), and customer's emotion (Mehrabian & Russel, 1974)

Little may be known on the effects of music to customers in the restaurant in Surat since any type of music is played in any restaurant. No selection of music is matched to suit the customer social class and the times it is played. Baker et al (1994) pointed out that in-restaurant music work well with other variables such as brand's position. Sharma and Stafford, (2000) carried out a research which indicated that musical types are more appropriate for certain restaurants and failure to matches the music and the restaurant can have negative results (Machleit and Eroglu, ; Yalch and Spangenberg, 2000). Music needs to be used strategically in an effort to ensure 'fit' between the restaurant's brand image and positioning (Dubé and Morin, 2001). Likewise, misfit may result in counterfactual thinking about the brand, resulting in consumers reassessing their view of the restaurant and searching out further information sources to form a new judgment about the restaurant's position (McColl-Kennedy and Sparks, 2003 ) When preferred music is played, customers stay longer, become more comfortable and relaxed, and are likely to order more items. The opposite is also true, when ambient noise is, fast, loud and causing discomfort, customers will spend less time in a restaurant.

## RESEARCH HYPOTHESES

A number of studies on ambient factors have shown that an effectively managed service environment induce favourable attitudes towards patronising food outlets and viceversa (Bitner, 1992; Gilboa and Rafaeli, 2003; Lovelock and Wirtz, 2011). Some previous studies have inter alia focused on the impact of servicescape: on employees and customers (Quartier, Christiaans, and Van Cleempoel, 2009); on cognition and emotions (Lin, 2004) and on consumer behaviour in a restaurantping mall (Michon, Chebat, and Turley, 2005). However, this study differs from the previous studies in that it takes a comparative approach. It is against this background that we trace research hypotheses for the four variables under study and examine how these variables comparatively impact on patronage of 3 most preferred restaurants of Surat city. According to a research on olfaction by Bone and Ellen (1999), there is no substantial evidence to suggest that scent affects consumer behaviour in a restaurant set up, yet various researchers and authors have repeatedly confirmed that scent influences consumer behaviour either positively or negatively (Levy and Weitz, 2009, Feldman, 2009 and Lewison and DeLozier, 1986). Therefore our first hypothesis states that:

**H1:** *Scent has positive effects on patronage across the restaurants in the city*

Although several scholars (Lovelock and Wirtz, 2011, Lewison and DeLozier, 1989, Levy and Weitz, 2009) have acknowledged that warm colours influence consumer purchase behaviour positively. However, investigations by Bellizzi et al, (1983) have indicated that despite the fact that warm colours have magic abilities to attract consumers into the restaurants, it was also found out that environments with red backgrounds were generally unwelcoming, tense and highly unattractive compared to restaurant environments adorned by the so called cool colours. Therefore our 3rd hypothesis states that:

**H2:** *Different colour backgrounds for Food brands have a differential influence on patronage.*

The suitability of lighting is contingent to different impressions that it creates in the minds of consumers. While Mehrabian (1976) asserts that brightly lit environments are more inviting than poorly lit ones, Layman, (1989) and Ragneskog, Brane, Karlsson and Kihlgren (1996) have content that soft lighting has an influence on consumption of food. It increases the eating duration and it also enhances comfort of patrons. It has been established that unfriendly and extremely bright lighting impacts negatively on the time spent by a customer eating (Sommer, 1969).

**H3:** Satisfaction with lighting has a positive effect on customer patronage.

Milliman (1986) assert that music affects traffic flow, sales volume or stock turnover, dining speed, money spent and the amount of time spent in a restaurant. Although background music is believed to appeal to a consumer subconsciously as he or she will be in the restaurant, Smith and Curnow (1996) and Blackwell and Miniad (1996) claim that highly pitched music volumes in the restaurant encourage the least amount of time spent by patrons.

**H4:** Background music positively impact on patronage

## METHODOLOGY

### POPULATION & SAMPLE

The target population consisted of all the customers who patronised the 3 most preferred restaurants in the city from Dec 9, Vintage and Garden of Eden as these were the custodians of the relevant research data and information needed to answer the research questions. The management and employees were also part of the population. They were included on the basis that they could give us a clear picture on how the variables of ambiance affect patronage in their organisations. The sample size for this study was 150 (females 90 and 60 males) and we employed convenience sampling method. The rationale behind such an approach was that it allowed the researchers the opportunity to use their discretion to select respondents deemed to be true representatives of the targeted population.

### RESEARCH INSTRUMENT

The researchers used a structured questionnaire which gave respondents the leeway to fill in their responses on comparative rating scale for listed attributes. The entire questionnaire had four main components (scent, music, colour and lighting), disintegrated into four constituent elements for each variable as follows: scent (lemon, lavender, peppermint, mixed & no scent); music (classical, gospel, sungura, reggae, rap, hip-hop & no music); colour (warm, cool, black and white, shades & others) and lighting (task, parking lot, decorative, highlighting, & others). The questionnaires were interviewer-administered at all the preferred restaurants during dinner hours and over weekends for a period of two weeks and respondents were screened on the basis of the frequency with which they patronize the place. An equal number (50) of questionnaires were administered at each of the chosen restaurants.

### PILOT-TESTING

The questionnaire was pre-tested on 15 respondents (ten percent of the sample size) before the actual data collection in a bid to identify the weaknesses of the instrument. The first pre-test detected some flaws and these were rectified. However, the researchers felt that it was also necessary to do a second round of the pre test, this was executed and it allowed the researchers to come up with an almost flawless questionnaire which was then finally employed to collect data. The pre-test results were not included in this paper.

### DATA ANALYSIS AND RESULTS

The data collected for this research were analyzed using SPSS. A multiple regression model was employed which sought to establish the comparative impact that ambient variables (scent, colour, lighting and music) have on patronage for the most preferred restaurants of the city. We further split the ambient variables into five constituent parts of each variable, as follows; Scent (lemon, lavender, mint, mixed and not scented); Colour (warm, cool, black and white, shades and others); Lighting ;(task, parking lot, decorative, highlighting and others) and music (classical, gospel, sungura, reggae and no music). The rationale behind taking this approach was to examine the contribution of each sub-variable before looking at the synergistically contribution. The results of the findings are presented in the tables below.

**Table-1: Comparative Results of Effect of Scent on Patronage**

		DEC 9			VINTAGE			GARDEN OF EDEN		
Variable	Mode 1	Standardised coefficients			Standardised coefficient			Standardised coefficients		
		Beta	T	Sig	Beta	T	sig	Beta	t	sig
	constant			.000		6.578	.000		6.206	.000
Scent	Lemon	-.064	-.612	.542	.078	.745	.458	.125	1.064	.289
	lavender	.020	.186	.852	-.088	-.813	.418	.109	1.046	.298
	Mint	-.096	-.915	.362	.104	.948	.345	-.005	-.046	.963
	Mixed	-.036	-.334	.739	.078	.787	.433	-.147	-1.514	.133



	Not scented	.091	.918	.361	.020	.192	.848	-.095	-.929	.355
Scent average		-.064		-.696	-.003	-.030	.976	.069	.678	.499

According to the results in the table above, lemon scent has a more meaningful contribution towards patronage as evidenced by lemon's contribution for Garden of Eden ( $t = 1.064$ ) which has a comparatively better effect than Dec 9 ( $t = -.612$ ) and Vintage ( $t = .745$ ). In a similar manner lavender scent has a more positive contribution for Garden of Eden ( $t = 1.046$ ) as compared to Chicken In which has a lesser contribution ( $t = .186$ ) and Vintage which has a least contribution ( $t = -.813$ ). The mint scent has also shown a low contribution towards patronage although its effect has been more defined for Vintage ( $t = .948$ ) than for Dec 9 ( $t = -.915$ ) and Garden of Eden ( $t = -.046$ ). Although mixed scents are used by all the three brands, the contribution towards patronage is generally weak for all of them. However, mixed scent has worked better for Vintage ( $t = .787$ ) as compared to the other two Dec 9 ( $t = -.334$ ) and Garden of Eden ( $t = -1.514$ ). Although no scent implies that customers would rely on the natural odours, it has shown that natural scents have had more impact on patronage for Dec 9 ( $t = .918$ ) as compared to Vintage ( $t = .020$ ) and Garden of Eden ( $t = -.929$ ). The scent average results depict a collective contribution of scent variables towards enhancing patronage for the three restaurant brands. The results confirm that scent has a positive contribution towards consumer patronage as shown by the mean t-test values of Dec 9 ( $-.696$ ), Vintage ( $-.030$ ) and Garden of Eden ( $0.678$ ) which all fall within the acceptable range. Therefore we confirm the first hypothesis which states that scent has positive effects on patronage across the three restaurant brands. The table below shows the results of the findings on the comparative impact of colour on patronage on Dec 9, Vintage and GARDEN OF EDEN.

**Table-2: Comparative Results on the Impact of Colour on Patronage**

		DEC 9			VINTAGE			GARDEN OF EDEN		
Variable	Mode 1	Standardised coefficients			Standardised coefficient			Standardised coefficients		
		Beta	T	Sig	Beta	T	sig	Beta	T	sig
	Constant			.000		6.578	.000		6.206	.000
Colour	Warm	-.095	-.847	.399	.019	.173	.863	.116	1.187	.238
	Cool	-.130	-1.197	.234	.077	.710	.479	-.144	-1.446	.151
	White & Black	.038	.365	.716	.023	.215	.830	.156	1.605	.111
	Shades	-.021	-.198	.844	.114	1.133	.260	.065	.655	.514
	Others	.017	.169	.866	-.004	-.036	.971	-.146	-1.486	.140
Colour average		-.215	-2.336	.021	.167	1.843	.068	-.005	-.057	.955

The results on the above table depict that colour has a significant and varying contribution to patronage. Findings reflect that warm colours have appealed to consumers better for Garden of Eden ( $t = 1.187$ ) than for Dec 9 ( $t = -.847$ ) and Vintage ( $t = .173$ ). Although consumers acknowledge that cool colours affect patronage, that effect differs from brand to brand as demonstrated by ( $t = .710$ ) for Vintage, ( $t = -1.446$ ) for GARDEN OF EDEN, and  $t = -1.197$  for Dec 9. Despite showing limited contribution towards patronage black and white colours have shown dominance in attracting customers for Garden of Eden ( $t = 1.605$ ) as compared to Dec 9 ( $t = .365$ ) and Vintage ( $t = .215$ ). Shades are generally not in popular use in food retail industry although results from respondents indicate that Vintage ( $t = 1.133$ ) uses appealing shades more than Dec 9 ( $t = -.198$ ) and Garden of Eden ( $t = .655$ ). Besides the use of the above colours the three food brands have also used other colours. The average findings on colour variable for Dec 9 fall outside the acceptable range ( $t = -2.336$ ) and therefore we reject the second hypothesis that colours have differential effects on patronage. Yet the other two fast food restaurants have their t-test results falling within the acceptable range, that is, Vintage has ( $t = 1.843$ ) and Garden of Eden has ( $t = -.057$ ). Therefore we accept the second hypothesis that colours have differential effects on patronage. This concurs with Lovelock and Wirtz (2011) and Levy and Weitz (2009) who indicated that colours play a crucial contribution towards consumers' purchase behaviour. The following table summarises how the results of how lighting influences patronage on the three food brands.

