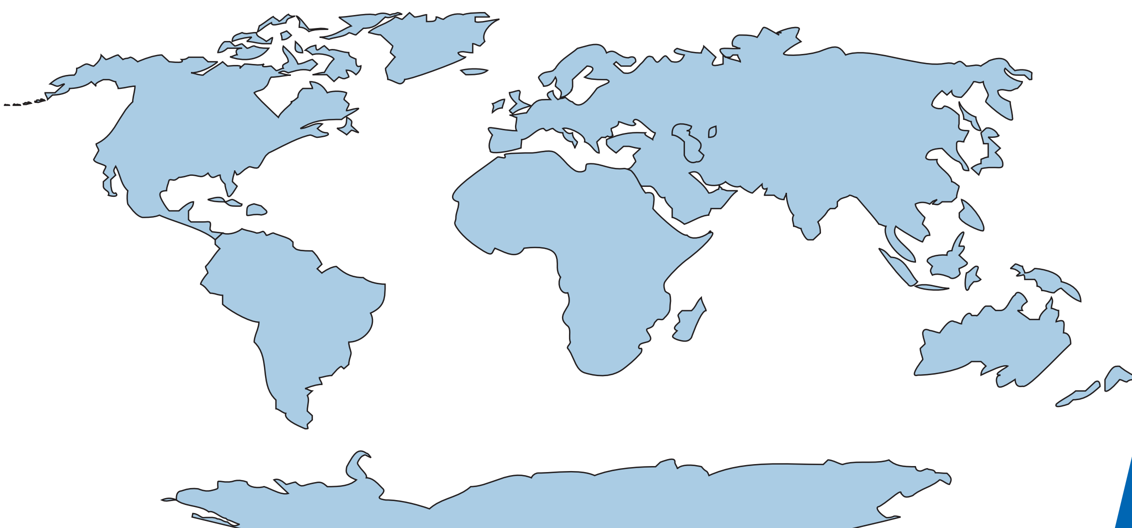
INTERNATIONAL JOURNAL OF RESEARCH IN MANAGEMENT & SOCIAL SCIENCE



Empyreal Institute of Higher Education
Guwahati
www.empyreal.co.in

Volume 1, Issue 1
July - September 2013

International Journal of Research in Management & Social Science

Volume 1 , Issue 1 , July – September 2013

From the Editor-In-Chief's Desk

We draw immense pleasure in presenting the first issue of International Journal of Research in Management & Social Science to provide a platform that stimulates and guides the intellectual quest of scholars. Under invulnerable patronage, with invaluable support of panel of referees and propitious contribution by authors, we are able to release the first issue of the journal and have applied for ISSN no at NISCAIR, New Delhi.

The articles presented in this issue address a variety of contemporary issues. The focus areas include: Financial Management, Consumer Behaviour and Satisfaction, Brand Strategies, Corporate Social Responsibility and Green Marketing. The topics related to financial management are mainly related to Taxonomy of Apparel Export, Investment choice of Individual Investors, Long term co integration of Stocks Traded and Impact of Profitability on working capital management.

We would like to express our gratitude to our esteemed contributors for their scholarly contributions to the Journal. Appreciation is due to the Editorial Advisory Board, the panel of Referees and the Management of the Institute for their constant guidance and support. Many faculty members from the Institute provided the necessary editorial support that resulted in enhanced reader friendliness of various articles, we are extremely thankful to all of them. We are also thankful to those who facilitated the designing of this Journal.

We shall continue our endeavor to harness the intellectual capital of scholars and practitioners of Management and Social Sciences and present to our valuable readers.

We have tried our best to put together all the articles, coherently. Suggestions from our readers for adding further value to our Journal are however, solicited.

Dr. Tazyn Rahman
Editor - In - Chief

International Journal of Research in Management & Social Science

Volume 1 , Issue 1 , July - September 2013

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Research Papers

International Journal of Research in Management & Social Science
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TAXONOMY OF APPAREL EXPORTS: INDIA VERSUS OTHER ASIAN EXPORTERS

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ABSTRACT
This paper focuses on a taxonomic investigation of apparel trade. Identification of the leading importers of garments in the world (at present USA), identification of major global apparel exporters, determining export routes to USA, checking position of India as an apparel exporting competitor to US, analyzing functional competency of garment exporting countries on apparel value chain and matching country specific competencies with their respective rank and market share in export to USA are the stages of taxonomic investigation. Asian countries like India, China, Bangladesh, Indonesia and Vietnam being major exporters of apparel to USA were found to have different positions in the value chain. This was found to have a close linkage with their share in the exports. India leads the other Asian countries except China in terms of value chain components being able to cover the whole of it. For comprehensive value chain advantage it faces stiff competition from China.

Keywords: *World apparel trade, Asian garment exporters, taxonomy of garment exports, apparel value chain*

INTRODUCTION

The exports basket of textile industry consists of a wide range of items comprising of readymade garments (RMG), cotton textiles, handloom textiles, man-made fiber textiles, wool and woolen goods, silk, jute and handicrafts including carpets. Among these, apparel is one of the oldest and largest export industries in the world. It includes manufacturing of readymade garments, women wear, shawls, menswear, ethnic garment, saris, shirts, leather garment, children clothing, t-shirts, silk garments, jeans, skirts and garment accessories. It is also one of the most global industries because most nations produce for the international textile and apparel market. The Multi-Fiber Arrangement (MFA), which established quotas and preferential tariffs on apparel and textile items imported by the United States, Canada, and many European nations since the early 1970s, was phased out by the World Trade Organization (WTO) between 1995 and 2005 via its Agreement on Textiles and Clothing. The concern of many poor and small developing economies that relied on apparel exports was that they would be pushed out of the global trading system by much larger, low-cost rivals, such as China, India, and Bangladesh. Moreover, the global recession that lasted for almost five years hit the apparel industry especially hard, leading to factory shutdowns, sharp increases in unemployment, and growing concerns over social unrest as displaced workers sought new jobs. These two crises have badly affected India too. Thus, as the world enters the new decade of revival from global crisis it becomes important to study the prominent players in the global apparel market and the position of India in it.

OBJECTIVE

Apparel industry is a typical industry where a complete process of production of the final product is not culminated by one single production unit, but is rather divided into various functions. A single garment exporting country may have expertise in one or more than one functional capability. Therefore, the objective of the current paper is to make a taxonomic investigation of textile trade by (1) identifying the leading importers of apparel in the world, (2) identifying who the major global apparel exporters, (3) determining the number exporters to the world's largest importer, (4) checking the position of India as a apparel exporting competitor to the world's largest apparel importer, (5) studying the functional competency of apparel exporting countries on the apparel value chain and (6) matching country specific competency/ies with their respective rank and market share in export to the world's largest apparel importer.

LITERATURE REVIEW

For any country to try its hand at international trade, garment and apparel industry is often treated as a guinea pig, due to its low fixed costs and emphasis on labor-intensive manufacturing (Adhikari and Weeratunge, 2006; Gereffi, 1999). Apparel is one of the most protected of all industries, ranging from agricultural subsidies on input materials (cotton, wool, rayon) to a long history of quotas under the General Agreement on Tariff and Trade within the Multi-Fibre Arrangement(MFA) and its successor pact under the WTO, the Agreement on Textiles and Clothing (ATC) (Adhikari and Yamamoto, 2007). US, EU and Japan being the top three global apparel consumers in the world (Gereffi and Frederick, 2010), the MFA/ATC restricted exports to these markets by imposing country limits (quotas) on the volume of certain imported products. This step protected the US and EU garment manufacturers from highly competitive suppliers such as China (Thoburn, 2009).

The apparel supply chain is marked by substantial country specialization. While, higher income nations predominate in more capital-intensive segments, lower income countries dominate labor-intensive segments (Kilduff and Ting, 2006). Clothing assembly processes are sub-contracted to low-wage developing countries of Asian Pacific region and those countries that had unused export quotas, such as Bangladesh, Sri Lanka, and Vietnam (Gereffi, 1999; Audet, 2004). India is one of these countries where labor is cheap and easily available. Thus, India has become one of the major players in Asian Pacific and South Asian region in garment and apparel international trade. Therefore, the current paper focuses on examining the status of India as a garment and apparel exporting country.

RESEARCH METHODOLOGY

This analysis will be done by first identifying and shortlisting the top three garment importers of the world by comparing a country's garment import share to the world garment trade. Then the country that has maximum share has been identified as the world's leading garment importer. In the process, though EU has been identified as the world's leading garment importer, maximum garment exports of India are made to US. Therefore, a list of countries that export clothing and garment to US, which is also identified as world's second largest leading garment importer has been made. Then a further short listing the top five exporters with focus on South Asian countries has been done. These countries are bound to have some functional capability/ies in the apparel value chain. Therefore, a cross analysis of country expertise in garment trade has been done by comparing its functional capability in the apparel value chain to the country's respective market share and rank in being one of the exporters to the world's garment importing leader. To summarize, the paper is divided into three sections. The first section gives the details of the leading garment importers of the world. Sections two covers firstly, information regarding leading exporters of the world. Then a comparison of rank of these exporters to the world's largest or second largest garment importer, US is done. Further, the second section also highlights the position of India in the top 15 countries that export commodities to US, and India being one of them. On this basis, growth rate of Indian garment export is viewed and it is compared with that of leading Asian garment exporters like China, Bangladesh, Vietnam, Indoensia and Thailand. Finally, the third and the last section of this research paper, analyses and discusses the importance of value chain in promoting garment exports in comparison to reducing manufacturing cost and other factors affecting garment exports of a country. The terms apparel, garment and clothing have been used interchangeably in this paper.

Section 1

This section gives the details of the leading garment importers of the world.

Leading garment importers of the world

There are many countries that participate in textile and clothing trade at global level. However, EU, US and Japan are the countries that have major share in global garment trade. Table 1 shows the amount of import of top 10 importing countries of the world and their growth in share in world imports.

Table 1: Import Of Apparel By World Leading Apparel Importers

Import Value in US $ Million and Share in World Imports in %

Country	1980	1990	1995		2000		2005		2007		2008		2009	
	%	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
World			162.9		208.9		291.2		291.2		375.6		337.4	
EU-27	-	-	74.2	45.5	83.2	39.8	131.5	45.2	165	56.7	179.9	47.3	160.1	48.5
United States	16.4	24	41.4	25.4	67.1	32.1	80.1	27.5	84.9	29.2	82.5	22	72	21.8
Japan	3.6	7.8	18.8	11.5	19.7	9.4	22.5	7.7	24	8.24	25.9	6.9	26	7.7
Russian Federation	-	-	-	-	2.7	1.3	7.9	2.7	14.5	4.98	21.4	5.7	7.3	2.2
Canada	-	-	2.7	1.7	3.7	1.8	6	2.1	7.8	2.68	8.5	2.3	8	2.3
Switzerland	3.4	3.1	3.8	2.3	3.2	1.5	4.5	1.5	5.2	1.79	5.8	1.5	5.2	1.6
UAE	0.6	0.5	1.3	0.8	-	0.4	1.8	0.6	5	1.72	5.5	1.5	3	0.8
Australia	0.8	0.6	1.3	0.8	1.9	0.9	3.1	1.1	3.7	1.27	4.3	1.1	4.1	1.2
Korea			1.1	0.7	1.3	0.6	2.9	1	4.3	1.48	4.2	1.1	3.4	1
Norway			1.4	0.9	1.3	0.6	1.8	0.6	2.3	0.79	2.7	0.7	2.2	0.7

Source: WTO 2010, Table II.71, Clothing imports of selected economies, 1990-2009

Table1 highlights that EU (27) has always been on the top list of world garment importers followed with US and Japan. Table 2 demonstrates growth in textile and clothing imports of US in 210-11.

Table 2: US Clothing Imports in 2010-11

(Imports in US $ millions)

Item	2011			2010
	May	April	Year-to-date	Year-to-date
Clothing	6669	6132	31733	27664

Textile Yarn Fabric	2135	1944	9527	8514
Total imports	190,730	180,530	886,400	745,855

Source: Exhibit 15 http://www.census.gov/foreign-trade/Press-Release/current_press_release/ft900.pdf

In 2009, North America was the only destination in the world where clothing was one of the top three import product groups in world's total merchandise trade (Source: WTO Secretariat). Neither, Europe, Japan or Middle East had garment or clothing in first three ranks of total merchandise exports. Table 2 shows approximately 15% growth of clothing imports by US in the current year, thus supporting the argument of US being the world leader in garment imports.