**Table-3: Comparative Results on the Impact of Lighting on Patronage**

		DEC 9			VINTAGE			GARDEN OF EDEN		
Variable	Mode 1	Standardised coefficients			Standardised coefficient			Standardised coefficients		
		Beta	T	Sig	Beta	T	sig	Beta	t	sig
	Constant			.000		6.578	.000		6.206	.000
Lighting	Task	-0.85	-.765	.446	-.281	-2.413	.017	-.070	-.745	.458
	Lot	.114	.986	.326	-.095	-.851	.397	.029	.260	.796

	Decor	-.030	-.269	.788	-.141	-1.425	.157	-.113	-1.211	.229
	High Lighting	.090	.809	.420	.108	1.033	.304	.056	.529	.598
	Others	.019	.170	.865	.183	1.878	.063	-.059	-.582	.562
Lighting average		.090	.951	.343	-.087	-.910	.365	.026	.276	.783

Generally, consumers have acknowledged that lighting affects their frequency of visits to the food brands. While task lighting is key in enhancing attraction in other food businesses, it was noted that for Fast Food brands its contribution towards patronage is insignificant as reflected by an outlier value of ( $t = -2.413$ ) for Vintage and a relatively weak appeal for both Dec 9 ( $t = -.765$ ) and Garden of Eden ( $t = .745$ ) consumers. Consumers have revealed that parking lot lighting is vital to the extent that they prefer to patronize Dec 9 ( $t = .986$ ) as compared to Garden of Eden ( $t = .260$ ) and Vintage ( $t = -.851$ ) especially during the night. Despite the importance of decorative lighting in enhancing beauty in the eyes of customers, its contribution has been comparatively less significant to the three food brands with Dec 9 ( $t = -.269$ ), Garden of Eden ( $t = -1.211$ ) and Vintage ( $t = -1.425$ ). It is evident that highlighting plays a significant role in influencing patronage as depicted on the table. Results show that Vintage ( $t = 1.033$ ) outwits the other competitors, Dec 9 ( $t = .808$ ) and Garden of Eden ( $t = .529$ ) respectively. Vintage has successfully managed to infuse other forms of lighting with the former (task, lot, décor, and highlighting) as reflected by t-test result of (1.878) in attracting restaurant traffic. The computed average for lighting reveals that the t- tests results for the three fast food restaurants fall within the acceptable region with Dec 9 having ( $t = .951$ ), Vintage ( $t = -.910$ ) and Garden of Eden ( $t = .276$ ). Therefore we accept the third hypothesis that lighting has a positive effect on attracting customers to the restaurants. The last table depicts the comparative results of the effects of music genres on patronage of the three restaurants brands.

**Table-4: Comparative Results on the Impact of Music on Patronage**

		DEC 9			VINTAGE			GARDEN OF EDEN		
Variable	Mode 1	Standardised coefficients			Standardised coefficient			Standardised coefficients		
		Beta	T	Sig	Beta	T	sig	Beta	T	sig
	Constant			.000		6.578	.000		6.206	.000
Music	Classical	-.031	-.264	.792	.340	2.723	.008	.120	1.092	.277
	Gospel	-.101	-.821	.414	-.225	-1.825	.071	.040	.378	.706
	Sungura	-.034	-.277	.783	-.091	.859	.392	.152	1.455	.148
	Reggae	.155	1.276	.205	-.071	-.636	.526	.136	1.386	.168
	No Music	.072	.668	.506	.144	1.213	.228	-.015	-.141	.889
Music average		.117	1.287	.201	.086	.949	.344		1.931	.056

Music influences consumers in diverse ways. The findings show that classical music plays a significant contribution to Garden of Eden ( $t = 1.092$ ) and Dec 9 ( $t = -.264$ ). Consumers have indicated that classical music does not in any way influence their frequency of patronage to Vintage as shown by the t-test result of 2.723 which falls out of the acceptable range of  $\pm 2$ . While gospel music is played in the three restaurants brands it has limited influence in attracting customers into the restaurant. This is evidenced by the t-test results which reveal that the aforementioned type of music has the highest contribution to patronage on Garden of Eden ( $t = .378$ ), followed by Dec 9 ( $t = -.821$ ) and anchored by Vintage ( $t = -1.825$ ). Results have revealed that Garden of Eden dominates the other two restaurants brands in playing sungura music as weaponry for attracting traffic. This is reflected by the following t-test results viz, Garden of Eden ( $t = 1.455$ ), Vintage ( $t = .859$ ) and Dec 9 ( $t = -.277$ ). Reggae is an overall played popular type of music that has managed to appeal across ages, cultures and nations. For this reason it receives wide attention to most consumers as witnessed by its contribution to patronage on the three restaurants brands. Comparatively it has worked best for Garden of Eden ( $t = 1.386$ ), better for Dec 9 ( $t = 1.276$ ) and good for Vintage ( $t = -.636$ ). The average computations for music for the three Fast Food restaurants, that is, Dec 9 ( $t = 1.287$ ), Vintage ( $t = .949$ ) and Garden of Eden ( $t = 1.931$ ) fall in the acceptable region and therefore is imminent to accept the fourth hypothesis that background music positively influences consumer's patronage.

## MANAGERIAL IMPLICATIONS

Managers should be cognisant of the fact that while each ambient factor may contribute significantly to patronage, the concept of synergy (that the whole is greater than the sum of its parts) should be applied, where well blended ambient variables have a more consolidated effect on consumer patronage. It should be acknowledged that coming up with an optimum blend calls for hands on experience of each individual manager as dictated by the food context where it operates. Despite these, the influence of other factors which are

uncontrollable such as accessibility, reputation of the restaurant and others may contribute towards enhancing patronage. Managers therefore should look at patronage from a more holistic perspective. People may also be attracted into the restaurant by other factors such as cleanliness, price and so on.

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**STUDY OF DIGITAL COMPETENCE FOR NEXT GENERATION BUSINESSES IN MUMBAI**

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**ABSTRACT**

*Advances in Digital technologies are rapid. Digital technologies such as Mobile, Social Media, Cloud Solutions and Analytics have already become the mainstay for businesses. We are already observing a transition into the next version of digital technologies such as Robotics, Virtual Reality and Artificial Intelligence. Businesses too are quick in adoption of these technologies to create a competitive advantage in this opportunistic market. Enterprises now use these technologies in their day to day operations. There is an ever increasing shortage of employees who have the talent to effectively and efficiently use these digital technologies to perform their tasks. It is imperative that HR creates a competency framework to manage digital competence of employees. Digital competence would be assessed on the two parameters – Technology Competence and Usage Competence. This research paper aims at critically examining the existing Digital competence – Technology and Usage Competence across various industries, positions and functions in organizations.*

*Keywords: Digital, Competency, Talent*

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**INTRODUCTION**

We are at a forefront of a revolution led by digital technologies that is causing business disruptions that are continuous, epidemic or opportunistic. Over the last decade we have seen technologies that have got us highly networked, have given us capacity to store massive volumes of data and have provided us with an unimaginable capability to process data that has transformed us from the Information era to the Engagement era. With the adoption of internet, mobile, social media and cloud solutions in mainstream business, we are now moving from the Engagement era to the Experience era where Intelligence is of focus.

We now have technologies that can Understand, Interact, Learn and Reason while providing the efficiencies of Automation and economies of scale. With such digital technologies taking the center stage of this revolution, businesses are being challenged to effectively and efficiently use technologies to create the competitive advantage in the market today. The challenge here is two-fold. First - to leverage technology, one must first have knowledge of the technology – what is it? What are its functionalities and features? What are its limitations? Next, it is important to know in what context you can use the technology.

Hence there is a need for a two-dimensional framework that assesses Digital Competence on the basis of Technology Competence and Usage Competence. As per Digital Competence Framework Sep 2016 published by Government of Wales, “Digital competence is the set of skills, knowledge and attitudes to enable the confident, creative and critical use of technologies and systems. It is the skill set that enables a person to be a confident digital citizen, to interact and collaborate digitally, to produce work digitally and to be confident in handling data and computational thinking (problem solving).” Technology Competence deals with the knowledge of different digital technologies while Usage Competence deals with the conscious use of the technologies to achieve business objectives. The research identifies the key technologies that businesses are investing in and the technologies that will drive businesses in 2020. It also highlights the current state of Digital Competence – both technologies as well as usage competence amongst the respondents.

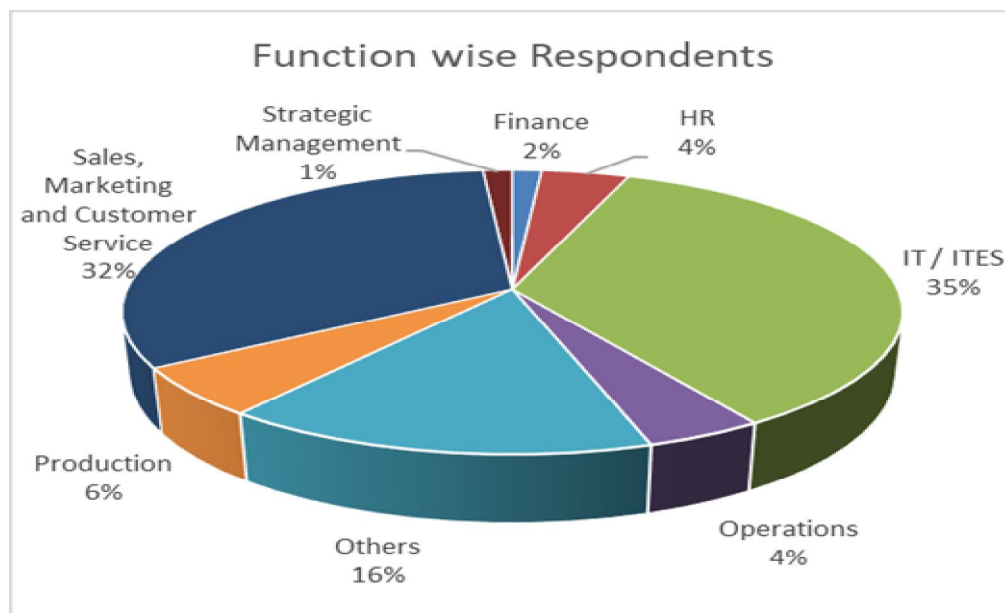
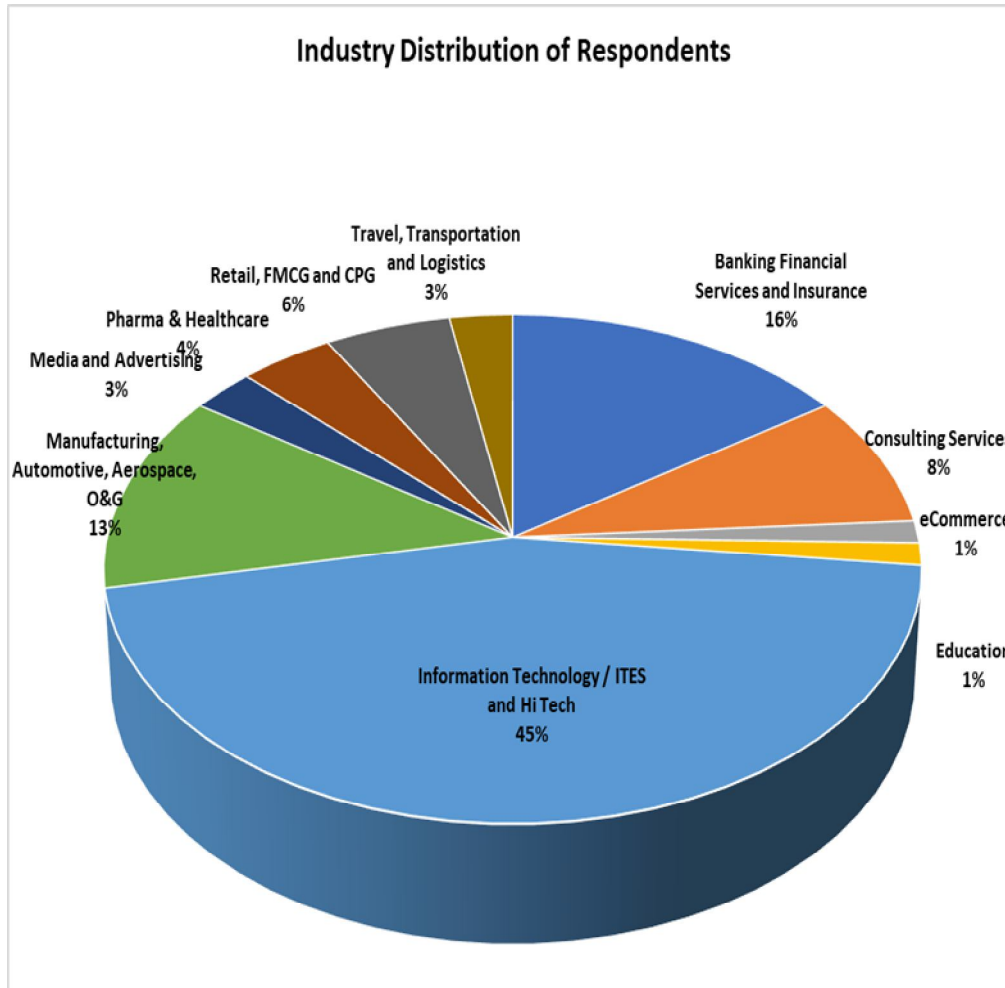
**METHODOLOGY**

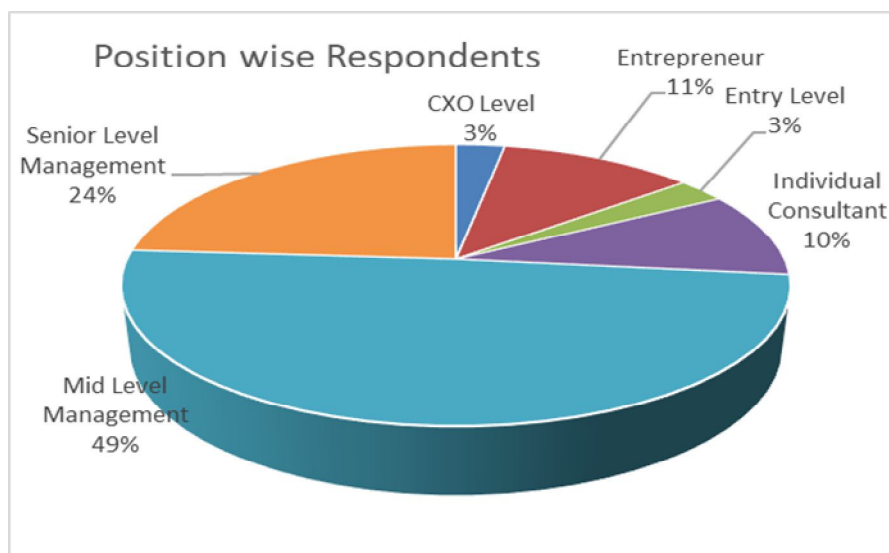
The research was targeted at respondent group of working professionals based out of Mumbai, India. A questionnaire was prepared to collect data for research. The questionnaire consists of respondent profiling questions (industry, position, function), questions on the utilization of digital technologies (Social Media, Mobile, Cloud Solutions, Artificial Intelligence, Analytics, Big data, Robotic Process Automation, Blockchain, Cryptocurrency, Virtual Reality, and Search Engines) currently and in the future, and the digital competence level of respondents on Technology and Usage Competence. The research leverages the Competence areas defined as – Information, Communication, Content-creation, Safety and Problem-solving in “DIGCOMP: A Framework for Developing and Understanding Digital Competence in Europe”, 2013 as Usage Competence.

This questionnaire was developed in Google Forms and circulated through social collaboration applications such as email and Whatsapp to respondents. The link to the questionnaire is as below: [https://docs.google.com/forms/d/e/1FAIpQLSeSZoPQulum3hLJG97miXnh\\_jMLS\\_4Xdhd2Z\\_Aut5L5ZJjCwQ/viewform?usp=sf\\_link](https://docs.google.com/forms/d/e/1FAIpQLSeSZoPQulum3hLJG97miXnh_jMLS_4Xdhd2Z_Aut5L5ZJjCwQ/viewform?usp=sf_link)

There were 70 respondents to the questionnaire whose profiles are as follows

- About 45% of the respondents were from the Information Technology / ITES and Hi-Tech Industry.
- Other respondents were from Banking Financial Services and Insurance, Consulting Services, eCommerce, Education, Manufacturing Automotive Aerospace O&G, Media and Advertising, Pharma & Healthcare, Retail FMCG and CPG and Travel Transportation and Logistics
- About 70% of the respondents belong to Sales, Customer Services, IT and ITES function in the organization.
- 49% of the respondents were holding a Middle Management position in the organization.





## FINDINGS

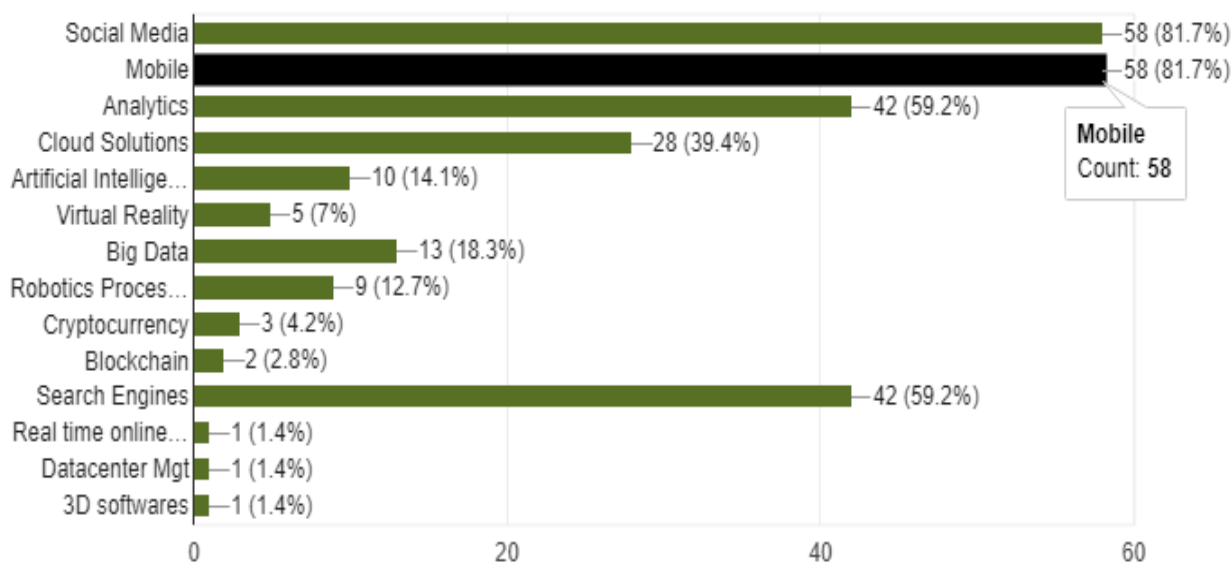
Digital technologies have become part of daily lives and included in most of our activities and behaviors. It is giving rise to newer and innovative business models that are revolutionizing the way we work, how we communicate data, how we process information, how we consume that information and how we analyze information to solve problems, to improve productivity, to make decisions, to get that competitive edge. This will require how efficiently and effectively businesses utilize these technologies to their benefit. It will be increasingly important for businesses to know how their employees, customers and stakeholders leverage, engage, and enable themselves with digital technologies to achieve business results. As digital becomes essential in businesses acquiring, developing, measuring and analyzing digital competence will also become essential. Digital competence will enable businesses to differentiate themselves in the future to create that competitive edge.

From a scope perspective of this paper, the following digital technologies have been taken into consideration

- Search Engines – search engines such as Google, Bing have transformed the way we access information and begun the era of digital.
- Mobile – devices on Android and iOS providing easy anytime anywhere access to information.
- Social Media – social media sites and collaboration tools such as facebook, LinkedIn, Whatsapp, Slack, Snapchat, Instagram, Twitter.
- Cloud Solutions – service providers offering technology – applications, infrastructure and related services on subscription basis, minimizing the need for any capital investments.
- Analytics – transforming the ways to explore, visualize, discover and communicate patterns or trends in data converging the use of statistical techniques and technology.
- Big data – Processing high-volume, high-velocity and high-variety information assets for enhanced insight and decision making.
- Robotic Process Automation – Highly automated activities for processing transactions, manipulating data, triggering responses and communicating with other digital systems.
- Blockchain– a digital ledger in which transactions made in bitcoin or another cryptocurrency are recorded chronologically and publicly
- Cryptocurrency – a digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, operating independently of a central bank.
- Virtual Reality – the computer-generated simulation of a three-dimensional image or environment that can be interacted with in a seemingly real or physical way by a person using special electronic equipment, such as a helmet with a screen inside or gloves fitted with sensors
- Artificial Intelligence (AI) – Technology that can Understand, Learn, Reason and Interact. Today, AI exists in form of digital assistants and chatbots

## Which Digital Technology have you used personally or in your business till date?

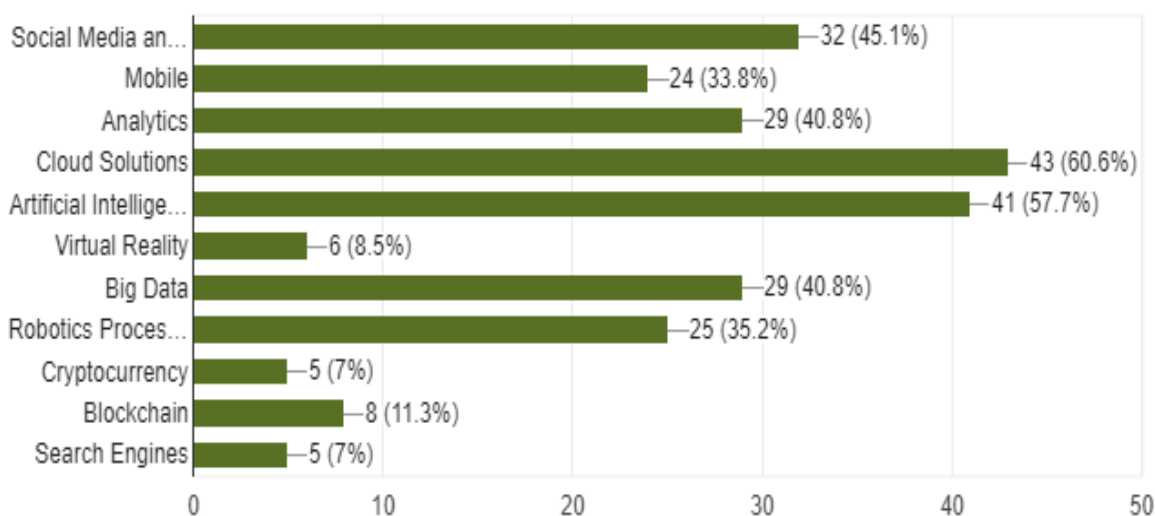
71 responses



Majority of the respondents have used Social Media, Mobile, Search Engines and Analytics personally or in their business. The skewness in the responses also indicates that the mentioned technologies have been widely accepted and are being used considerably.