Section 2

Sections two covers firstly, information regarding leading exporters of the world. Then a comparison of rank of these exporters to the world's largest or second largest garment importer, US is done. Further, the second section also highlights the position of India in the top 15 countries that export commodities to US, and India being one of them. On this basis, growth rate of Indian garment export is viewed and it is compared with that of leading Asian garment exporters like China, Bangladesh, Vietnam, Indoensia and Thailand.

Leading garment exporters of the world

The removal of quotas on January 1, 2005 marked the end of over 30 years of restricted access to the markets of the European Union and North America. Retailers and other buyers became free to source textiles and apparel in any amount from any country, subject only to a system of tariffs and a narrow set of transitional safeguards that expired at the end of 2008. This caused a tremendous flux in the global geography of apparel production and trade, and a restructuring of firm strategies seeking to realign their production and sourcing networks to accommodate new economic and political realities (Gereffi, 2004; Rasmussen, 2008; Tewari, 2006). After the phase out of MFA and during the post ATC period, a considerable appreciation of readymade garment exports was seen in South Africa, Singapore, Australia, Malaysia, Kuwait and Brazil. However, South Asian countries like China, Bangladesh, India, Vietnam, Indonesia Thailand and Pakistan are the ones that rule the global garment export market and give a stiff competition to EU, US and Mexico. Table 2 supports these facts by demonstrating a decadal growth in the share of the leading garment exporters of the world.

Table 3: World's Leading Garments Exporters, 1995-2010

(Value in US$ Millions, share in world exports in %)

Country	1980	1990		1995		2000		2005		2007		2008		2009		2010
	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value
World		108.1		158.4		197.7		277.1		347.1		365		315.6		-
China	4	9.7	8.9	24	15.2	36.1	18.2	74.2	26.8	115.5		120.4	33.2	107.3	34	44485
Bangladesh	0	0.6		-	-	5.1	2.6	6.9	2.5	8.9	2.56	10.9	3	107.3	3.4	-
EU	-	-	-	48.5	31	56.2	29		31	105	30.37	114	31	96.8	31	-
Turkey	0.3	3.3	-	6.1	3.9	6.5	3.3	-	4.3	13.9	4	13.6	3.8	11.6	-	-
India	1.7	2.5	2	4.1	2.6	14.3	3	8.6	3.1	9.9	2.85	11.5	3	11.5	3.6	5827
Viet Nam	-	-	-	-	-	1.8	0.9	4.7	1.7	7.4	2.1	8.7	2.5	8.6	2.7	-
Indonesia	0.2	1.6	2	3.4	2.1	4.7	2.4	5	1.8	5.9	1.7	6.3	1.7	5.9	1.9	-

US	3.1	2.6	2	6.7	4.2	8.6	4.4		1.8	4.3	1.24	4.5	1.2	4.2	1.3	
Mexico	0	0.6	0.5	2.7	1.7		4.4		2.6	5.1		4.9	1.4	4.2	1.3	
Thailand	0.7	-	2.6	5	3.2	3.8	1.9	4.1	1.5	4.1		4.2	1.2	3.7	1.2	-

Source: Table II.69, (WTO, 2010); Leading exporters and importers of clothing, 2009, 2010 data is from http://otexa.ita.doc.gov/tbrimp.htm

Table 3 emphasizes the position of China as the leading Asian garment exporter of the world. However, India has also gained a prominent position in this competitive race. From 1980, for almost two decades, India enjoyed the position of being top third global garment exporter. Then in the following decade its postion fell to number five. This was the time when World Trade Organization (WTO) phased out the quotas and preferential tariffs established under Multi Fiber Arrangement (MFA) through its Agreement on Textile and Clothing (ATC). This was the time when small countries like Thailand and Turkey with its low manufacturing cost power climbed the ladder up. But post 2000, India again gained it position back to number four and since then has remained the top five garment exporting country of the world. From Asian countries, it has great threat from China and Bangladesh as far as the export volume and share in world garment export is concerned.

But in a more focused way, the worries of India, China and Bangladesh would be to remain the top exporter of US, which is the single largest importer of textile and clothing (T&C) items. During the first 11 months of calendar year 2010, US observed a positive growth of 15.30% in its imports of T&C from the world and 18.10% from India, during the first 11 months of calendar year 2010. US being a leading importer of garments, it is necessary to know the competing countries that export goods to US. Table 4 shows the list of countries that have been the top 5 exporters to US in the last decade.

Table 4: Top 5 Clothing Suppliers for the United States, 1990-2006

(Market Share in Parentheses)

Year	First	Second	Third	Fourth	Fifth
1990	Hong Kong -16.10%	China -14.50%	South Korea -12.00%	Taiwan -9.70%	Philippines -4.10%
1991	Hong Kong -15.90%	China -15.00%	Taiwan -10.20%	South Korea -8.00%	Mexico -4.00%
1992	China -16.50%	Hong Kong -14.50%	Taiwan -7.90%	South Korea -6.80%	Mexico -4.40%
1993	China -18.00%	Hong Kong -12.30%	Taiwan -6.80%	South Korea -6.30%	Mexico -4.90%
1994	China -15.80%	Hong Kong -12.30%	Taiwan -6.00%	Mexico -5.70%	South Korea -5.60%
1995	China -13.30%	Hong Kong -11.30%	Mexico -8.00%	Taiwan -5.20%	South Korea -4.60%
1996	China -14.00%	Mexico -10.20%	Hong Kong -9.80%	Taiwan -4.80%	Dominican Republic (4.3%)
1997	China -14.00%	Mexico -12.10%	Hong Kong -8.40%	Dominican Republic (4.7%)	Taiwan -4.40%
1998	Mexico -13.70%	China -12.10%	Hong Kong -8.40%	Dominican Republic (4.4%)	Taiwan -4.10%

1999	Mexico -14.80%	China -11.90%	Hong Kong -7.70%	Dominican Republic (4.4%)	Honduras -3.90%
2000	Mexico -14.70%	China -11.30%	Hong Kong -7.10%	Dominican Republic (4.1%)	Honduras -3.80%
2001	Mexico -13.80%	China -11.90%	Hong Kong -6.70%	Honduras -3.80%	India -3.60%
2002	China -13.00%	Mexico -13.00%	Hong Kong -6.20%	India -4.00%	Honduras -4.00%
2003	China -15.60%	Mexico -11.20%	Hong Kong -5.40%	India -4.00%	Honduras -3.70%
2004	China -18.10%	Mexico -10.10%	Hong Kong -5.30%	India -4.20%	Honduras -3.70%
2005	China -25.70%	Mexico -8.70%	India -5.10%	Hong Kong -4.50%	Indonesia -3.70%
2006	China -29.10%	Mexico -7.40%	India -5.30%	Indonesia -4.40%	Bangladesh -3.50%

Source: Table 7, http://www.fas.org/sgp/crs/row/RL34106.pdf

Though India has been the top five garment exporter of the world, it success in being the top five exporter for US has culminated only after the year 2000. Tables 3 and 4, show that India has vehemently revived as a garment exporter after the year 2000. Both at global as well as at US level, the contribution of India as a garment exporter has shown a strong footing after the ATC. But along with India, the event of ATC also promoted other low-cost Asian rivals like China and Bangladesh. Yet, in the year 2010, India sustained the top 15 position as exporter to US while Bangladesh has failed to earn this position. Therefore, Bangladesh is a rival for India only for garment and clothing exports while China is a threat for all merchandise. Rank of countries exporting goods imported to US shown in Table 5, supports this argument.

Table 5: Country-Wise Imports (Goods) By US, Year-to-Date December 2010

Rank	Country	Imports (Year-to-Date)	Percent of Total Imports
---	Total, All Countries	1,912.10	100.00%
---	Total, Top 15 Countries	1,433.80	75.00%
1	China	364.9	19.10%
2	Canada	276.5	14.50%
3	Mexico	229.7	12.00%
4	Japan	120.3	6.30%
5	Federal Republic of Germany	82.7	4.30%
6	United Kingdom	49.8	2.60%
7	Korea, South	48.9	2.60%
8	France	38.6	2.00%
9	Taiwan	35.9	1.90%
10	Ireland	33.9	1.80%
11	Venezuela	32.8	1.70%

12	Saudi Arabia	31.4	1.60%
13	Nigeria	30.5	1.60%
14	India	29.5	1.50%
15	Italy	28.5	1.50%
Source: FTDWebMaster, Foreign Trade Division, U.S. Census Bureau, Washington, D.C. 20233			

Table 5 highlights that India is recognized as one of the top 15 exporters to US. Apart from other goods, India has witnessed growth of 18.10% of clothing exports to US in the current year (WTO, 2010). Thus, it is noteworthy that India plays an important role as a client of US for general as well as textile and clothing exports. This also means that India should concentrate on growth of textile and garment industry as it plays a prominent role in world exports. Table 6 shows the growth of clothing exports from India in the last six decades.

Table 6: Decadal Growth of Exports of Garments from India

(Value in Rs. Crores, Share in %)

YEAR	VALUE OF ALL EXPORTS	VALUE OF GARMENT EXPORTS	SHARE OF GARMENT IN EXPORTS
1960-61	632	0	0.1
1970-71	1535	30	2
1980-81	6710	565	804
1990-91	32553	4593	14.1
2003-04	-	5786.37	-
2004-05	-	6034.39	-
2005-06	-	7752.44	-
2007-08	-	36497.8	-
2008-09	-	47112.8	-
2010-11	845533.64*	47608.39*	5.63

Source: EPW, XXVIII-35 (1993), P.M.-96 * Source: textile annual report 2010-11

2003-04 onwards: Source: Foreign Trade Statistics of India (Principle Commodities and Countries) DGCI&S, Kolkata

India's textiles and clothing industry is one of the mainstays of the national economy. It is also one of the largest contributing sectors of India's exports worldwide. As the world's second largest producer of textile and garments, India's garment exports totaled US$ 10.70 billion during FY 2009-10, giving an inevitable market share of 3.2%. Though EU, US and Japan rule the world as garment consumers, India's major garment export destinations are US, UK and UAE. (Source: http://www.aepcindia.com/advantage-performance.asp). The Americans, EU, much of Asia and Middle East are India's clients. The Apparel sector also contributes to 7% of India's total exports recording decline of 0.35% in 2009-10 against 2008-09 due to global recession. Apparel and cotton textiles products together contribute nearly 70% of the total textiles exports. By 2010-11, Readymade Garments accounted for almost 45% of the total textiles exports. The industry supports 7 million people as a part of its workforce and aims to double this figure by 2011-12 (Source: annual report 2010-11, ministry of textile, GOI).

Table 6 shows the growth in size of garment exports made by India in the last 10 years. It shows that growth of RMG has been 11 crores in 2008-09 while it witnessed a growth of only half a crore in last year. This shows that there is a strong competition from the world as well as the other South Asian countries as far as manufacturing garments and exports to US is concerned. While Table 4 highlighted the global clothing suppliers of US, Table 7 throws light on the competing South Asian countries that exports garments to the world. Since the current study is based on studying the taxonomy of garment exports of India, therefore, the top competitors in exporting garments to US have been demonstrated in table 7.

Table 7: Asian Leading Exporters of Garments, 2010

(Valye in US$ billion, Share in %)

Country	1995		2000		2005		2008	
	Value	%	Value	%	Value	%	Value	%
World	158.4		197.7		277.1		361.9	
China	24	15.2	36.1	18.2	74.2	26.8	120	33.2
Bangladesh	-	-	5.1	2.6	6.9	2.5	10.9	3
India	4.1	2.6	6	3	8.6	3.1	10.9	3
Vietnam	-	-	-	-	4.7	1.7	9	2.5
Indonesia	3.4	2.1	4.7	2.4	5	1.8	6.3	1.7
Thailand	5	3.2	3.8	1.9	4.1	1.5	4.2	1.2

Source: (WTO, 2010); Apparel exports represented by SITC 84

Table 7 highlights that, after the year 2000, India has moved up in the competition of being a leading country for garment as well as other exports to US. However, China has remained on the top of garment exports the world over. To review this analysis, the following section discusses country competencies in apparel value chain and their performance with respect to growth in market share in garment exports to US, the world leading garment importer.