## What do you think are the Top 3 Digital technologies that businesses are investing in NOW

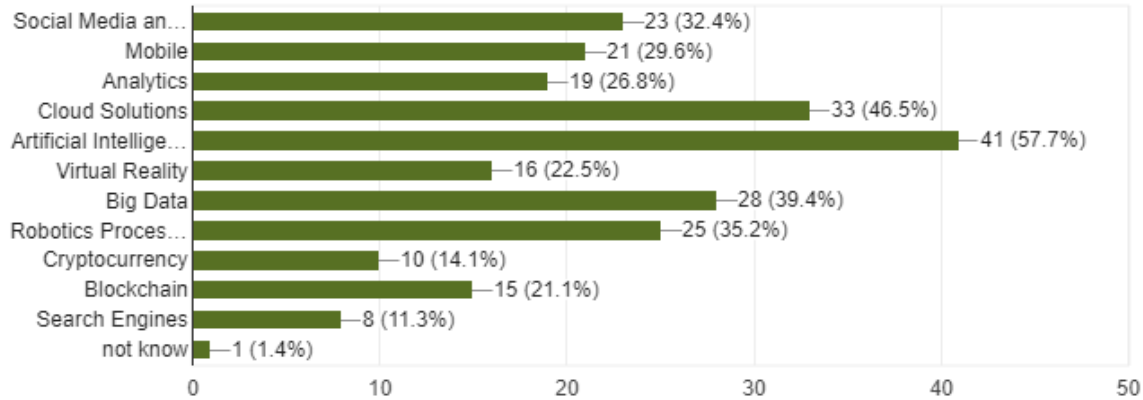
71 responses



While Businesses continue to invest in Cloud solutions, Social Media, Mobile, Search Engines and Analytics, there is also a significant investment happening in the next wave of digital technologies namely artificial intelligence, big data and robotic process automation.

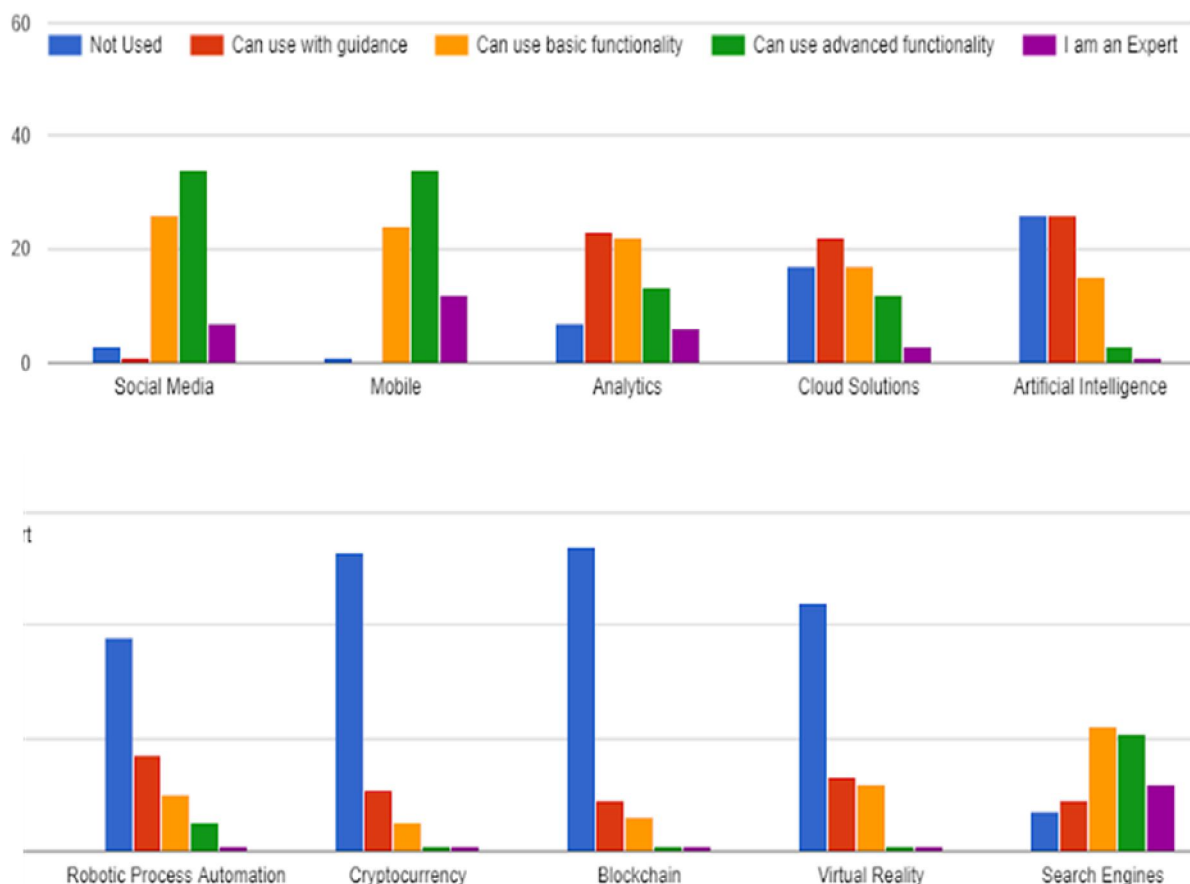
## What do you think are the Top 3 Digital technologies that will be impacting business performance by 2020

71 responses



Within the next 3 years, artificial intelligence, big data and robotic process automation will be driving the competitive edge for businesses. Hence it is imperative that with the rapid emergence and acceptance of new technologies it is necessary to understand how well are the users equipped to use this technology for enabling businesses achieve their objectives.

## How would you rate yourself in usage of digital technologies?





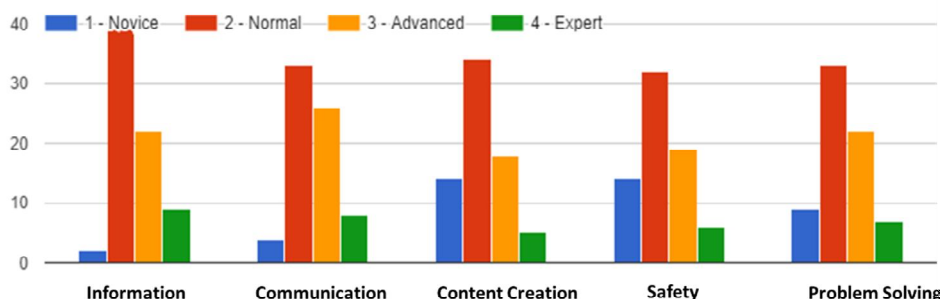
The responses clearly show that while users are comfortable in using the first generation of digital technologies, their competence levels to use the next generation of digital technologies is low. There is a significant gap in the know how of the next generation digital technologies.

In order to further understand the Digital Competence level, the research further analyses the Competence in terms of the areas defined as – Information, Communication, Content-creation, Safety and Problem-solving in “DIGCOMP: A Framework for Developing and Understanding Digital Competence in Europe”, 2013 as Usage Competence.

#### The areas of digital competence are the following

1. Information: identify, locate, retrieve, store, organize and analyze digital information, judging its relevance and purpose.
2. Communication: communicate in digital environments, share resources through online tools, link with others and collaborate through digital tools, interact with and participate in communities and networks, cross-cultural awareness.
3. Content-creation: Create and edit new content (from word processing to images and video); integrate and re-elaborate previous knowledge and content; produce creative expressions, media outputs and programming; deal with and apply intellectual property rights and licences.
4. Safety: personal protection, data protection, digital identity protection, security measures, safe and sustainable use.
5. Problem-solving: identify digital needs and resources, make informed decisions as to which are the most appropriate digital tools according to the purpose or need, solve conceptual problems through digital means, creatively use technologies, solve technical problems, update one's own and others' competences.

Rate yourself on the following competency Areas



Based on the responses received it is evident that most of the respondents have a basic competence levels to use digital technologies.

#### CONCLUSION

Investments in business connectedness, collaboration and consolidation using digital technologies are imperative for organizations of the future. Digital Competence – Technology competence as well as Usage competence are going to play a pivotal role in the creating the much-needed differentiators for next generation businesses. While users of digital technologies are accustomed to the first generation of digital technologies, the rapid advances in technologies are creating a gap between availability of technology and its deployment for businesses. This gap will reduce only if businesses are able to quickly upskill, reskill and acquire digital competence. Bringing in aspects of continuous learning, gamification, collaborative learning, virtual assisted learning, Nano podcasts, and other newer blended approaches to deliver learning will be core to effective digital competency development.

#### DIRECTION FOR FUTURE RESEARCH

With Digital Competence gaining significance with the advances in technologies, there is further scope of research in terms of validating the findings based on geographies, economies and newer technologies. Further, from a competence perspective further proficiency levels, attributes and assessment parameters can be developed for each Digital Competence.

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- Digital Competence in the Knowledge Society
- [http://jolt.merlot.org/vol11no1/Gallardo-Echenique\\_0315.pdf](http://jolt.merlot.org/vol11no1/Gallardo-Echenique_0315.pdf)

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**MANAGEMENT IN DIGITAL ERA – A LITERATURE REVIEW**

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**ABSTRACT**

*Management is the process of organizing and coordinating of the activities of a business in order to achieve defined objectives. The functions involved in Management are creating corporate policy and organizing, planning and controlling, and directing an organisation's resources in order to achieve the objectives of that policy. (businessdictionary.com)*

*Digital Era, also called as Digital Age or the Information Age is defined as the time period starting in the 1970s with the introduction of the personal computer with subsequent technology introduced providing the ability to transfer information freely and quickly. The time period in which we live now (where internet and email are available) is an example of the Digital Age or the Digital Era. (yourdictionary.com)*

*The Digital Age is characterised by the shift from traditional industry that the Industrial Revolution brought through Industrialisation, to an economy based on Information Technology. (wikipedia.org)*

*In this article, the Researcher has endeavoured to review information about previous related research papers and articles; which highlight about the area of study chosen.*

*Keywords: Digital Marketing, Digital Era, Mangement, Management in Digital Era, Management in Technology driven environment*

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**INTRODUCTION**

Management requires, (apart from other things,) organizing, planning and controlling, and directing an organisation's resources. Management, in order to be effective, requires transfer of information and knowledge amongst all the stakeholders, both within and outside the organization. Management in Digital Era, is therefore characterised by transfer of information and knowledge through Digital Means, thus achieving a quick and free transfer of information, amongst the stakeholders, so that the Management can carry out its activities effectively.

The Digital Era is characterized by intense socio-economic transformation on a scale similar to that of the Industrial Revolution (Drucker, 2002). This means that the society is transforming itself to cope up with the unprecedented wave easy access and flow of information. FIRMS should therefore have to change the way their Managements function to cope up with this intense flow of information and knowledge. It is not only about how you manage your Management functions which involves the external stakeholders (such as Customers and Suppliers), but it is also about the Management functions which take care of internal stakeholders (such as employees and partners). There is a Paradigm Shift in how Managements function in this era of easy and quick flow of information, and knowledge (and thus the technology). Digital disruptions are the norms of the day and they are happening at a much faster speed than one would expect (Example: it took five years for Apple to transform the music industry while Uber and Airbnb profoundly reshaped the transportation and hospitality sectors in less than two years – (Deloitte).

**OBJECTIVE**

To conduct a critical assessment of literature in relation to the research problem being explored.

**METHODOLOGY**

The reviews of literature were classified into different groups of respondents and various elements of Management related to Digital Age. Literatures relevant to Talent Management, People Management, Information Management, Risk Management, Marketing Management and Finance Management are discussed in this study.

**LITERATURE REVIEW**

“Predictions about the future of business sound very much like what we might expect to see in a science fiction movie from Hollywood” (Petty, 2016). The author further goes on to state that Digitalisation will lead to work being monitored and controlled by intelligent machines; strategies being selected by machines based on intelligence algorithm; Factories being run by remote control; Deliveries being done by driverless cars and drones; and problems being resolved before they happen based on complicated predictive analytics engines. The article suggests that the four key areas the Managers must strengthen to remain relevant are: **Technical agility, Data agility, Project agility and Networking agility.** (Petty, 2016)

We try to bring here the new landscape the different Management functions such as Talent Management, People Management, Information Management, Risk Management, Marketing Management and Finance Management are expected to take. All the organisations are realigning their Business Strategy to cope up with the Socio Economic Transformation that is taking place due to Digitalisation in all spheres of life. Therefore, as a corollary, it has become imperative for the organisations to realign their functional Strategies such as Marketing Strategy, HR Strategy, Operations Strategy, Finance Strategy etc. in line with the modified Business Strategy.

### **TALENT MANAGEMENT IN DIGITAL ERA**

In this Digital Era, HR executives have to incorporate Digital ways of Talent Management. (Insights); Some of the initiatives could be

- Creating a multi-channel sourcing strategy that taps a variety of channels (from LinkedIn to employee referral portal);
- Empowering new hires with their self-service capabilities (corporate intranet sites and social collaboration portals);
- Create social networks that facilitate real-time communication among new hires, peers and mentoring groups;
- And Support a flexible workforce with a cloud platform capable of providing 24/7 access to HR information, integrating

### **PEOPLE MANAGEMENT IN DIGITAL ERA**

While companies focus on Technology Adoption in all digital things, that alone, may not be sufficient. There must be fundamental fundamental changes in leadership and talent attributes which are far more critical to successfully embark in the digital journey” - (Deloitte). The real challenge and real complexity lies in planning the capabilities of a workforce in the digital economy; Also critical are the the ability to integrate the right people into a dynamic organizational context and help existing employees and leaders gain new digital competencies to be able to drive transformation (Deloitte)

The main role of HR in digital environment would be to create an environment to lead the change and translate strategic objectives into competencies that are relevant in today’s context.

### **INFORMATION MANAGEMENT IN DIGITAL ERA**

The digital transformation of enterprises across the globe means new opportunities as well as challenges for these enterprises in the way they use their IT capabilities to leverage this transformation to their benefit. Digital is all about re-imagining certain aspects if not entire business processes, services and interactions with customers, partners and vendors by leveraging consumer oriented digital technologies to deliver a superior experience. Therefore, it is imperative that we create next generation architectural capabilities that are required for enterprises to succeed and not get trapped in technology led conversations. In the long run, technology will keep evolving but architectural capabilities will stay as the foundation on which data is managed. (Wipro, 2018)

### **RISK MANAGEMENT IN DIGITAL ERA**

Computing power has doubled annually since the 1970s, and costs have fallen at about the same rate. With every human activity now digitally recorded (even sleep, in Apple’s new health app), more data have been generated over the past two years than in all of previous recorded history. (Mckinsey, 2017). As per Risk Managers, considerable value is already at stake for banks in achieving this digital state in the near term (two to three years). This means FIRMS have to develop responsible Digital Capabilities in terms of data collection, analysis and data usage. Some of the measures suggested by Mckinsey are, setting an agile pace, helping people make the change, building a Test and Learn Culture, Promoting a greater external orientation and promoting a less hierarchial organization for effective Risk Management. Needless to mention, that Corporate Governance also has attained much more important role in the Digital Era.

### **MARKETING MANAGEMENT IN DIGITAL ERA**

In his article titled, “Four keys to Marketing in Digital Era”, Professor. Dominique Turpin, says, that Consumers have a completely different journey than they used to, and the traditional marketing funnel has become obsolete. The new model is called Consumer Decision Journey (coined by Mc kinsey & Co.) A consumer can spot a friend with a new product on facebook or on other social media platforms and decide to buy it based on customer reviews. (Turpin, 2016). It is also important to note that Peer Reviews are taking up an important role

in Decision Making in addition to the Consumer Reviews. Turpin goes on to suggest that the four keys to marketing in Digital Era are, (i) Privatize Customer Centricity (Give more to the customers rather than cheapening the offer.; (ii) Meet customers wherever they go; (iii) Let somebody else do the talking (eg. Word of mouth and (iv) Master the experience stage.

### **FINANCIAL MANAGEMENT IN DIGITAL ERA**

While we have already discussed the perspectives of Risk Management in an earlier section in this paper, this paper would be incomplete, if we do not highlight the changing role of CFOs in this digital era. The new wave of digital technologies is fundamentally changing the way the Finance Function operates in any organization (Durkerley). CFOs are looking to hire talents from other industries to complement their approach to Digitalisation. "We are focusing on getting the right people in the right place with the right skills to transform the organization" (Doug Alexander). Durkerley highlights the broadening role of CFOs as Strategic Advisors to the business.

### **CONCLUSION**

Digitalisation offers enormous opportunities for today's FIRMS and tap them for their benefit. But at the same, it is a Challenge to leverage this opportunity keeping the risks of easy availability of information and Data. The Researcher is of the view that in a SWOT analysis of an organization, while Digitalisation appears as an OPPORTUNITY, it has to be implemented with enough caution from Risk Management point of view.

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**MARKETING PRACTICES FOR MSME's IN THE DIGITAL ERA**

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**ABSTRACT**

*In today's digital era, having an online presence for a business is a critical requirement. This digital technology is transforming not only our society but also our economy. Interactions between humans and machines are changing the way we live and work. In the midst of this digital revolution, small agile firms hold the key to rethinking structures and processes to challenge business norms. In these days the marketing activities of any organization are heavily carried out on digital platform. Many consumers are online every day for their personal work, but do they notice the ads, banners displayed on that webpage, and most important their recall value. This paper aims at studying the impact of online advertising on consumer buying behavior in the Mumbai city. The results of this research work can prove to be guiding light for designing appropriate advertising strategies to the corporate world.*

*Keywords: MSME, SSI, Online, advertising, Mumbai, impact, habits, digital*

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**INTRODUCTION**

Although the Indian Micro, Small and Medium Enterprises (MSMEs) form the backbone of the national economy, the sector is facing many challenges. The need for a mentor in the initial period, finance/credit at reasonable rates particularly in critical times, limited access to the state-of-the-art technology, dynamic avenues in marketing, quality control, unequal competition, relationship with large manufacturers, too much of bureaucratic inspections and control and inadequate infrastructure support are problems which plague this sector. First generation entrepreneurs who set up many SMEs have a product or service idea, a knack for hard work but limited knowledge about market, government or bank procedures, cash flows or how to manage labor. This is where technical assistance and handholding support is crucial, and is not always available. World wide as new SMEs are emerging, there is also a very rapid rate at which SMEs close down.

In this era of global competition one of the essential problems of Companies is the knowledge of how the consumer will respond to various things that will be used for achieving their ultimate goal. The study of consumer behavior became a concern for marketers, as they may learn how consumers choose their goods and services required to meet multiple needs, which are the factors that are influencing their choice. For this purpose companies are now getting attracted towards online advertising because online advertising has grown rapidly in the last decade. The numbers of peoples becomes very high day by day in connecting and spending more time online. The growing dependency on internet as the ultimate source of information and communication, make it a leading advertisement platform.

Digital technologies & use of internet is not unknown to anyone. However, many MSMEs are yet to know that effective utilization of these technologies can unbelievably ease and economize the business processes. Whether it is raw material sourcing or securing a financial assistance, technology can help the MSMEs almost instantly. Internet has grown tremendously in both its applications and number of users due to its unique characteristics of flexibility, interactivity, and personalization. It has been a very useful tool for communication, entertainment, education, and electronic trade. The revolutionary change brought forth by information technology has an important impact on the daily lives. It has transformed the way we do business by allowing retailers to offer unlimited range of products and services to all consumers from around the world at any point in time. The Internet has emerged as an advertising medium. Many companies have turned to the Internet to advertise their products and services; and the Internet is deemed to be the most significant direct marketing channel for the global marketplace. Companies are pouring billions of dollars into Internet advertising to obtain greater return on investment on ads. The Internet has given consumers more control in accessing information on products and services. There are several factors that contribute to consumers pull for online content— consumers are the one who decide when, where, what, and how much commercial content they wish to view. The Internet enables consumers to access an unlimited range of products and services from companies around the world, and it has reduced the time and effort they spend on shopping.

Consumers play a much more active role in searching for information online with some goal in mind, and that goal can influence individual behaviours and responses to online information and advertisements (Smith, 2002). With the rapid advancement in the computer industry, many companies have made the Internet as part of their

advertising media mix to take advantage of the online technologies. The Internet has become a popular advertising platform because marketers found that the Internet possess greater flexibility and control over the advertising materials. Since the Internet can be used as an efficient marketing communication tool, both scholars and practitioners are interested in understanding how to take full advantage and maximizing the value of this communication medium.

### **LITERATURE REVIEW**

**Louisa Ha(2014)<sup>5</sup>** in her article proposed the definition of online advertising as deliberate messages placed on third-party web sites including search engines and directories available through Internet access. Deliberate messages mean that the advertiser intends to place the message on the online medium. They are not unsolicited listing on third-party sites. Whether the messages are paid or not depends on the agreement between the advertiser and the medium. This definition excludes marketers' own web sites for promotional or non-promotional purposes, e-mails and other forms of marketing communications, and shopping sites such as Amazon.com.

**Leckenby and L(2000)<sup>4</sup>** said "online advertising" is different from "interactive advertising," which is "the paid and unpaid presentation and promotion of products, services and ideas by an identified sponsor through mediated means involving mutual action between consumers and producers." Interactivity is not a requirement of online advertising.

**Rodgers & Chen (2002)<sup>9</sup>** said advertising industry attitudes toward online advertising are not very positive and they are skeptical of the effectiveness of the new medium. He explained the reason for the poor attitudes toward the internet after its adoption by agencies is that the agencies lack experience and expertise with internet advertising. When compared to advertising agencies, public relations, new-media, and marketing agencies held more positive post-adoption attitudes toward the internet. Traditional advertising agencies lag behind other agency types when it comes to internet advertising expertise, profitability, staffing, ability to attract interactive clients, and overall understanding of the Internet's value. Similar results are found in Singapore.

**Tan and Piron's (2003)<sup>11</sup>** study of Singaporean advertising agencies and advertisers, Internet advertising is found to be the least effective but is unique in itself compared to other traditional advertising media.

**Pashupati and Lee's (2003)<sup>8</sup>** in their study compared Korean and India online banners ads in newspaper sites which revealed the importance of Internet penetration in the use of advertising online by advertisers. Korean is a much more developed Internet market and online newspapers have more diverse advertisers than India. India online newspapers target primarily at Indian expatriates who are more likely to use online newspapers than domestic users.

**Scott McCoy , Andrea Everard , Dennis Galletta , Peter Polak (2004)<sup>10</sup>** said that ads do have significant effects on retention of the on-line experience. The mere existence of ads decreases retention of both site and ad content. Pop-up ads reduce a person's retention of both site and ad content more severely than in-line ads. Also, advertising content that is non-congruent with the site's content seems to lead to greater effort in reconciling the differing content, and ultimately greater memory of both the website and the ad.

**MacKenzie, Scott B & Lutz, Richard J (1989)<sup>7</sup> & Abernethy, Avery M (1991)<sup>1</sup>** there Studies have examined online advertising consumer attitudes, behavior, and perceptions, finding that consumers develop such negative attitudes towards the ads that they avoid them when possible. These negative attitudes affect brand perceptions, and lead to ad avoidance .

**Malte Brettel, Andrea Spilker-Attig, (2010)<sup>6</sup>** said that on-demand channels have a stronger effect on short-term success than push-channels and that this effect is strongly moderated by the culture. It is recommended that spending and efforts in the various advertising channels be adjusted to reflect the product offered and the customers to whom it is offered, as customers in both countries should be targeted by advertising in different ways. The channel effectiveness of affiliate price comparison sites and search engines has significantly different impacts on customer behavior in the USA and France.