Section 3

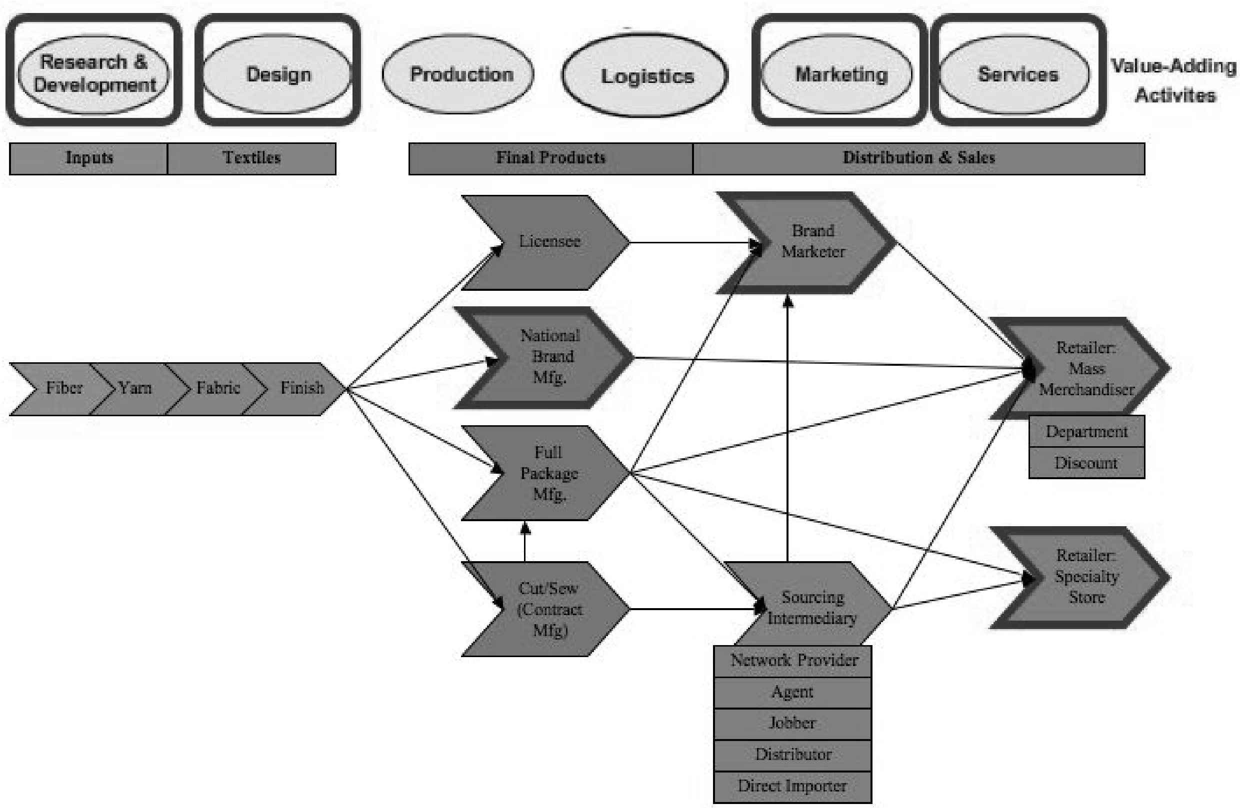
The third and the last section of this research paper, analyses and discusses the importance of value chain in promoting garment exports in comparison to reducing manufacturing cost and other factors affecting garment exports of a country.

Global apparel global value chain

The world apparel trade is not only dependent on cost and technology, but more on its value chain. Gereffi and Frederick (2010) have done a very comprehensive study on global apparel value chain which is reproduced in Figure 1. In the apparel value chain, there are three main types of lead firms (retailers, brand marketers, and brand manufacturers), which are highlighted in Figure 1. These firms involve in various activities like design, marketing, consumer services, and logistics. Firms in various countries try to specialize in one or more than one of these activities to be a part of the apparel value chain.

Figure1: Global Apparel Value Chain

Source: Gary Gereffi and Stacey Frederick (2010), The Global Apparel Value Chain, Trade and the Crisis: Challenges and Opportunities for Developing Countries.



The garment manufacturing process begins with clothing design, including fabric selection and the purchase of supplies. As a concept, garment manufacturing is rather broad. The garment manufacturing process is how companies make clothes, and what transforms designers' ideas into everything from the season's newest must-have pieces to basic wardrobe staples. It incorporates essentially every element of apparel manufacturing. The point to be noted here is that no single country or manufacturer who gets themselves involved in the entire cycle of garment manufacturing process. They most of the times involve in any one of the many assemblies of the garment manufacturing process by taking contract manufacturing of that process. For example manufacturers of a particular country may only specialize in cutting or sewing activity of the entire process. This activity may be subcontracted by the garment manufacturer or some other country who may export the final product to leading garment importer. A clearer idea of garment manufacturing assembly lines and respective specializing countries can be gained from Table 8.

Table 8: Country Capabilities and Garment Manufacturing Assembly Lines

Functional Capabilities	Supplier Tier	Recommendations; Key Facilitators	Country Examples
Cut, Make, Trim CMT (Assembly)	Marginal Supplier	Promote upstream FDI. Government and regional organizations. Lead firm to commit to long-term supply.	Cambodia, SSA, Caribbean, Vietnam
Package Contractor (OEM): Sourcing	Preferred Supplier	Invest in machinery and logistics technology. Private investment.	Bangladesh Indonesia

	Niche Supplier	-	Sri Lanka, Mexico
Full Package Provider / Original Design Manufacturing (ODM)	Strategic Supplier	Next step: enter new emerging markets as a lead firm	Turkey, EU, India, China
Service Providers	Coordinators and Foreign Investors	-	Hong Kong, South Korea, Taiwan, Singapore, Malaysia
Source: Gary Gereffi and Stacey Frederick (2010), "The Global Apparel Value Chain, Trade and the Crisis: Challenges and Opportunities for Developing Countries". The World Bank Development Research Group, Trade and Integration Team			

Table 8 shows that countries like Vietnam, Bangladesh and Indonesia specialize more in subcontracted jobs or activities of the apparel value chain. Yet their exports of garments are very high. This means they may export more of ancillary items of clothing or garment accessories like labels, collars, pockets, packaging etc. On the other hand, China and India involve in more number of activities of the apparel value chain and may also provide the full package, right from manufacturing raw material to making a complete readymade garment.

Table 9 highlights the production capabilities of these countries with their exports to US in the year 2009-10.

Table 9: US Apparel Imports from India, China, Bangladesh, Indonesia and Vietnam 2009-10

US Apparel Imports from Selected Countries by Merged Categories, 2009-10

Data in Dozen

Code	Category	India		China P		Bangladesh		Indonesia		Vietnam		World	
		2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
330/630	Handkerchiefs	NA	NA	6457154	7155701	NA	NA	NA	NA	NA	NA	6993966	7473798
331/631	Gloves & Mittens	NA	NA	37629386	46932160	456433	1014927	2004591	3362650	719127	973095	54932778	71250645
334/634	Coats	280750	253728	9596500	11090756	1307776	1553542	821124	1252859	1789665	2202843	18289981	20929431
335/635	Coats	499750	455893	15857314	15985428	876836	1011561	2118900	2656522	3861761	4257410	27780394	29719405
336/636	Dresses	3472747	3985116	19166035	22634405	972460	1380357	2187141	2779949	4146602	4775676	36079851	42333017
338/339	Cotton Knit Shirts	19536710	22333897	57409307	74991312	17324679	17771693	29236995	33150923	37546697	42354308	383062771	429190972

340/640	Non-Knit Shirts	2109123	2548250	9578128	12781988	7209045	9354534	2970675	3868786	2828580	3525124	34033822	42264066
341/641	Non-Knit Blouses	5371584	6277314	20158530	20776295	2498862	2949050	4693943	4938919	2239661	2629126	39993563	42632244
342/642	Skirts	1954777	1539339	6674157	7007926	1163323	809192	1536022	1865888	1592781	2143184	15842705	16321403
347/348	Cotton Trousers	6002187	5209329	47124518	61570308	26498878	29098067	9894178	11272395	14626339	16172015	175522170	196190708
349/649	Brassieres	457259	588962	25822325	31990530	2785512	3247901	4379066	4839590	157390	192452	45714304	55111313
350/650	Dressing Gowns	635124	632675	7657945	9022776	212436	190980	657594	525581	1737098	1790369	12856000	14304416
351/651	Cotton and MMF Night	1356150	1408846	19558469	21524826	1735487	1936095	671658	851633	1123855	1556594	31995100	36091766
352/652	Under wear	17863634	21643420	34481641	53118232	18408554	21332283	NA	NA	14933594	23478953	231051422	289208738
445/446	Wool Sweaters	NA	NA	1944037	2528079	32628	24309	14305	5822	NA	NA	2205589	2758726
638/639	M-MF Knit Shirts	NA	NA	22602585	28773963	714453	1496127	5227641	6035543	8734387	9812440	84642274	104140659
645/646	M-MF Sweaters	NA	NA	3010294	3232754	918526	981060	178289	162914	NA	NA	4799099	5064325
647/648	M-MF Trousers	NA	NA	11378400	15757910	3309881	4582189	4794316	5957546	5632221	7076222	50961211	61482680
845/846	Sweaters - Silk & VE	NA	NA	617313	535537	NA	NA	NA	NA	NA	NA	641535	554258

Source: Table 4.3.1(a): 4.3.1(a): Impact of Economic slowdown on Indian Textile and Clothing Industry, A Study assigned by CITI, Texprocil, AEPC and SRTEPC. June 2009.

Table 9 emphasizes that as countries such as China, Turkey, and India develop capabilities that permit vertical integration in apparel, their reliance on apparel exports tends to diminish because their upgrading processes facilitate broader industrial diversification. This argument can be supported by looking at the high export dependence ratio of Cambodia (85%), Bangladesh (71%) and Sri Lanka (41%) (see Gereffi and Frederick, 2010). These countries concentrate on CMT and have limited full-package capabilities unlike China and India.

CONCLUSION

Analysis of table 8 and 9 emphasizes that though Vietnam is a marginal garment supplier and having an expertise of only assembly lines like cut, make and trim, it covers a share of 8.38% in 2010 in world garment exports and manufactures 20% of the total exported garment categories. Its apparel export dependence ratio is relatively low because of the importance of its agricultural exports (Gereffi and Frederick, 2010). Comparatively, countries like Bangladesh and Indonesia; exports larger garment categories because it has moved from assembly to original equipment manufacturing (OEM) production. It means these countries are evolving from being just labor intensive to being technology oriented too. This may be because countries specializing in OEM may not want to invest in design and infrastructure but just make a product according to the design specified by the buyer and sells the product under the buyer's brand name. Countries like Bangladesh and Indonesia became full range 'package suppliers' for foreign buyers like US with no control over distribution but share in world garment imports to US to be 6.7% and 5.7% respectively in 2010.

On the other hand, India has moved up the value chain. Its functional capability in an apparel value chain has moved beyond from being just a marginal supplier for assembling jobs or being a preferred supplier of foreign owners for outsourced jobs requiring uniform bulk production to becoming a strategic supplier where leading importers like US place full package orders. After the global slow-down, leading Asian apparel suppliers like China and India, began to focus more on sales to their domestic market. This step allowed them to accelerate the upgrading process associated with moving beyond assembly and full-package supply to original design manufacturing (ODM) and original brand manufacturing (OBM) (Gereffi and Frederick, 2010).