**G. Anusha(2016)<sup>3</sup>** found that Most of the respondents prefer advertised products more than non-advertised products. Out of the types of advertisements, online advertisements are preferred most next to television advertisements. Out of all the different types of online advertisements, video advertisements are preferred by majority of the respondents. It is found out that not many respondents spend time on online purchasing

**D. S. Chaubey, L. S. Sharma, Mayank Pant(2013)<sup>2</sup>** said there are a variety of factors to be considered for Internet advertising that one can use to drive a potential customer to the website. The factors like consumers,

products, technology and media are to be given utmost importance. The motivating factors which affect decision making for purchase can be analysed through the collected data. The study looked into the most effective factors which played an important role customer decision. The important factors found were the usefulness of the product as majority of the respondent recall the advertisement because of its necessity and usefulness. Prices of the product displayed online also influence a lot of customer to recall the advertisement. Analysis indicates that there was a close association between Animated advertisement and Banner plain text followed by Floating Advertisement Pop up Advertisement and Embedded video. It is also significant to note that online advertisement is considered important to majority of the respondents and majority of the respondents are of the opinion that they recall the product by seeing the advertising of the product online.

### RESEARCH OBJECTIVES & HYPOTHESIS

This research paper aims at designing appropriate marketing strategies for the MSME's in India. The following objectives are framed for this research paper.

- 1) To study the challenges of MSME's in India
- 2) To analyze the effectiveness of online advertisement w.r.t. demographic variables of the consumers.
- 3) To suggest appropriate marketing strategies for enhancement of the MSME's in this digital era.

Following hypothesis are framed for testing the impact of online advertising on various demographic variables in this study.

**H<sub>01</sub>:** Average time spent on internet by the persons of different age groups are same.

**H<sub>1</sub>:** otherwise

**H<sub>02</sub>:** Significant difference does not exist between the gender and number of persons buying products under the influence of online advertisement

**H<sub>2</sub>:** otherwise

**H<sub>03</sub>:** Significant association does not exists between respondents age group and purchase intention of the product due to watching of online advertisement.

**H<sub>3</sub>:** otherwise

**H<sub>04</sub>:** Significant association does not exists between respondents education and purchase intention of the product due to watching of online advertisement.

**H<sub>4</sub>:** otherwise

### RESEARCH METHODOLOGY AND RESULTS

A cross sectional data of different age groups of the people in Mumbai city were considered for this study. The responses of 80 persons from Mumbai city was collected through a structured questionnaire. Random sampling method was used & the data was collected by personal survey. Following hypothesis were designed for this study.

	Child	Teenager	Youth	Adult
Age group	1 to 12 years	13 to 19 years	20 to 30 years	31 years onwards
Sample Size	20	20	20	20

These four groups were tested for average time spent on internet by the people.

**H<sub>01</sub>:** Average time spent on internet by the persons of different age group are same.

**H<sub>1</sub>:** otherwise

ANOVA table:

Source	df	SS	MS	F	P-value
treatments	3	659.700	219.900	52.2099	0.0002
error	76	320.100	4.212		
total	79	979.800			



Since the P value is less than the level of significance i.e. 0.05, the null hypothesis is rejected. Therefore, it can be concluded that the mean time spent on internet by various age group of people are different.

**H<sub>0</sub>2:** Significant difference does not exist between the gender and number of persons buying products under the influence of online advertisement

**H2:** otherwise

Z- test is used to ascertain whether differences exists between the buying behavior of persons of different gender and influence of online advertisements .

	Sample population	No. of persons bought products under the influence of online advertisement in previous week
Male	58	39 (67.2%)
Female	22	17 (77.3%)

Z-Score = -0.8742.

p-value = 0.3843.

The result is not significant at  $p < 0.05$ .

Since p value is less than level of significance (0.05) we accept the null hypothesis and conclude that the online advertisements influence on buying behavior of male and female is same.

**H<sub>0</sub>3:** Significant association does not exists between respondents age group and purchase intention of the product due to watching of online advertisement.

**H3:** otherwise

Chi square test is used to ascertain whether significant association exists between respondents age group and purchase intention of the product due to watching of online advertisement.

	Child	Teenage	youth	Adult	Row Totals
None	2 (5.50) [2.23]	4 (5.50) [0.41]	6 (5.50) [0.05]	10 (5.50) [3.68]	22
Low	5 (3.75) [0.42]	1 (3.75) [2.02]	5 (3.75) [0.42]	4 (3.75) [0.02]	15
High	1 (1.50) [0.17]	2 (1.50) [0.17]	2 (1.50) [0.17]	1 (1.50) [0.17]	6
Very High	8 (5.00) [1.80]	7 (5.00) [0.80]	3 (5.00) [0.80]	2 (5.00) [1.80]	20
Certain	4 (4.25) [0.01]	6 (4.25) [0.72]	4 (4.25) [0.01]	3 (4.25) [0.37]	17
Column Totals	20	20	20	20	80 (Grand Total)

chi-square = 16.2146.

Table value at 5% level of significance & 12 DOF =21.026

Since test value < table value , Accept Null hypothesis

p-value =0 .181603.

Cramer's V = 0.2599

The result is not significant at  $p < .05$ .

Since p value is more than level of significance (0.05) we accept the null hypothesis and conclude that significant association does not exists between respondents age group and purchase intention of the product due to watching of online advertisement

**H<sub>0</sub>4:** Significant association does not exists between respondents education and purchase intention of the product due to watching of online advertisement.

**H4:** otherwise

Chi square test is used to ascertain whether significant association exists between respondents education and purchase intention of the product due to watching of online advertisement.

	<b>Below 12<sup>th</sup> Std.</b>	<b>Graduate</b>	<b>P.G.</b>	<b>P.G. +</b>	<b>Row Totals</b>
None	5 (6.25) [0.25]	7 (6.25) [0.09]	5 (6.25) [0.25]	8 (6.25) [0.49]	25
Low	2 (2.00) [0.00]	1 (2.00) [0.50]	1 (2.00) [0.50]	4 (2.00) [2.00]	8
High	4 (3.00) [0.33]	1 (3.00) [1.33]	4 (3.00) [0.33]	3 (3.00) [0.00]	12
Very High	3 (3.25) [0.02]	6 (3.25) [2.33]	3 (3.25) [0.02]	1 (3.25) [1.56]	13
Certain	6 (5.50) [0.05]	5 (5.50) [0.05]	7 (5.50) [0.41]	4 (5.50) [0.41]	22
<b>Column Totals</b>	20	20	20	20	<b>80 (Grand Total)</b>

chi-square = 10.9122

Table value at 5% level of significance & 12 DOF = 21.026

Since test value < table value . Accept Null hypothesis

p-value = 0.181603.

The result is not significant at  $p < .05$ .

Since p value is more than level of significance (0.05) we accept the null hypothesis and conclude that significant association does not exist between respondents education and purchase intention of the product due to watching of online advertisement

### MARKETING STRATEGIES FOR MSME'S

**1) COMMON BRAND NAME:** Most of the small & medium scale industries are found to suffer on account of (a) Non standard Products (b) Lack of Marketing capabilities (c) A poor brand image of their products.

To overcome these problems, an association of these (SME) industries in an area can be formed. This association can be voluntarily made either by the SME unit owners or by the Government. This association will design a brand name which will be common for all the member units. A strict quality control procedure will be implemented to ensure the quality of products/services. This common brand name will be promoted heavily by the association as well as SSI units. Also, here the cost of promoting the brand name will be distributed over the members. Thus the above mentioned problems can be tackled by this measure of cooperation.

**2) COLLECTIVE MARKETING:** The small & medium enterprises will have difficulty to face cut throat competition from Multinational companies unless the domestic large companies or trading houses tie up with small & medium units by organizing collective marketing through common brand names, aggressive export marketing strategies, intensive promotional efforts in export markets, bulk shipping & transport of goods, assistance in custom clearances etc.

The cost of marketing through the internet is a small fraction compared to the size of the market it opens up. These costs can be further reduced if organizations can share their web servers.

**3) COOPERATION:** Entrepreneurs of MSME units are required to forge close relationships with customers, suppliers and other partners. They should maintain a creative tension between competition and cooperation. Innovative strategies also need to be evolved such as enterprise to enterprise cooperation between supplier & buyers.

**4) DIGITAL MARKETING:** Business done online through new business opportunities are growing incrementally because of the vast amount of business information made available by the global web.

In order to achieve competitive advantage over large incumbents by using e commerce SSI units have to-

1. Focus in Industries where **critical mass is not qualifier** to compete i.e. choosing the right industry to compete.
2. Choosing the right means to compete with the industry e.g. the **best source of positioning** exploitable and the best value chain possible to deliver the value required by the target position.

**5) SOCIAL MEDIA MARKETING:** The advancement in information technology & newer application of the same make it convenient to the MSME's to leverage technological advantage to their favour. The number of persons on social media are increasing day by day. Promotion through social media is cheaper & convenient. Therefore, MSME's should increasingly make use of social media for their marketing activities. This will help them to face the competition.

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**CONCLUSION**

The findings suggest that ads do have significant effects on retention of the on-line experience. The mere existence of ads decreases retention of both site and ad content. It is found that the mean time spent on internet by various age group of people are different. Further, the online advertisements influence on buying behavior of male and female is same. Also, significant association does not exist between respondents age group, education and purchase intention of the product due to watching of online advertisement. Strategies like use of social media, online advertising, common brand name, cooperation between MSME's etc. may be helpful to various MSME's in enhancing their performance in the market.

**DIRECTION FOR FUTURE RESEARCH**

Future research in the area of online advertising on other factors, such as trust and attribution, could reveal interesting findings. In addition, effectiveness in case of different ad types, locations, culture could demonstrate differential impacts on users. Studies on time of online presence of different age group of people may be carried out for designing appropriate advertising strategies by the companies. Future studies on various factors of buying behavior like social, cultural, personal may be carried out to enable the companies to ensure better focus of their consumers.

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## A STUDY TO ANALYSE MARKETING ISSUES & CHALLENGES FOR COMTECH TELESOLUTIONS PVT. LTD.

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### ABSTRACT

*Every marketer faces different challenges. Although we typically share similar goals, some teams are stuck on understanding customer needs, while others are having trouble finding the right products to satisfy customer needs. Whatever the case may be, there's always at least one area that you can stand to improve. In other words, there's always room to optimize the various components of your strategy and turn your marketing into an even more effective revenue generator. Through this research paper we try to analyze the prominent marketing issues & challenges for Comtech Telesolutions pvt Ltd.*

*Customer feedback and complaints given to a company are an important resource for improving and addressing the marketing issues faced by a company. The paper is primarily focused on the survey of the level of customer satisfaction for the products purchased / installed from Comtech Telesolutions.*

*Keywords: Marketing Issues & Challenges, Customer Satisfaction, Customer loyalty, Service Quality.*

### INDUSTRY OVERVIEW

**Surveillance** is the monitoring of behavior, activities, or other changing information for the purpose of influencing, managing, directing, or protecting people. This can include observation from a distance by means of electronic equipment (such as closed-circuit television (CCTV) cameras) or interception of electronically transmitted information (such as Internet traffic or phone calls). Surveillance cameras are video cameras used for the purpose of observing an area. They are often connected to a recording device or IP network, and may be watched by a security guard or law enforcement officer.

The private security industry in India valued at Rs.40,000 crore in 2014 and is expected to become an Rs.80,000 crore industry by the year 2020, which was announced at the FICCI Private Security Industry Conclave 2015. The report further says that the private security industry in India provides employment to more than 70 lakh people and is expected to further generate 50 lakh jobs by 2020.

Growing urbanization, coupled with retail boom and increasing concerns regarding security has led to a rise of organizations catering to the private security segment in the country. Development of infrastructure and industries, residential complexes offers a sea of opportunities to the growing security industry. Government initiatives such as the development of 100 smart cities and 'Make in India's campaign will add to the overall growth of the industry,

### COMPANY OVERVIEW - COMTECH TELESOLUTIONS PVT. LTD.

Established in 1989 at Maharashtra, "Comtech Telesolutions Private Limited", have carved a niche for themselves. They are engaged in distribution, supply, and installation of high quality Samsung electronic security products. Their range includes CCTV Cameras, Motorized Zoom Lenses, Vari-Focal Lenses, Megapixel Lenses, Fixed Camera Housing Mounts, Cameras, DVR, Network Cameras, Security Camera Accessories, Access Control Systems, Digital Door Locks, LCD Video Door Phones and Video Door Phones. They also offer customized solutions to clients.

### FACTSHEET

<b>Nature of Business</b>	Wholesaler
<b>Additional Business</b>	Trader, Supplier, Distributor
<b>Company CEO</b>	Naveen Halgekar
<b>Total Number of Employees</b>	26 to 50 People
<b>Year of Establishment</b>	1989
<b>Legal Status of Firm</b>	Private Limited Company
<b>Annual Turnover</b>	Rs. 2 - 5 Crore

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## LITERATURE REVIEW

### Customer Satisfaction

(Arokiasamy, 2013) - "Customer satisfaction is one of the most important issue concerning business organization of all types, which is justified by the customer oriented philosophy and the principles of continues improvement in modern enterprise".

(Reichheld, 1990) - The marketing concept suggests that a satisfied buyer will be more likely to repurchase again, or at least has the intention of repurchasing again, than those who are dissatisfied. They consider that customer satisfaction and retention the most important long-term objectives of firms. New buyers cost more to serve than repeat customer, which means that repeat customers are benefiting a firm's cost structure.

(Panda, 2003) (Lymperopoulos, 2006) - The high quality relationship with customers is the main influence of a successful service provider, "which determines customer satisfaction and loyalty".

### Customer Loyalty

(Palmatier, 2006) (Zeithaml, 1996) - Customer loyalty broadly refers to customer behaviors that indicate a desire to better an ongoing relationship with a company. The customer's willingness to purchase again from the company, having a preference for the company, or recommending the company to others could be indications to customers' desire to remain in a relationship with a company that demonstrate how much a customer is related to a company. Loyal customers are often worth the marketing effort, owing to their willingness to buy additional products and spread positive word of mouth as well as their reliability as a source of continuous revenues.

### Service Quality

(Lehtinen U. &., 1982) (Lewis, 1983) (Parasuraman, 1985) (Caruana, 202) - All the "definitions of service quality hold that this is the result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed". Service quality is defined as the degree of contradiction between customers' perceptions of service performance and their normative expectation for service.

## RESEARCH METHODOLOGY

**Statement of the Problem:** "To analyse marketing issues & challenges for Comtech Telesolutions Pvt. Ltd."

**Research Objective:** In order to understand the marketing challenges & issues for Comtech Telesolutions Private Limited, the paper focuses on – To analyze and understand the customer satisfaction level for the services provided by Comtech Telesolutions Private Limited.

The objective of this paper is to examine the balance between the service provided by the company and the customer satisfaction through feedback forms. A research like this is essential to assess and improve service delivery and design, because it will provide the company's management staff with data that they can use in making inferences about the customers. Thus the results of this study should be proved useful for business in the field of marketing and management researchers of customer satisfaction and service quality in the organization.

**Research Design:** The Research technique used here is Descriptive Research. For this research, data is collected through survey to understand the satisfaction levels of customers for products & service deliverables of Comtech Telesolutions Private Limited.

**Data Sources:** Primary sources are used in order to collect data which enable to understand the marketing issues & challenges for Comtech Telesolutions Pvt. Ltd. For primary sources survey have been conducted wherein through Questionnaire, the customer feedback and response is collected to understand their level of satisfaction for products & service deliverables of Comtech Telesolutions Pvt. Primary data have been collected through Personal call Interview method where questions were asked to the customers to understand their feedback for the products and services offered by the company.

**Sampling design:** For the study of customer satisfaction of the products and services offered a sample of 45 customers has been selected. These were existing customers of Comtech Telesolutions Pvt. Ltd. These customers selected were random sampling basis, who were residing in Mumbai.

## DATA ANALYSIS AND FINDINGS

Basis the information collected through questionnaire for understanding the customers satisfaction with products & service deliverables for Comtech Telesolutions Pvt. Ltd. Below mentioned is the data analysis & interpretation:

**1. Evaluation of Products Purchased:** Maximum respondents selected CCTV cameras. 24 out of 45 customers purchased CCTV cameras i.e. 53 % of the total customers. 8 out of 45 respondents purchased security camera accessories i.e. 18% of the total customers. Other products that were purchased were Digital Door Locks, Motorized Zoom Lenses & Access Control Systems with the number of customers as 16, 9, 4 respectively out of the total 45 customers.

The data is represented in the Figure 1

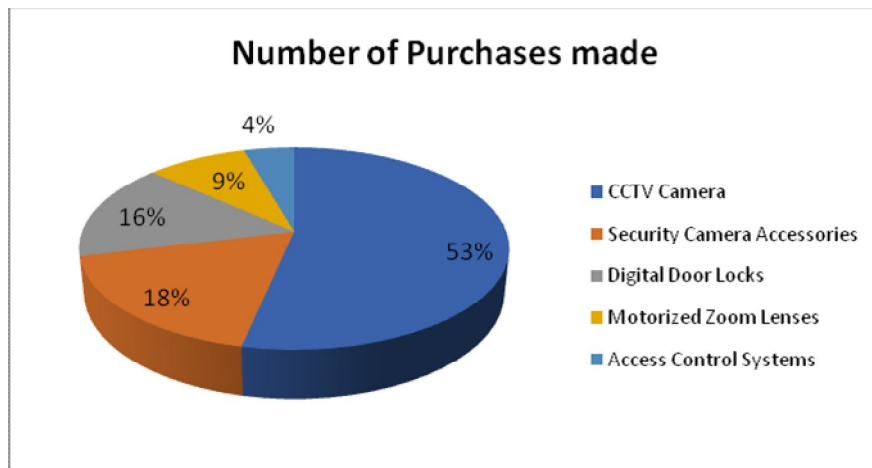


Figure-1: Evaluation of Products Purchased

**2. Medium of Exposure:** The next question was based on the medium through which customers became aware of Comtech Telesolutions Pvt. Ltd. 26 out of 45 i.e. 58% customers heard about the company through recommendations. They were asked to mention the recommendations if any such as word of mouth, references etc. 18% of the total customers i.e. 8 out of 45 came to know through internet search. Yellow pages were selected by 2 customers and social media by 9 customers' i.e. 4% & 20% respectively.

The data is represented in the Figure 2

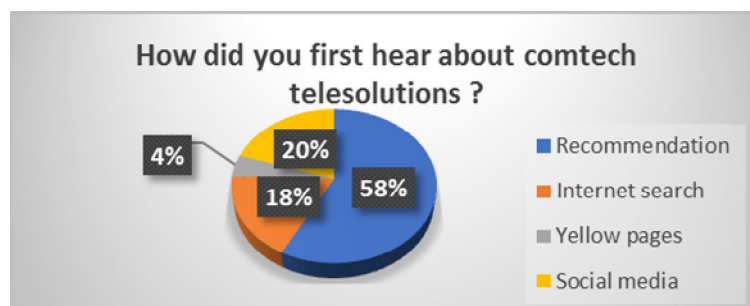


Figure-2: Medium of Exposure

**3. Reasons for Purchase of Products:** The fourth question was to know the reasons for choosing Comtech Telesolutions products. The options given were price, reputation, services offered & knowledge. This too was a multiple choice question. Price was selected with maximum responses. 20 out of 45 customers selected price i.e. 45% of the total customers. Reputation was selected by 18 people i.e. 40%. Services offered option was selected by 6 customers and knowledge by 1 customer. The percentage of which were 13% & 2% respectively.

The data is represented below in Figure 3

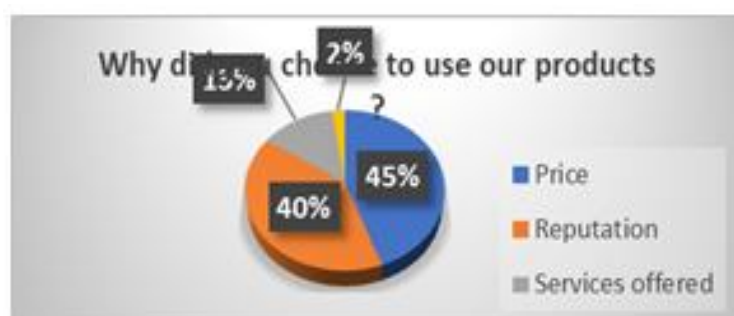


Figure-3: Reasons for Purchase of Products.

**4. Ratings for Knowledge Level:** The next question was to understand the satisfaction level of the customer regarding the knowledge or expertise of the products of Comtech Telesolutions. These ratings are an important aspect for the business as they prove how well equipped and knowledgeable the staff members are. We had a positive response with maximum people rating Comtech Telesolutions knowledge level to be excellent. 32 out of 45 people selected excellent. i.e. 71% of the total customers. Next highest rating was for 'good' with 11 customers. i.e.24% the least ratings were for average and poor options. The customers selecting those were 2 & 0 respectively. The data is represented below in the Figure 4.

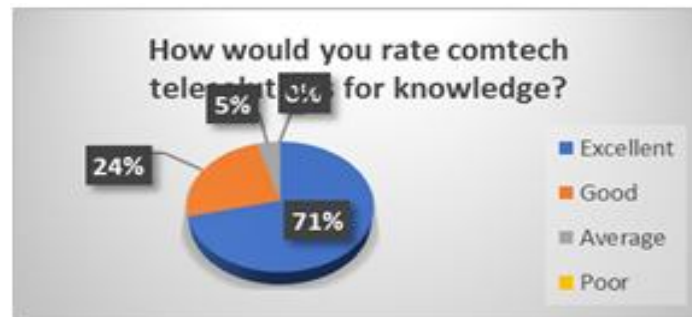


Figure-4: Ratings for Knowledge Level

**5. Value for Money:** The next question was based on knowing the customers experience, whether the products were value for money or not and to what level. Maximum customers found Comtech Telesolutions to be 'excellent' in value for money. 30 out of 45 people i.e. 66% of the total respondents selected excellent value for money. 11 out of 45 people selected good i.e. 24%. 3 out of 45 people selected reasonable value for money. And only 1 person selected poor as an option for value for money. The data is represented below in figure 5

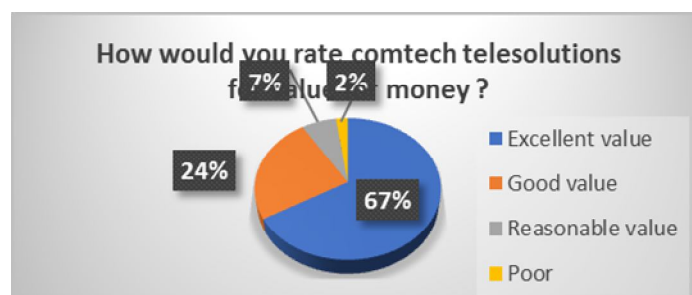


Figure-5: Value for Money

**6. Ratings For Services** - The next question was to know customers viewpoint for the services provided by the company. The options given were Excellent, Good, Average & Poor. 30 out of 45 people selected Excellent. 5 people out of total respondents selected Good. Average option was selected by 2 people. And 0 respondents selected Poor. This was a very positive and motivational response for the company as their customers found their services to be average and above average level. The data is represented in the Figure 6

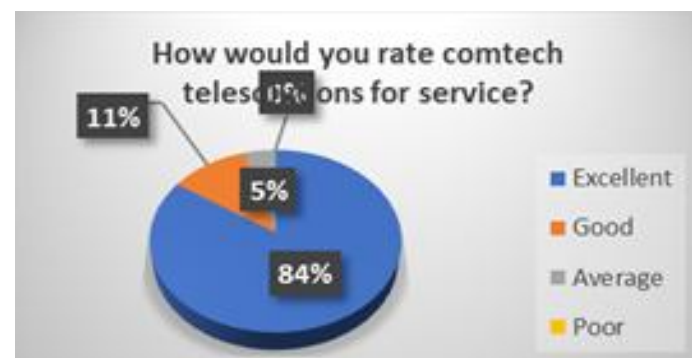


Figure-6: Ratings For Services

**7. Repurchase of Products:** The most important aspect for any company is to know whether their customers would go for a repurchase or not. And hence the next question was based on knowing whether the customers would buy the products again. The replies were satisfactory from company's point of view. 32 out of 45 people selected 'Yes definitely' for the repurchase of products. 13 people selected 'Probably' and not a single respondent selected 'No' as an option for repurchase and hence this was a very positive response for the company.