With the help of focus on garments in textile policy, government support and technology assistance too, exporters of India seem to have evolved to be original design manufacturers and strategic suppliers in the apparel value chain. The growth of share of India in world garment exporters to US from 4% in 2009 to 5% in 2010 supports the argument of upward move of India in the apparel value chain. However, though China falls in the same category as India in this value chain, its share in world garment export to US is tremendous. Both China as well as India has the capability to manufacture full package in apparel. The difference is that China has 45% foreign direct investment ownership in apparel sector and hardly 2% of state owned enterprises, while in India, there is a huge dominance of local firms. Most of the foreign firms are in the form of a joint venture. Therefore, China is largely involved in upgrading to higher-end clothing, is a primary supplier to global buyers and its major buyers have local sourcing offices. This has allowed China to be a part of OBM too. China’s success in the world apparel market is also reflected in the fact (from Table 9) that it exports all the 24 categories of garment while India only deals with 12 categories. Therefore, China has shown more market share in South Asian exporting countries and also been on the top as far as world export market is concerned. Moreover, China charges a VAT of 17% at every level of the production process and the final product, but firms exporting a product can receive VAT export rebates on finished and input products. Due to decreases in export demand and increasing domestic production costs (currency and labor), China progressively increased VAT export tax rebates a total of five times for Textile and Clothing (T&C), three times in 2008 and twice in 2009. Chinese clothing manufacturers can now claim a rebate up to the 17% ceiling. Now, the government of China is targeting average textile production growth of 10% each year and export growth of 8% annually to reach US $240 billion by 2011. Therefore, in order to beat China, India has to first widen the span of categories in which in deals for exporting and then concentrate on garment exporting policy in particular. As compared to China, India has an advantage of product diversity, huge demand in domestic market, and cost, speed and flexibility advantages as it can cater to buyers' requirements for small customized orders as well as large orders. Yet India lags behind China in garment exports due to procedural hurdles in international trade, lack of scale economies (80% of T&C units are small, cottage-like typically employing less than 11 workers with only 6% with over 49 employees), more inflation in raw material costs as compared to China, higher manufacturing cost (includes power, operating, and transactions costs) as compared to China. China's increasing manufacturing cost is limited to a couple of factors like energy and shipping, which is easier to manage than managing to reduce costs of more than two factors (Gereffi and Frederick, 2010). Moreover, the most valuable activities in the apparel value chain are not related to manufacturing only but are found in design, branding and marketing of the products. Therefore it looks easy for China to evolve in the apparel value chain and sustain its position as top garment exporter for US as well as world. Though India is in the same category of apparel value chain, its position as garment exporter in world market is still 14th, and for US it is still 3rd lead by China and Mexico.

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International Journal of Research in Management & Social Science
Volume 1, Issue 1 (July – September , 2013)

A STUDY OF INVESTMENT CHOICE OF INDIVIDUAL INVESTORS IN VALSAD DISTRICT

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ABSTRACT

A study of 200 respondents revealed that though majority have preferred low risk investments, considerable number have gone for high risk investments. This could be because of the awareness created among Indian individual investors regarding investment avenues and investment climate. The study also indicated that the association between profile of the respondents-age, gender, religion qualifications, income and profession, and the risk taken while making investments is not significant. The existing "Behavioral Finance" studies are very few and very little information is available about investor perceptions, preferences, attitudes and behaviour. An effort in this direction is fragmented.

Keywords: *Low Risk, Investment Avenues, Behavioral Finance, Investors Perception*

INTRODUCTION

Indian investors still prefer safety and liquidity to returns. The number of investors putting money in equity and mutual funds has shown a steep decline, according to a survey conducted by market regulator SEBI and NCAER in 2005. It is believed that the average Indian investor still prefers low risk, high safety and liquidity to returns. With the growing regulatory role of SEBI, growth of financial institutions, and investor education, there seems to be a change in the mindset of individual investors. The existing "Behavioral Finance" studies are very few and very little information is available about investor perceptions, preferences, attitudes and behaviour. An effort in this direction is fragmented. Investors find “Bank Fixed Deposits” the safest among all. Equity shares, Mutual Funds and Debentures were regarded unsafe. Investors rack confidence in Equity Markets. Special efforts would have to be made for creating greater investors awareness through investors, education and developing the infrastructure, which allows for easy access to the market.

REVIEW OF LITERATURE

George and Alok (2009)[i] found that older and experienced investors’ intent to diversify, trade less frequently, exhibit weaker disposition effect and familiarity bias, and their trading activities are more sensitive to taxes. Sharma, Vivek; Hur, Jungshik; Lee, Heiwai (2008)[ii] designed a metric to measure the net buying and selling by institutions and individual investors and found that from the year ISSO to 2004 institutional investors were net buyers of growth stocks and net sellers of value stocks, implying that individual investors were net buyers of value stocks and net sellers of glamour stocks. Pradeep (2007)[iii] found that investors who were in the middle age group, had higher qualifications, held fewer securities in their portfolio, most invest for the long term, use all the share index to compare performance and feel that they could achieve a much higher return on their investment than previously. Bailey, Warren, Alok and David (2007)[iv] found that wealthier, more experienced investors enjoy an informational advantage and thus, are more likely to invest overseas and experience good portfolio performance; other investors appear to venture abroad for the wrong reasons. Sharma and Sharma (2004)[v] indicated that they are young, well informed, and also trade regularly. Lipe, (I998)[vi] revealed that respondents perceived different levels of variance as well as covariance of returns although they usually employed only variance in risk assessment. Most of the studies have concentrated on institutional buyers, motivational factors influencing individuals in their investment decisions and profiles of individual investors. Lppolito[vii] (1992) says that fund/scheme by investors is based on past performance of the funds and money flows into winning funds more rapidly than they flow out of losing funds. Goetzman[viii] states that there is evidence that investor psychology affect fund/scheme selection and switching. De Bondt and Thaler[ix,x] (1985) while investigating the possible psychological basis for investor behaviour, argue that mean reversion in stock prices is an evidence of investor over reaction where investors overemphasize recent firm performance in forming future expectations. Gupta L.C[xi] (1994) made a household investor survey with the objective to provide data on the investor preferences on Mutual Funds and other financial assets. The findings of the study were more appropriate, at that time, to the policy makers and mutual funds to design the financial products for the future. Kulshreshtha[xii] (1994) offer certain guidelines to the investors in selecting the mutual fund schemes. Shanmugham[xiii] (2000) conducted a survey of individual investors to study the information sourcing by investors, their perceptions of various investment strategy dimensions and the factors motivating share investment decisions, and reports that among the various factors, psychological and sociological factors dominated the economic factors in share investment decisions. Shankar[xiv] (1996) points out that the Indian investors do view Mutual Funds as commodity products and AMCs, to capture the market should follow the consumer product distribution model. Anjan Chakraborthy and Harsh Rungta[xv] (2000) stressed the importance of brand effect in determining the competitive position of AMCs. Their study reveals that brand image factor, though cannot be easily captured by computable performance measures, influences the investors perception and hence his fund/scheme selection. Madhusudan V Jambodekar[xvi] (1996) conducted a study to assess the awareness of MFs among investors, to identify the information sources influencing the buying decision and the factors influencing the choice of a particular fund. The study reveals among other things that Income Schemes and open ended schemes are more preferred than Growth Schemes and Close Ended Schemes. During the then prevalent market conditions. Investors look for safety of Principal, Liquidity and Capital appreciation in the order of importance; Newspapers and Magazines are the first source of information through which investors get to know about MFs/Schemes and investor service is a major differentiating factor in the selection of Mutual Fund Schemes.

OBJECTIVES

The objectives of the study are as follow:

1. To identify the risk taken by individual investors while making investments.

2. To examine the association between the demographic profile of the investors and the risk taken by them.

METHODOLOGY

The present study is based on primary data collected from 200 respondents using a questionnaire. The investments are categorized as low risk, medium risk and high risk investments. The investments in post office savings, gold, land, flat, insurance and fixed deposits in nationalized banks were considered as low risk investments. The fixed deposits in other than nationalized banks, mutual funds and debentures where a higher interest can be gained were considered as medium risk investments. Shares in reputed companies, and upcoming sectors were considered as high risk investments. The investor is considered as low risk, medium risk and high risk based on the highest mean scores he/she is securing. For the purpose of finding association between the profile of the respondent and risk, chi-square has been used with the help of SPSS package.

PROFILE OF THE RESPONDENTS

Analysis of the profile indicates that the age group of above 20 years and below 30 years constitutes the largest group amongst the respondents. It accounted for 46 per cent of the sample followed by above 40 years and below 50 years category which accounts for (18.8 per cent) and above 50 years and below 60 years (f4.5 per cent) class. Classification based on gender indicates that a little more than two thirds are males. Qualification wise, the profile shows that graduates constitute the major chunk of the sample followed by post-graduates. Further, the classification indicates that professionals - graduates and post-graduates constitute a significant proportion. Profession-wise classification indicates that majority of the respondents are from the BPO industry (83 per cent). Income-wise analysis reveals that one third of the respondents has income between Rs.1,50,000 to Rs. 3,00,000. This is followed by the group with income below Rs. 1 ,50,000 group and the group with income above Rs. 3 lakhs and below Rs. 5 lakhs. Religion wise it could be observed that more than 72 per cent are Hindus, followed by Christians (16.2 per cent), Muslims (7.7 per cent) and Sikhs (3.4 per cent).

RESULTS

Table 1: Individual investor's investments

Investment Category	Frequency	Percent	Valid Percent	Cumulative Percent
Low Risk	59	50.4	50.4	50.4
Moderate Risk	15	12.8	12.8	63.2
High Risk	43	36.8	36.8	100.0
Total	117	100.0	100.0	

Source: Primary Data

Individual Investors Investments: A little over 50 per cent of the respondents h4ve made low risk investments (Table l). More than one third of the respondents have gone for high risk investments. The respondents who have gone for moderate investments constitute 12.8 per cent of the sample. Thus, it may be observed that the respondents have inclination towards either low risk or high risk instruments.

Age and Choice of Investment: It may be observed that except in the case of the group below 20 years, all other groups indicate that their preference is either low risk instruments followed by high risk instruments (Table 2). The group of respondents below 20 years of age indicated that their preferences is moderate risk (44.4 per cent) followed by high risk (33.3 per cent) instruments. Further, it may also be observed that a large number of respondents (more than 59 per cent) belonging to the age group of above 40 years have made investments in low risk investments. The chi-square value of 14.358 at 10 degrees of freedom between age and investments indicates that it is not significant as the p value is 0.157.

Gender of the Respondents and Choice of Investments: An analysis based on Gender of the respondents' shows that majority of the male members (54.3 per cent) have gone for low risk investments compared to women. It may also be observed that more number of women respondents constituting 47.2 per cent have gone for high risk investments compared to men (32.1 per cent). Regarding moderate risk investments the percentage of men is more compared to women. The chi-square test also shows that the association between gender and risk taken while investing is not significant.

Table 2: Profile of Investors

	Low Risk	Moderate Risk	High Risk	Total
Age				
Below 20 Years	22.2	44.4	33.3	100.0
Above 20 and Below 30 Years	44.4	11.1	44.4	100.0
Above 30 and Below 40 Years	50.0	8.3	41.7	100.0
Above 40 and Below 50 Years	59.1	13.6	27.3	100.0
Above 50 and Below 60 Years	70.6	5.9	23.5	100.0
Above 60 Years	66.7	0.0	33.3	100.0
Total	50.4	12.8	36.8	100.0
Chi-square		14.358		
Df		10		
P		0.157		
Gender				
Male	54.3	13.6	32.1	100.0
Female	41.7	11.1	47.2	100.0
Total	50.4	12.8	36.8	100.0
Chi-square		2.461		
Df		2		

P		0.292		
Qualification				
Below Graduation	60.9	17.4	21.7	100.0
Graduates (Professionals)	39.4	9.1	51.5	100.0
Graduate (Other than Professional)	48.1	22.2	29.6	100.0
Post-Graduates (Professionals)	61.9	4.8	33.3	100.0
Post-Graduates (Other than Professionals)	46.2	7.7	46.2	100.0
Total	50.4	12.8	36.8	100.0
Chi-square		9.962		
Df		8		
p		0.268		
Profession				
Teaching	50.0	0.0	50.0	100.0
Accounting	50.0	12.5	37.5	100.0
Software professional	40.0	0.0	60.0	100.0
Associates in BPO	51.0	14.3	34.7	100.0
Total	50.4	12.8	36.8	100.0
Chi-square		2.826		
Df		6		
p		0.83		
Income (PA)				
Below Rs.150,000	55.9	17.6	26.5	100.0
Above Rs.1500000 to RS.300,000	35.9	10.3	53.8	100.0
Above Rs.300,000 to Rs.500,000	45.8	16.7	37.5	100.0
Above Rs.500,000 to Rs.750,000	78.6	7.1	14.3	100.0
Above Rs.750,000 to Rs.900,000	66.7	0.0	33.3	100.0
Total	50.4	12.8	36.8	100.0
Chi-square		12.687		
Df		8		
p		0.123		
Religion				
Hindu	49.4	12.9	37.6	100.0
Muslim	44.4	11.1	44.4	100.0
Christian	57.9	10.5	31.6	100.0
Sikh	50.0	25.0	25.0	100.0
Total	50.4	12.8	36.8	100.0
Chi-square		1.306		
Df		6		
p		0.971		

Source: Primary Data

Qualifications of the Respondents and Choice of Investments: Investments based on the qualification of the respondents show that a vast majority of the respondents (more than 60 per cent) belonging to the category of below graduation and post graduates (professionals) have gone for low risk investments (Table 2). Majority of graduates (professionals) have gone for high risk investments. Further, it may be noted that there is no consistent pattern in investments based on the qualifications of the respondents. The chi-square test indicates that the association between qualification and investment risk is not significant.

Profession of the Respondents and Choice of Investments: The majority of respondents are working as the associates in BPO services (Table 2). It may be observed that majority have gone for low risk investments followed by high risk investments and medium risk investments. Same trend maybe observed even in other categories.

Teachers, have preferred low risk and high risk investments equally. The chi-square test indicates that the association between profession of respondents and their choice of investments is not significant.

Income of the Respondents and Choice of Investments: The table 2 shows that except the categories with income above Rs.1.5 lakhs to 3 lakhs and, above Rs.3 lakhs to 5 lakhs, in all the remaining categories a large majority of them have preferred low risk investments. In the case of the group with income of Rs. l.5lakhs to Rs.3lakhs majority of them have gone for high risk investments. The same trend of low risk investments, high risk investments and medium risk investments are continued in almost all the categories. The chi-square test indicates that the association between income level of the respondents and the risk they have taken in investments is not significant.

Religion of the Respondents and Choice of Investments: Religion wise classification of the respondents and investments indicate that in all the categories more number is going in for low risk investments (Table 2). It may be observed that this is very much prevailing among the Christian community as it is indicated by 57 .9 per cent. More than one third of the respondents in each category are going for high risk investments and approximately 10 to 12 per cent are going for medium risk investments. The chi-square value between religion and investments indicates that the association is not significant.

CONCLUSION

A little over 50 per cent of the respondents have made low risk investments. More than one third of the respondents have gone for high risk investments and the remaining has gone for medium risk. Age wise classification has shown the same trend. Gender wise it is observed that women have made moderate and high risk investments compared to men. Qualification wise classification indicated that more number of Graduates (Professionals) has gone for high risk instruments compared to others. The trend of low risk, high risk and medium risk investments are there in almost all the categories. The association between profile of the respondents-age, gender, religion qualifications, income and profession and the risk taken while making investments is not significant.

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International Journal of Research in Management & Social Science
Volume 1, Issue 1 (July – September , 2013)

A STUDY ABOUT THE POST – FDI IMPACT OF RETAILING ON CONSUMER & EMPLOYMENT

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ABSTRACT

The last two and half decades have seen India open up its economy in a slow but steady fashion to private as well as foreign investment. The government in a series of moves has opened up the retail sector slowly to FDI. In this study the likely impact of FDI in retailing (single and multi brand) on consumer & employment has been carried out. For this, perception of both type of respondents (i.e.-shopper & employees of retail sector) were captured using a questionnaire in major cities of Uttarakhand. The findings show that there are going to be positive impacts on consumers in terms of better service, better products where employment along with productivity is also going to enhance due to better working conditions. These findings will be of interest to retailers, manufacturers, real estate, and foreign retailers.

Keywords*-FDI, Single-brand, Multi-brand, Service, Employment*

INTRODUCTION

The last two and half decades have seen India open up its economy in a slow but steady fashion to private as well as foreign investment. The foreign investment is governed through the FDI policy which regulates industries open to foreign investment, and also the percentage that can be held by the foreign companies. Globalization and liberalization have immensely influenced the Indian economy and have gone a long way in making it a lucrative consumer market. The government in a series of moves has opened up the retail sector slowly to FDI. There were initial reservations towards opening up of retail sector arising from fear of job losses, procurement from international market, competition and loss of entrepreneurial opportunities To evaluate the impact of international players on domestic markets, in 1997 FDI in cash and carry (wholesale) outlet was permitted. In 2006, 51 percent investment in a single brand retail outlet was permitted. Since then retailing through franchisee route has been explored by several global brands.

Discussions were carried out by the government in 2008 to allow 100 percent FDI in single brand and 51 percent in multi brand retailing, but did not succeed due to fierce opposition from its then allies and Left (Communist) party and also from the local trade associations. The government has ultimately taken the bold decision and notified the much-awaited policy allowing 100 % FDI in single brand retail and 51% FDI in multi brand retail in Nov, 2012 (Table-1).

Table-1 Evolution of Foreign Direct Investment (FDI) Policy

YEAR	MILESTONES
1991	Indian economy opened FDI upto 51% under the automatic route in select priority sector
1997	FDI upto 100% allowed under automatic route in cash& carry
2006	FDI upto 51% allowed with prior government approval in single brand retail
2008	Government mulled over the idea of allowing 100%FDI in single brand retail and 50% in multibrand retail

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2010	Government proposing to allow FDI in multiband retailing
2012	Government allowed 100% FDI in Single Brand Retail and 51% FDI in Multi Brand Retail subjected to prescribed conditions

***Source**: YES Bank Analysis*

Why Are the International Players So Keen For India?

India has been ranked as the fifth most attractive nation (Figure-1) for retail investment among 30 emerging markets by the US-based global management consulting firm, A T Kearney, in its Global Retail Development Index (GRDI) 2012. The Business Monitor International (BMI) India Retail Report for the fourth-quarter of 2011 forecasts that the total retail sales will grow to US$ 804.06 billion by 2015. According to a report by research firm CB Richard Ellis India, over 6 million square feet of retail mall space was added across India in the first six months of 2011; primarily due to aggressive expansion by organized retailers the Indian retail sector is poised to witness a sea change. The recent times have seen a significant discussion emanating towards Allowing 100% FDI in single branding and 51% multi brand retailing will have a game changing impact on the modern retail sector in India.

Figure 1
2012 Global Retail Development Index™

On the radar screen | To consider | Lower priority

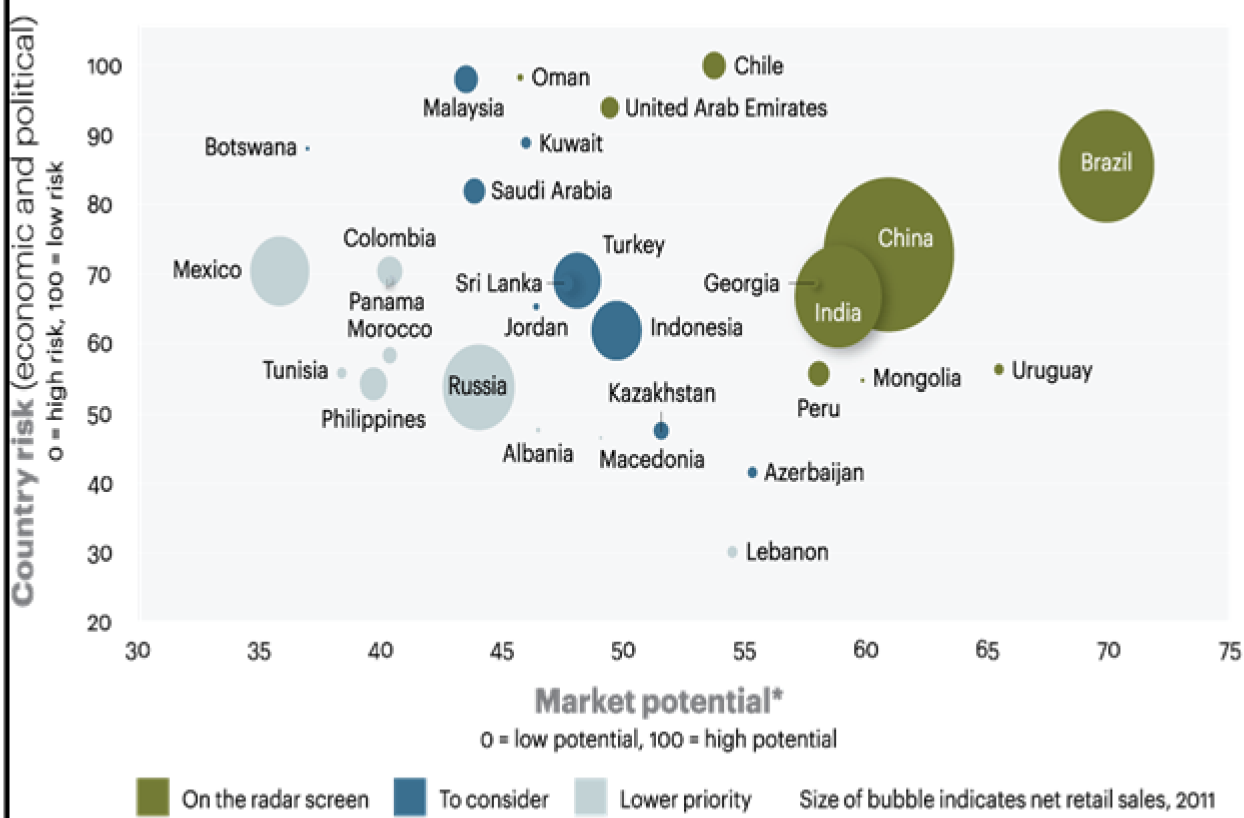
2012 rank	Country	Region	Market attractiveness (25%)	Country risk (25%)	Market saturation (25%)	Time pressure (25%)	GRDI score	Change in rank compared to 2011
1	Brazil	Latin America	100.0	85.4	48.2	61.6	73.8	0
2	Chile	Latin America	86.6	100.0	17.4	57.1	65.3	0
3	China	Asia	53.4	72.6	29.3	100.0	63.8	+3
4	Uruguay	Latin America	84.1	56.1	60.0	52.3	63.1	−1
5	India	Asia	31.0	66.7	57.6	87.9	60.8	−1
6	Georgia	Central Asia	27.0	68.7	92.6	54.0	60.6	N/A
7	United Arab Emirates	MENA	86.1	93.9	9.4	52.9	60.6	+1
8	Oman	MENA	69.3	98.3	17.4	50.4	58.9	N/A
9	Mongolia	Asia	6.4	54.4	98.2	75.1	58.5	N/A
10	Peru	Latin America	43.8	55.5	62.9	67.2	57.4	−3
11	Malaysia	Asia	56.7	98.1	18.9	54.8	57.1	+8
12	Kuwait	MENA	81.1	88.7	36.4	20.3	56.6	−7
13	Turkey	Eastern Europe	78.8	69.3	32.3	33.1	53.4	−4
14	Saudi Arabia	MENA	63.1	81.8	35.4	33.0	53.3	−4
15	Sri Lanka	Asia	12.7	68.3	79.0	51.3	52.8	+6
16	Indonesia	Asia	39.6	61.6	47.0	62.4	52.7	−1
17	Azerbaijan	Central Asia	19.2	41.5	93.6	53.2	51.9	N/A
18	Jordan	MENA	45.8	65.3	69.5	23.8	51.1	N/A
19	Kazakhstan	Central Asia	31.5	47.5	75.5	47.5	50.5	−5
20	Botswana	Sub-Saharan Africa	44.4	88.1	42.7	23.7	49.7	N/A
21	Macedonia	Eastern Europe	34.6	46.5	55.9	56.6	48.4	+8
22	Lebanon	MENA	60.2	30.2	48.9	54.2	48.4	−10
23	Colombia	Latin America	47.8	70.1	36.7	36.6	47.8	+1
24	Panama	Latin America	53.4	68.8	42.0	25.2	47.4	+2
25	Albania	Eastern Europe	24.6	47.6	74.8	39.9	46.7	−12
26	Russia	Eastern Europe	80.2	53.6	19.6	32.2	46.4	−15
27	Morocco	MENA	23.5	58.2	48.2	49.2	44.8	−7
28	Mexico	Latin America	71.9	70.0	15.1	20.3	44.3	−6
29	Philippines	Asia	28.3	54.6	52.5	38.3	43.4	−13
30	Tunisia	MENA	35.7	55.4	65.0	14.4	42.6	−12
			0 = low attractiveness; 100 = high attractiveness	0 = high risk; 100 = low risk	0 = saturated; 100 = not saturated	0 = no time pressure; 100 = urgency to enter		

Notes: 2011 rankings have been updated to include revised data from Planet Retail to take into account prevailing macroeconomic conditions in the retail space. MENA = Middle East and North Africa.
Sources: Euromoney, Population Data Bureau, International Monetary Fund, World Bank, World Economic Forum, Economist Intelligence Unit, Planet Retail; A.T. Kearney analysis

***Source:** A.T. Kearney 2012 Global Retail Development Report.*

All this puts India on the radar screen when compared to other countries in terms of attractiveness in retail investment (Figure-2).