The data is represented in the below Figure 7



Figure-7: Repurchase Of Products

**8. Recommendation of Products:** For a company it is very important for their clients or customers to spread a very positive word of mouth statements about the company among other people. The rise in sales is possible when the customers repurchase the product and recommend our products to other potential customers. Hence the next question was to know whether the customers would recommend company products to other customers who in future could be potential customers. 30 out of 45 people answered 'Yes Definitely' that they would recommend our products to other people. 12 out of the total respondents replied with a 'Probably Yes Or No' answer. And 3 people answered a 'No'.



Figure-8: Recommendation of Products

**9. Imminent Need for Products:** The last question was to know whether the customers had any requirement of the products or services offered by the company in the near future. 15 out of 45 people selected 'Yes' i.e. they have an imminent requirement of the product. 12 people selected 'Possibly' i.e. probably a yes or a no. 18 out of the total number of people selected 'No'.

The data is represented in the Figure 9.



Figure-9: Imminent Need for Products

## RECOMMENDATIONS

Based on the findings of the survey we would recommend following points to the company:

1. More than half of the respondents (53%) have purchased CCTV Cameras; hence company should put more efforts for sales process of the same. Sales people should be effectively trained for selling of CCTV Cameras.
2. More than half of the respondents (58%) have heard about the company through recommendations, followed by Social media (20%) & Internet (18%). Hence it's recommended to company to strengthen their word of mouth publicity & collect more references from their customers. Company should also focus on establishing its promotion through social networking & web tools.



3. Around 45% of the respondents mention that the reason to purchase the product has been economical pricing of the products, followed by 40% respondents who said that they bought the product because of company reputation. Company should leverage its brand value & low price strategy by including it in the sales presentation.
4. Around 70% of the respondents have rated Comtech Telesolutions as 'Excellent' on the parameter of knowledge level of the staff. Hence company should maintain this high quality product knowledge training to the sales people.
5. Around 90% of the respondents have rated Comtech Telesolutions as 'Excellent' or 'Good' Value for money. Basis which we recommend the company to maintain its high value by providing quality products at reasonable price.
6. Around 95% of the respondents have rated Comtech Telesolutions as 'Excellent' or 'Good' basis the service deliverables. Company should continue to provide excellence in its service parameters, because basis that company will be able to enhance its reputation as well as get more reference from customers.
7. Around 70% of the respondents have selected 'Yes definitely' for the repurchase of products. This shows that there is high percentile of customers who would remain loyal to the company. Company should leverage on this loyal customers and try to cross-sell & up-sell new products to them.
8. Around 70% of the respondents are willing to recommend company products to others. This would add value to enhance the customer loyalty for the company. Company should leverage on the same and ask more references from customers in order to tap new customers.
9. 1/3<sup>rd</sup> of the respondents mention that they had imminent need for products. Basis which we recommend the company to regularly get in touch with the existing customers and ask for new product requirements.

## CONCLUSION

The study concluded that customers were highly satisfied with the products and services offered by Comtech Telesolutions. The relationship between the company and their customers is balanced i.e. it involves trust, loyalty and integration. The feedback survey helped the company to know & understand the areas where they need to make changes which will help them to gain more customers.

Comtech Telesolutions Pvt. Ltd. is committed to customer service. Excellence in customer service can only be fully achieved by having an organizational culture and value system which places the customer at the heart of everything that an organization and its people do. Comtech Telesolutions has embedded this culture of customer service by giving high priority to a customer service emphasis from top management right down to the operational team level.

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## ANNEXURE

### Questionnaire

#### 1. Personal Details

Name: \_\_\_\_\_

Company: \_\_\_\_\_

E-mail address: \_\_\_\_\_

Phone number: \_\_\_\_\_

#### 1. Product(s) purchased / installed

\_\_\_\_\_ CCTV Cameras

\_\_\_\_\_ Motorized Zoom Lenses

\_\_\_\_\_ Security Camera Accessories

\_\_\_\_\_ Access Control Systems

\_\_\_\_\_ Digital Door Locks

#### 2. How did you first hear about Comtech Telesolutions security products?

\_\_\_\_\_ Recommendation

\_\_\_\_\_ Internet Search

\_\_\_\_\_ Yellow Pages

\_\_\_\_\_ Social Media (Facebook, Twitter, Linked In)

If recommendation please state. \_\_\_\_\_

#### 3. Why did you choose to use Comtech Telesolutions security products?

\_\_\_\_\_ Reputation

\_\_\_\_\_ Price

\_\_\_\_\_ Service Offered

\_\_\_\_\_ Perceived expertise/knowledge

#### 4. How would you rate Comtech Telesolutions for KNOWLEDGE/EXPERTISE?

\_\_\_\_\_ Excellent

\_\_\_\_\_ Good

\_\_\_\_\_ Average

\_\_\_\_\_ Poor

#### 5. How would you rate Comtech Telesolutions for VALUE FOR MONEY?

\_\_\_\_\_ Excellent value

- 
- \_\_\_\_\_ Good value  
\_\_\_\_\_ Reasonable value  
\_\_\_\_\_ Poor value

**6. How would you rate Comtech Telesolutionsfor SERVICE?**

- \_\_\_\_\_ Excellent  
\_\_\_\_\_ Good  
\_\_\_\_\_ Average  
\_\_\_\_\_ Poor

**7. Would you use Comtech Telesolutions again?**

- \_\_\_\_\_ Yes definitely  
\_\_\_\_\_ Probably  
\_\_\_\_\_ No

**8. Would you recommend our products/services to your contacts?**

- \_\_\_\_\_ Yes definitely  
\_\_\_\_\_ Probably  
\_\_\_\_\_ No

**9. Do you have an imminent requirement for any other products or services offered by Comtech Telesoutions (E.g. Megapixel Lenses, Fixed Camera Housing Mounts, Cameras, DVR, Network Cameras, Security Camera Accessories, Access Control Systems, Digital Door Locks, LCD Video Door Phones and Video Door Phones.)**

- \_\_\_\_\_ Yes  
\_\_\_\_\_ Possibly  
\_\_\_\_\_ No

# MANUSCRIPT SUBMISSION

## GUIDELINES FOR CONTRIBUTORS

1. Manuscripts should be submitted preferably through email and the research article / paper should preferably not exceed 8 – 10 pages in all.
2. Book review must contain the name of the author and the book reviewed, the place of publication and publisher, date of publication, number of pages and price.
3. Manuscripts should be typed in 12 font-size, Times New Roman, single spaced with 1” margin on a standard A4 size paper. Manuscripts should be organized in the following order: title, name(s) of author(s) and his/her (their) complete affiliation(s) including zip code(s), Abstract (not exceeding 350 words), Introduction, Main body of paper, Conclusion and References.
4. The title of the paper should be in capital letters, bold, size 16” and centered at the top of the first page. The author(s) and affiliations(s) should be centered, bold, size 14” and single-spaced, beginning from the second line below the title.

**First Author Name1, Second Author Name2, Third Author Name3**

1Author Designation, Department, Organization, City, email id

2Author Designation, Department, Organization, City, email id

3Author Designation, Department, Organization, City, email id

5. The abstract should summarize the context, content and conclusions of the paper in less than 350 words in 12 points italic Times New Roman. The abstract should have about five key words in alphabetical order separated by comma of 12 points italic Times New Roman.
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## EXAMPLES OF REFERENCES

All references must be arranged first alphabetically and then it may be further sorted chronologically also.

### • Single author journal article:

Fox, S. (1984). Empowerment as a catalyst for change: an example for the food industry. *Supply Chain Management*, 2(3), 29–33.

Bateson, C. D.,(2006), ‘Doing Business after the Fall: The Virtue of Moral Hypocrisy’, *Journal of Business Ethics*, 66: 321 – 335

### • Multiple author journal article:

Khan, M. R., Islam, A. F. M. M., & Das, D. (1886). A Factor Analytic Study on the Validity of a Union Commitment Scale. *Journal of Applied Psychology*, 12(1), 129-136.

Liu, W.B, Wongcha A, & Peng, K.C. (2012), “Adopting Super-Efficiency And Tobit Model On Analyzing the Efficiency of Teacher’s Colleges In Thailand”, *International Journal on New Trends In Education and Their Implications*, Vol.3.3, 108 – 114.

- **Text Book:**

Simchi-Levi, D., Kaminsky, P., & Simchi-Levi, E. (2007). *Designing and Managing the Supply Chain: Concepts, Strategies and Case Studies* (3rd ed.). New York: McGraw-Hill.

S. Neelamegham," Marketing in India, Cases and Reading, Vikas Publishing House Pvt. Ltd, III Edition, 2000.

- **Edited book having one editor:**

Raine, A. (Ed.). (2006). *Crime and schizophrenia: Causes and cures*. New York: Nova Science.

- **Edited book having more than one editor:**

Greenspan, E. L., & Rosenberg, M. (Eds.). (2009). *Martin's annual criminal code: Student edition 2010*. Aurora, ON: Canada Law Book.

- **Chapter in edited book having one editor:**

Bessley, M., & Wilson, P. (1984). Public policy and small firms in Britain. In Levicki, C. (Ed.), *Small Business Theory and Policy* (pp. 111–126). London: Croom Helm.

- **Chapter in edited book having more than one editor:**

Young, M. E., & Wasserman, E. A. (2005). Theories of learning. In K. Lamberts, & R. L. Goldstone (Eds.), *Handbook of cognition* (pp. 161-182). Thousand Oaks, CA: Sage.

- **Electronic sources should include the URL of the website at which they may be found, as shown:**

Sillick, T. J., & Schutte, N. S. (2006). Emotional intelligence and self-esteem mediate between perceived early parental love and adult happiness. *E-Journal of Applied Psychology*, 2(2), 38-48. Retrieved from <http://ojs.lib.swin.edu.au/index.php/ejap>

- **Unpublished dissertation/ paper:**

Uddin, K. (2000). A Study of Corporate Governance in a Developing Country: A Case of Bangladesh (Unpublished Dissertation). Lingnan University, Hong Kong.

- **Article in newspaper:**

Yunus, M. (2005, March 23). Micro Credit and Poverty Alleviation in Bangladesh. *The Bangladesh Observer*, p. 9.

- **Article in magazine:**

Holloway, M. (2005, August 6). When extinct isn't. *Scientific American*, 293, 22-23.

- **Website of any institution:**

Central Bank of India (2005). *Income Recognition Norms Definition of NPA*. Retrieved August 10, 2005, from <http://www.centralbankofindia.co.in/home/index1.htm>, viewed on

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