Figure 2
2012 GRDI country attractiveness



*Based on weighted score of market attractiveness, market saturation, and time pressure of top 30 countries
Source: Planet Retail, Economist Intelligence Unit; A.T. Kearney analysis

Source: A. T. Kearney, 2012 Global Retail Development Index (GRDI).

Further, with the increase in income per capita ,exposure to western lifestyle due to internet and international channels the buying behavior of an average Indian has undergone a sea-change. Now, he is more matured and less saving oriented(Figure.-3) and is getting inclined towards consumerism. Indian consumer is not looking only for cheaper products rather he is looking for overall experience i.e. he wants maximum value-for-money **(Sharma, 2012).** And large base of these consumers which are still untapped provides a great opportunity to foreign players.

OBJECTIVE OF STUDY

In view of the above background, the author has recently undertaken a survey to assess the impact of the government's decision to allow 51% foreign direct investment (FDI) in multi-brand retail and 100% in single brand retail on -

- Indian consumer,
- Employment growth,
- Productivity of employees working in this sector.

RESEARCH METHODOLOGY

Questionnaire design and Measurement

A self administered questionnaire was designed to collect data.

Table-2 Number of measures used

S.No.	Construct	No. of Measures Used
1.	Consumer	6
2.	Employment	7
3.	Productivity	6
Total		19

The subjects were intercepted randomly at the exit doors in case of organized retailer, and at counter in case of unorganized retailer once they had completed their transactions. The stores selected included organized retailer – (Vishal Mega mart, Easy Day, 7/11) and unorganized retailer – (local Kirana stores of the region). The questionnaire was divided into 3 parts A; B & C. Part A had questions related to demographic information about the respondent. Part B contained thirteen measures for the shoppers to assess their views on the impact on consumers and employment where as Part C contained six measures for the employees working in this sector(i.e.-organized as well as unorganized retailers)which tried to capture the perception of the employees working in organized or unorganized towards productivity.

Data Collection

352 shoppers and 50 employees including males, females from cities like Dehradun, Kashipur, Haldwani, Rudrapur participated in the survey. 102 and 12 respondents did not provide complete information respectively making them unusable; yielding a response rate of 71.4 % & 76% respectively.

Primary data had been collected in the month of December of the year 2012. Mall intercept method **(Bush and Joseph, 1985)** is used to collect the data so as to assess the latest perception of the customers. The instrument used for the collection of the data is questionnaire which has been got filled by intercepting the customer at the exit doors of the retail stores or at the counter in case of Kirana stores.. The systematic random sampling method (i.e. every tenth shopper coming out from the outlet) is used to select the respondents. Further, the employees were contacted either during their breaks or when their working hours got over.

Sample size Adequacy

For sample size calculation the researcher wants no more than 5% error and is satisfied with 95% of confidence level. Assuming all other things constant, then in cities selected for sample selection considering where 70% of the population is aware about organized retailing and 30% is not aware of it a sample size of 352 & 50 is needed for the result. This sample size has been finalized based upon the standard sampling table for problems involving sample proportions **(Nan Lin, 1976)**.

Validity Analysis:

It is carried out to ensure that the survey instrument is measuring what it is designed to measure or that each scale accurately measures the variables included in the study. To establish content validity, construct validity and face validity store managers, shopkeepers, senior faculty members of researcher’s institute were asked to compare and evaluate the items included in the questionnaire with the objectives of the research. For examples jargons like VFM, PL etc have been removed from the instrument.

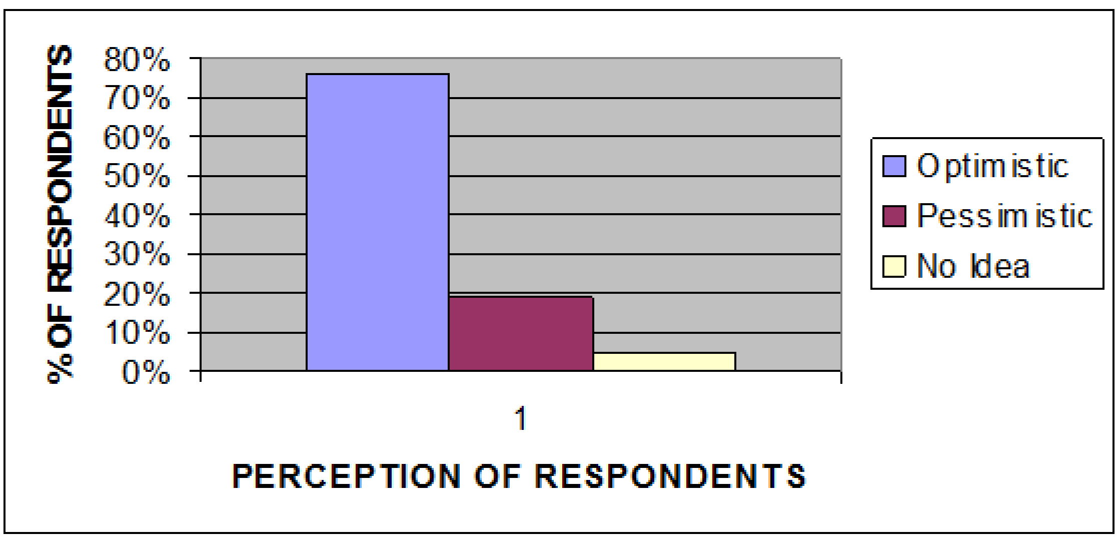
Reliability Analysis:
Instrument reliability – It is the degree of consistency between multiple measures of a particular variable and was tested using Cronbach's alpha coefficient. (Scales measuring store attributes related to store image were specifically measured to check its reliability). Cronbach's alpha coefficient is the most widely used reliability coefficient and assesses the consistency of an entire scale.

The size of a reliability coefficient is based on the average correlation among the test items and the number of items. According to Hair et. al, the acceptable lower limit is 70, however, 60 is acceptable for exploratory research. Scales for this study were considered to have good reliability with a **Cronbach's alpha value of .738.**

FINDINGS OF THE STUDY

Likely impact on consumer-
Seventy six percent of consumers were of the view that FDI would increase investment, lead to improvement of technical expertise, and increase the proliferation of brands, present more choice in front of the end user. They were also optimistic that FDI in this sector will improve the level of service and they would be getting maximum value-for-money (VFM).

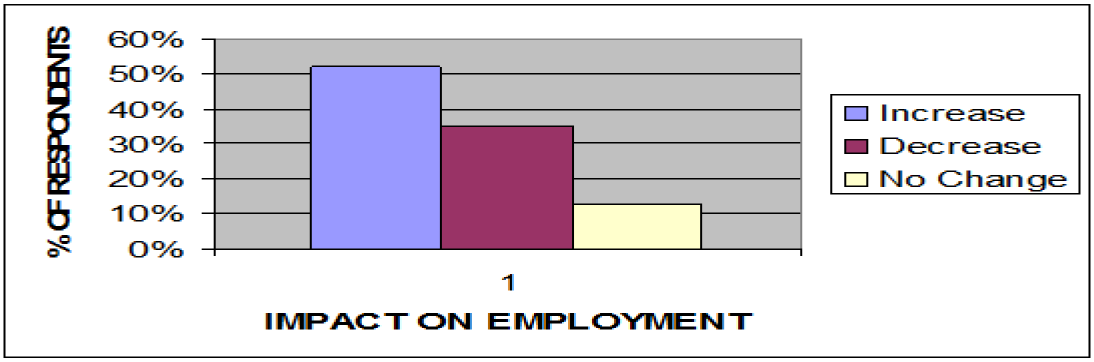
However, nineteen percent were apprehensive and felt that entry of foreign players would increase price of products, kill the unorganized retailers as well as organized domestic players. Consequently, it will lead to unemployment and which in turn will reduce the purchasing power of the consumer. Their apprehensions are based on the perception that foreign players may use India as a 'garbage-place' where they could dump their below standard products. It is worthwhile to note that these 19% of the sample belonged to lower income group. Five percent were not able to comment of the impact of FDI on consumers



Graph 1: Impact on Consumer
These findings are supported by the study of **Madan, (2012)** which says that ultimate beneficiary from the opening of FDI in retail is consumer. They are left to choose the retail outlet that would give them goods at lesser price. Further, the impact of multi-brand retail on consumers was found to offer consumers more selections of goods and services to choose from and at a lower prices and fresher products **(Powell, 2012)**.

Likely impact on employment

With regards to employment fifty two percent of the respondents were of the opinion that foreign direct investment would have a positive impact on the employment whereas thirty five percent expected negative impact on the employment. Approximately, thirteen percent of the respondents expected no significant change in employment with the opening up of this sector for foreign direct investment.



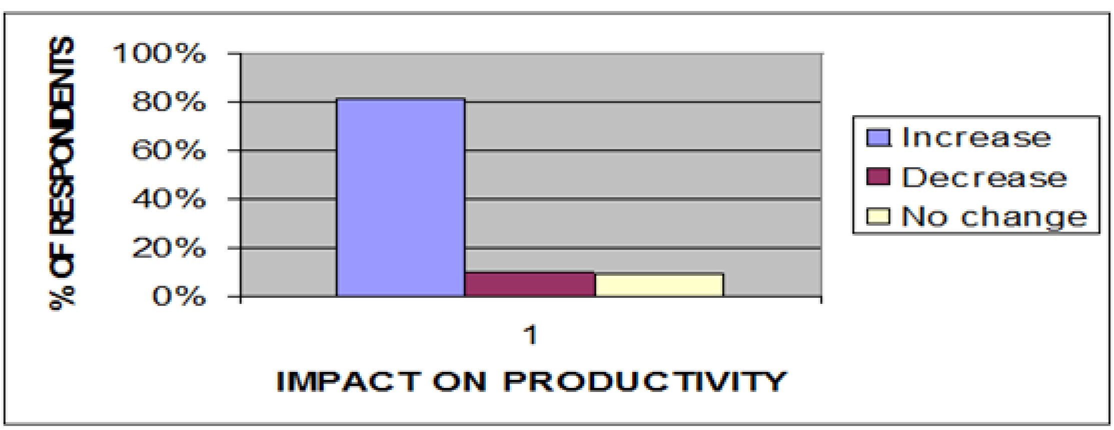
Graph 2: Impact on Employment

With regard to employment, around 48 percent of the respondents are of the opinion that the decision would have a positive impact on their employment whereas 35 percent expect no substantial change in the employment in this sector with opening up of FDI in retail. Around 16 percent expect the impact on the employment to be negative in this sector. **(CII, 2012).** The more employment would be created in the country either directly or indirectly where youth pass out is increasing as much as creation of employment. It would be generated in the agriculture, manufacturing, service industry which consists of GDP. The more people get employed would rehabilitate the economic cycle **.**

Further, the same sentiments were expressed by **Rawat (2012)** when he said "… foreign investments in Indian retail sector will ….create new jobs across the country …."

Likely impact on Productivity

Eighty one percent of employees (from unorganized system and organized sector) were of the view that their productivity is going to enhance due to better working conditions and increase in competition. Ten percent had opposite view to it and hold that productivity level decrease. Remaining Nine percent had expected no change.



Graph 3: Impact on Productivity

Reasons for likely increase in productivity

The reasons attributed for the likely increase in productivity were based on the expectations related to higher salary, lesser working hours and better working conditions and these expectations are based on present conditions. The employees expect that with the retail sector becoming more organized due to the advent of foreign direct investment they all would be able to enjoy these benefits resulting in more job satisfaction and consequently leading to increase in productivity.

CONCLUSION

Retail sector has witnessed significant transformation in last one and half decade and with opening up of this sector for foreign players more critical changes are expected. Unorganized players have to change their business models as the customers' expectations are going to be high. Consumers are going to gain from FDI in retailing in terms of choice of products, quality, shopping ambience and services.FDI would also lead to increase in productivity and efficiency of the employees due to an improvement of employment in terms of salary, work culture and other benefits.

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International Journal of Research in Management & Social Science
Volume 1, Issue 1 (July – September , 2013)

LONG TERM COINTEGRATION OF STOCKS TRADED WITH DOLLAR AND GBP

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ABSTRACT

The authors attempt to explain the behavior of Indian Stock Market and various factors which affect it. This paper examines the various research studied conducted with reference to Indian or International stock exchange context. This paper tries to find out the important factors those are affecting the Indian stock market directly or indirectly. In this research two major factors have been considered those are Dollar and GBP. This research takes NSE and BSE both in consideration. Generally, it is assumed that Dollar and GBP affects the volume of share traded. The data is collected for the period 2002 to 2012 and Johansen Cointegration test is applied. The results showed that Dollar and GBP does affect the volume of share traded.

Key Words: *Johansen Cointegration Test, Dollar, GBP, Stock Market.*

INTRODUCTION

An exchange is an institution, organization, or association which hosts a market where stocks, bonds, options and futures, and commodities are traded. Buyers and sellers come together to trade during specific hours on business days. Exchanges impose rules and regulations on the firms and brokers that are involved with them. If a particular company is traded on an exchange, it is referred to as "listed". In India there are number of stock exchanges but two of them are very popular BSE and NSE. Stock exchanges to some extent play an important role as indicators, reflecting the performance of the country's economic state of health. Stock market is a place where securities are bought and sold. It is exposed to a high degree of volatility; prices fluctuate within minutes and are determined by the demand and supply of stocks at a given time. Stockbrokers are the ones who buy and sell securities on behalf of individuals and institutions for some commission. The Securities and Exchange Board of India (SEBI) is the authorized body, which regulates the operations of stock exchanges, banks and other financial institutions. On the other side we know that the growth of the country is directly related to the economy which consists of various variables like GDP, Foreign Direct Investment, Remittances, Inflation, Interest rate, Money supply, Exchange rate and many others. These variables are the backbone of any economy. The movements in the stock prices are affected by changes in fundamentals of the economy and the expectations about future prospects of these fundamentals. Stock market index is a way of measuring the performance of a market over time. These indices used as a benchmark for the investors or fund managers who compare their return with the market return.

The United States dollar ($), also referred to as the U.S. dollar or American dollar, is the official currency of the United States of America and its overseas territories. It is divided into 100 smaller units called cents. The U.S. dollar is the currencies most used in international transactions and is one of the world's dominant reserve currencies .Several countries use it as their official currency, and in many others it is the de facto currency.

The pound sterling (£; GBP), commonly known simply as the pound, is the official currency of the United Kingdom, the British Overseas Territories of South Georgia and the South Sandwich Islands, British Antarctic Territory and Tristan da Cunha. It is subdivided into 100 pence. A number of nations that do not use sterling also have currencies called the "pound".

REVIEW OF LITERATURE

Pal & Mittal (2011) analysed the long run relationship between two Indian capital markets and some macroeconomic variables such as interest rates, inflation, and exchange rate and GBP. They use the quarterly data from January 1995 to December 2008 and with the help of unit root test, co integration and error correction mechanism they found out that the inflation rate have the significant impact on both capital markets whereas interest rate and foreign exchange rate have the impact on one capital market. Gross domestic saving played insignificant role in both markets. The study can be made for longer period with some other macroeconomic variables gives us more comprehensive results.

Wickremasinghe (2011) examined the long run relationship between Sri Lankan capital markets (CSE) and six macroeconomic variables such as three month fixed deposit rate, consumer price index, US stock market index narrow M1 and GDP of Sri Lanka. They use the monthly data from January 1985 to December 2004 and with the help of unit root test, co integration, variance decomposition and error correction mechanism they found out that short term and long term relationship between stock prices and macroeconomic variables. Results of this study suggest that there is Bi-directional relationship exist between stock market index and fixed deposit rate stock prices and US Share price and GDP while remaining variables which are CPI, M1 and exchange rate casual bi-directional relationship exists. Results of variance decomposition suggest that GDP and M1 plays an important role in longer horizon to forecast variance in stock prices.

Berman & Saldanha (2010) It is also important to note that from a long term perspective, the average correlation between GDP growth rates for developed and emerging markets is low; this value was 0.24 from 1980 to 2009. While we believe emerging markets equities and economies have the potential to outperform moving forward, we believe that using GDP growth rates as a proxy for stock market behavior in these countries may be overly simplistic. MCSI (2009) GDP growth in emerging markets has been accompanied by strong stock market returns since 1990, the highest GDP growth countries have not always produced the highest stock market returns from either a real or nominal perspective. In U.S. dollar terms, the highest nominal GDP growth countries, China and Russia, did not produce the best stock market returns. Mexico, however, outperformed both countries with only about a sixth of their GDP growth.

Ahmed & Imam (2007) investigates the relationship between stock market and different macroeconomic variables such as money supply, Treasury bill rate, interest rate, GDP, industrial production index. They use series of tests such as unit roots, co integration, and vector error correction models. They analyze the Monthly data series for the period of July 1997 to June 2005 and they found that generally there exists no long run relationship between stock market index and macroeconomic variables but interest rate change or T-bill growth rate may have some influence on the market return.

El-Wassal (2005) investigates the relationship between stock market growth and economic growth, financial liberalization, and foreign portfolio investment in 40 emerging markets between 1980 and 2000. The result shows that economic growth, financial liberalization policies, and foreign portfolio investments were the leading factors of the emerging stock markets growth.

Batra, S (2003) mentioned that the most important business implication of the NPAs is that it leads to the credit risk management assuming priority over other aspects of bank's functioning. The bank's whole machinery would thus be pre-occupied with recovery procedures rather than concentrating on expanding business. RBI, through various circulars, stipulated guidelines to manage NPA. This view was supported by **Yadav, MS (2011)** and stated that higher NPA engage banking staff on NPA recovery measures that includes filing suits to recover loan amount instead of devoting time for planning to mobilization of funds. Thus NPA impact the performance and profitability of banks. The most notable impact of NPA is change in banker's sentiments which may hinder credit expansion to productive purpose. Banks may incline towards more risk-free investments to avoid and reduce riskiness, which is not conducive for the growth of economy.

OBJECTIVES OF THE STUDY

The primary objective of this paper is to study the various factors which affect Indian Stock Market.

Methodology

This study is based on various factors which affect Indian Stock Market. Two Independent factors are considered namely Dollar and GBP and their combined effect is studied on the volume of Shares traded. The details of Independent variables are as follows:

The Sample: Sample consist of secondary data for a period of 10 years from 2002 to 2012

DATA ANALYSIS

Long Term Cointegration of stocks traded with Dollar and GBP

Hypotheses:

H01: There is no cointegration between the variables
H02: There is at least one cointegration Variable.
H03: There are at least two cointgrating Variables

RESULTS & FINDINGS

Table 1: Correlation Matrix

	STOCKS TRADED	DOLLAR	GBP
STOCKS TRADED	1	0.918554	0.913786
DOLLAR	0.910987	1	0.998898
GBP	0.913786	0.998898	1

This table draws the correlation between the variables. The correlation between stocks traded and Dollar is 92% which shows a positive relationship. The correlation between stocks traded and GBP is also 92% which shows a positive relationship. The correlation between Dollar and GBP is also 99% which shows a positive relationship.

Johansen Co integration Test:

Unrestricted Cointegration Rank Test (Trace)				
Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.816534	52.40123	29.79707	0.0000

At most 1	0.478298	15.09520	15.49471	0.0574
At most 2	0.034864	0.780692	3.841466	0.3769
Trace test indicates 1 cointegrating eqn(s) at the 0.05 level * denotes rejection of the hypothesis at the 0.05 level **MacKinnon-Haug-Michelis (1999) p- values				

Testing of Hypothesis using trace Test

H01: There is no cointegration between the variables
Hypothesis is not accepted because the probability value is.0000, which is less than .005. Thus the hypothesis that there is no cointegrating variable is accepted.
H02: There is at most one cointegration Variable.
Hypothesis is accepted because the probability value is.0574, which is greater than .005. Thus the hypothesis that there is at most 1 cointegrating variable is accepted.
H03: There are at most two cointegrating Variables
Hypothesis is accepted because the probability value is.3769, which is more than .005. Thus the hypothesis that there is at most two cointegrating variable is accepted.

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)				
Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None *	0.816534	37.30603	21.13162	0.0001
At most 1 *	0.478298	14.31451	14.26460	0.0491
At most 2	0.034864	0.780692	3.841466	0.3769
Max-eigenvalue test indicates 2 cointegrating eqn(s) at the 0.05 level				
* denotes rejection of the hypothesis at the 0.05 level				
**MacKinnon-Haug-Michelis (1999) p-values				

H01: There is no cointegration between the variables
Hypothesis is not accepted because the probability value is.0001, which is less than .005. Thus the hypothesis that there is no cointegrating variable is not accepted.
H02: There is at most one cointegration Variable.
Hypothesis is not accepted because the probability value is.0491, which is less than .005. Thus the hypothesis that there is at most 1 cointegrating variable is not accepted.
H03: There are at most two cointgrating Variables
Hypothesis is accepted because the probability value is.3769, which is more then .005. Thus the hypothesis that there is at most two cointegrating variable is accepted.
Normalized cointegrating coefficients (standard error in parentheses)

STOCKS TRADED	DOLLAR	GBP
1.000000	22.62079	-30.9692
	(6.01236)	(6.94088)

The long term Cointgrating Equation for generating the value of Exchange rate is:

STOCKS_TRADED= 22.62079 DOLLAR – 30.96920GBP

This equation shows that by changing the level by -22.62 times DOLLAR and -30.96 times GBP, one can generate the Volume of Stocks traded

CONCLUSION

This study identifies the factors affecting the performance of stock market. The data used in this study were collected from the period of 2002 to 2012. In this paper, long term cointegration is calculated for identifying the factors which affect the volume of share traded in stock market. The Trace test as well as Max Eigen value test shows that there are at most two factors which affect the volume of stocks traded. The long term cointgrating Equation is also suggested taking into the test results. The results draw some concluding observations that the Dollar and GBP have positive impact on stock traded.

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MULTIVARIATE ANALYSIS TO STUDY THE IMPACT OF PROFITABILITY ON WORKING CAPITAL MANAGEMENT IN DABUR INDIA LTD. (2000-2012)

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Abstract
Management of working capital is must for the operational efficiency of any firm. Literature has also provided evidence in support of the role that efficient working capital plays in generating operating profits in the short run and the subsequent impact on the long term solvency of the firm. This paper has been treated from a reverse perspective. Here, the objective was to assess the impact of profitability for the smooth running of Dabur India Ltd. for a period of 12 years from 2000 to 2012 with the help of correlation and regression. The results of the analysis confirm that there is a significant relationship between Working capital management and profitability and FER emerges the most significant variable having its impact on working capital management.

Introduction
Efficient Working Capital Management leads to Corporate Profitability is a well established fact (**Niranjan Mandal and Dutta Smriti Mahavidyalaya (2010).** The way working capital is managed has a significant impact on both profitability and liquidity. A lot of research studies have supplemented and supported this fact, **Afza and Nazir (2009), Garcia-Teruel PJ, Martinez-Solano PM (2007), Lazaridis and Tryfonidis (2006).**

This research paper is an attempt in the same domain but with a different perspective. The aim here is not to assess the impact of WCM on profitability; rather it is the other way round. The objective of the current study is to assess the impact of profitability on working capital management. The idea around which this paper is built is that ample amount of profit generation is utmost requirement to provide operational funds in the form of working capital. The constraint here is the well known "Risk-Return Syndrome" which is based on the proposition that when there is an increase in liquidity, the risk of insolvency is reduced but at the expense of profitability. At the same time, when the liquidity is reduced the profitability increases but the risk of insolvency also increases. So the profitability and risk move in the same direction, but of course, exceptions are always there. The company that has been selected for the purpose of assessing working capital management is Dabur India Limited, the reason being it is one of the largest FMCG Company.

About DABUR
With a life of over 100 years and founded by **Dr.S.K.Burman**, Dabur India Ltd. had a very humble beginning in 1884 and now it has come a long way to become a multifaceted multinational, multi-product, modern Indian corporation with a global presence. Dabur's main lines of businesses are in the spheres of Health care, Personal care and Beauty care. It's strength lies in natural and herbal preparations.
Dabur is also an ISO 9002 certified company. The certification was obtained in 1995 by SGS YARSLEY international services Limited. It has 11 manufacturing plants in India and Nepal and a licensee in the Middle East with manufacturing base in Egypt also. The company has over 4,000 employees with around 1,500 looking after sales and marketing functions.

Today Dabur India Limited is the fourth largest FMCG Company in India with Revenues of over US$1 Billion (Rs 5,283 Crore) and Market Capitalisation of US$4 Billion (Rs 20,000 Crore). Building on a legacy of quality and experience of over 127 years, Dabur is today India's most trusted name and the world's largest Ayurvedic and Natural Health Care Company. The company has a wide distribution network, covering over 3.4 million retail outlets with a high penetration in both urban and rural markets. Dabur's products also have a huge presence in the overseas markets and are today available in over 60 countries across the globe. Its brands are highly popular in the Middle East, Africa, SAARC countries and the US. Dabur's overseas revenues account for over 30% of the total turnover.

REVIEW OF LITERATURE

Why working capital management? After going through the following research studies in the domain, the idea to study this concept evolved but of course with a different perspective…

A study conducted in a sample of Japanese and Taiwanese firms emphasized that the way the working capital is managed has a significant impact on the profitability of firms and increase in profits by reducing number of day's accounts receivable and reducing inventories, **Wang (2002). Mathuva** examined the influence of working capital management components on corporate profitability by using a sample of 30 firms listed on the Nairobi Stock Exchange (NSE) for the **periods (1993 to 2008)** and established a highly significant negative relationship between the time it takes for firms to collect cash from their customers (accounts collection period) and profitability. Another major finding was that there exists a highly significant positive relationship between the period taken to convert inventories into sales (the inventory conversion period) and profitability and there exists a highly significant positive relationship between the time it takes the firm to pay its creditors (average payment period) and profitability. **Deloof (2003)** found a significant negative relationship between gross operating income and the number of days accounts receivable, inventories and accounts payable of Belgian firms and on basis of these results he suggested that managers could create value for their shareholders by reducing the number of days' accounts receivable and inventories to a reasonable minimum. **Blinder and Maccini (1991)** in their study stated that more investment in working capital (conservative policy) might also increase profitability. When high inventory is maintained, it reduces the cost of interruptions in the production process, decrease in supply cost, protection against price fluctuation and loss of business due to scarcity of products. **Pandachi (2006)** emphasized that, the small firms should ensure a good synchronization of its assets and liabilities which can happen only with efficient working capital management. **Nazir and Afza (2009)** has also supported the view that managers can create value if they adopt a conservative approach towards working capital investment and working capital financing policies. The study also finds that investors give weight to the stocks of those firms that adopt an aggressive approach to managing their short-term liabilities. Another important study was done on Pakistani firms where the effect of several variables such as average collection period, average payment period, ITO(Inventory Turnover) in days, Cash Conversion Cycle (CCC), and CR on Net Operating Profitability and the Control variables were taken as debt ratio, size of the firm and financial asset over total asset ratio. This study concluded that managers can maximize shareholder value by efficiently managing components of Cash Conversion Cycle and it showed that there exists a strong negative relation between firm's profitability and measures of WCM, **Raheman & Nasr (2007). Shin and Soenen (1998),** highlighted that efficient Working Capital Management (WCM) was very important for creating value for the shareholders. The way working capital was managed had a significant impact on both profitability and liquidity. **Gill et al (2010)** analysed a sample of 88 firms listed on NYSE (New York Stock Exchange) for three years from 2005 to 2007 conclude that if a manager efficiently manages accounts receivables, accounts payables and inventory he can increase the profits of the firm. All these studies have one thing in common and that is the role WCM plays in enhancing profitability of the firms. The idea around which this research paper is build is to know whether profitability has anything to do with WCM, if so, which components of Profits are influencing the WCM the most.

OBJECTIVES OF THE STUDY

1. To identify components of profitability which are directly related to Working c*apita*l Management in Dabur India Ltd over a period of 10 years from 2001-02 to 2010-11.
2. To identify components of profitability which are inversely related to Working c*apita*l Management in Dabur India Ltd over a period of 10 years from 2001-02 to 2010-11.
3. To identify the most significant variable resulting into efficient working capital management.

SCOPE OF THE STUDY

This study can be useful to the students and researchers on one hand and officials of Dabur India Limited's on the other. The results of this research can also benefit other FMCG companies who are working in the similar line of businesses like P&G, HUL, Future Group etc.

DATA COLLECTION

Secondary data had been collected from published Financial Reports of the Dabur India Ltd. over the period of ten years i.e. 2001-02 to 2010-11 which were downloaded from the company's websites.

TOOLS FOR DATA ANALYSIS

MS-Excel and Minitab 16 software had been used for data analysis and interpretation.

RESEARCH METHODOLOGY

The complete methodology follows the step by step procedure:
STEP 1: The very first step was to identify various ratios depicting profitability and it was found that profitability can be calculated on the basis of (i) sales and (ii) investments. As the scope of the present study is restricted to short term operational aspects, profitability ratios were calculated with respect to sales whereas the profitability ratios relating to investments had been ignored as they are a part of long term profitability. Profit, here has been taken as a factor of sales and is earned directly as a part of the sales revenue. The following ratios illustrated below were finally selected:

(i) PROFIT MARGIN RATIOS:

The Profit Margin refers to the profit contributed by per rupee of sales revenue and the ratios selected for current study were Gross Profit Ratio (GPR), Operating Profit Ratio (OPR), Net Profit Ratio (NPR).

(ii) **EXPENSE RATIOS:**

The Expense Ratios are the measure of cost control and are computed by establishing the relationship between different expense items and the sales. The ratios selected for the current study were Cost of Goods Sold Ratio (COGSR), Administrative and Selling Expense Ratio (ASER), Operating Expense Ratio (OER), Financial Expense Ratio (FER), Operating Ratio (OR), Total Operating Cost/Net Sales, Raw Materials Ratio (RMR), Direct Expense Ratio (DER).

The above two categories of ratios were related to the working capital ratio also known as Current Ratio. All these ratios were calculated with the help of information extracted from the financial statements of Dabur India Ltd. and analysis was done through MS-Excel. The results of the above calculated ratios have been shown in Table 1.

STEP 2: Finding and interpreting Correlation

For the results of correlation, please refer to Table 2.

(i) The correlation between CR and GPR was -0.2000, indicating a weak negative relationship between these two variables.
(ii) The correlation between CR and OPR was -0.648, indicating a moderately strong negative relationship between these two variables.
(iii) The correlation between CR and NPR was -0.740, indicating a moderately strong negative relationship between these two variables.
(iv) The correlation between CR and COGSR was +0.200, indicating a weak positive relationship between these two variables.
(v) The correlation between CR and ASER was +0.349, indicating a moderately strong positive relationship between these two variables.
(vi) The correlation between CR and OER was +0.417, indicating a moderately strong positive relationship between these two variables.
(vii) The correlation between CR and FER was +0.950, indicating a strong positive relationship between these two variables.
(viii) The correlation between CR and OR was +0.648, indicating a moderately positive relationship between these two variables.
(ix) The correlation between CR and RMR was -0.518, indicating a moderately strong negative linear relationship between these two variables.
(x) The correlation between CR and DER was +0.528, indicating a moderately strong positive linear relationship between these two variables.

STEP 3: Test of significance: For the purpose of testing significance of results, the alpha value was taken as .05 which is accepted in most of the social sciences research which is the p-value and the results had been interpreted with the help of the following decision rule:
If the *p*-value is smaller than standardised value of α (typically 0.05), it shows that the relationship between the x and y is significant. Whereas, if the p value is more than alpha, it shows that there is not have enough evidence that the variables are significantly co-related. The following variables are found to be statistically significant as per the above decision rule.

(i) FER and WCR had a *p*-value of 0.000, which meant a highly significant result.
(ii) OR and WCR had a *p*-value of 0.043, which also meant a statistically significant result.

The outcome of step 3 is that there are two x variables which could be used to run regression i.e., FER and OR.

STEP 4: **Check for Multi-co linearity**
Problem of multi-co linearity exists when the two *x* variables are highly correlated and as a result it is redundant to include both related variables in the multiple regression models. The decision rule is that, if two *x* variables *x*1 and *x*2 are strongly correlated (that is their correlation is beyond +0.7 or –0.7), then one of them would do just about as good a job of estimating *y* as the other, so there is no need to include them both in the model. The correlation between FER and OR came out to be 0.811 (Please refer to Table 2) which was beyond +0.7 and -0.7. Even these were strongly related as their *p*-value is 0.004 which was less than 0.05. Now one of the OR or FER had to be removed. But which one? As OR was less significant

than FER (p value of OR was more than that of FER) , it was removed for consideration in next step. The final outcome of step 4 was that the researchers were left with only one variable i.e., FER to check its impact on WCR.

STEP 5: Finding the best fitting Model

After having established the fact that FER and CR were closely related and also highly significant, the regression analysis was done through MINITAB 16 software to find out the best-fitting model for the data. The results of step 5 have been shown in Table 3. Table 3 shows the regression coefficients in the *Coef* column for the regression model. The first coefficient (0.64167) was just the constant term (or *b*0 term) in the model and wasn't affiliated with FER. The second coefficient in the Coef column of this value was the coefficient of the *FER* term, also known as *b*1. In the regression analysis, the coefficient of *x1* (FER) equals 97.3. So y (CR) will be increased by 97.3 units when FER increases by 1 unit.

STEP 6: Finding and interpreting Residuals

In the end, Residuals (the difference between the estimated values for *y* and the observed values of *y* from the data) were calculated to check how best the regression model fits. The residual lots have been shown as Annexure 4. There are three conditions to check the fit of the model with the help of Residuals:

Condition1: The residuals should have a normal distribution with mean zero: The upper-left plot of Annexure 4 shows the residuals match a normal distribution as the residuals fall in a straight line. The upper-right plot of Annexure 4 shows that the horizontal line going across that plot; it's at zero as a marker. The residuals should average out to be at that line (zero). These Residuals versus Fitted Values plot checks the mean-of-zero condition and holds for the FER and CR.
Condition2:The residuals should have the same variance for each fitted (predicted) value of *y* (working capital ratio) : To look at the variance issue, the upper-right plot of Annexure 4, does not show any change in the amount of spread (variability) in the residuals around that horizontal line when moving from left to right.
Condition 3: The residuals should be independent (don't affect each other): Looking at the lower-right plot of Annexure 4, there is no pattern (a straight line, or a curve, or any kind of predictable up or down trend) so the independence condition was also met for FER.
Fulfilling all the three conditions, justifies that the model fits well!

FINDINGS AND SUGGESTIONS

Using GPR, OPR, NPR, COGSR, ASER, OER, FER, OR, RMR and DER as the explanatory variable and CR as the dependent variable, it was found out that:

(i) The results of correlation confirm the fact that the relationship between WCM and profitability is significant in Dabur Ltd. as Working Capital Ratio is moderately and positively correlated with FER, OR and DER. Therefore, in order to ensure smooth availability of working capital in times to come, management at Dabur Ltd. should ensure that FER, OR and DER be maintained at optimal level.
(ii) WCR is moderately and negatively correlated with OPR, NPR and RMR. Therefore, management should try to reduce these ratios in case their focus is on short-term operational solvency.
(iii) Results of regression equation (CR = 0.642 + 97.3 FER) recommends that when FER is increased 97.3 units, it results into one unit increase in CR. Therefore, the management should take utmost care of this highly influencing element.
(iv) FER emerges to be the most significant component of Profitability which results in maximum variability in WCM as justified by 90.2 percentage of R^2

LIMITATIONS OF THE STUDY

1) As the balance sheets of 2012-13 were unaudited, they have not been included or the purpose of the study.
2) The accuracy and authenticity of the data collected and conclusions drawn largely depends upon the corresponding accuracy and authenticity of the information supplied by the concerned websites, books, and journals

CONCLUSION

Effective management of working capital is a prime responsibility of a finance manager and for that to happen ample amount profits are required as only a portion of the profits earned can be used for sustaining working capital requirements.

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Table 1

Table No-2 RATIOS

Year	CR	GPR	OPR	NPR	COGSR	ASER	OER	FER	OR	RMR	DER
2001-02	2.7786	0.4815	0.0774	0.0554	0.5185	0.3134	0.4041	0.0206	0.9226	0.1357	0.0753
2002-03	1.9134	0.4934	0.0860	0.0691	0.5066	0.3135	0.4075	0.0139	0.9140	0.1363	0.0836
2003-04	0.9285	0.4825	0.0970	0.0882	0.5175	0.3059	0.3855	0.0060	0.9030	0.1366	0.0792
2004-05	0.7820	0.5150	0.1256	0.1167	0.4850	0.3113	0.3894	0.0034	0.8744	0.1755	0.0565
2005-06	0.9253	0.5331	0.1598	0.1380	0.4669	0.2876	0.3733	0.0041	0.8402	0.1893	0.0470
2006-07	1.1133	0.5170	0.1567	0.1418	0.4830	0.2812	0.3603	0.0025	0.8433	0.2046	0.0511
2007-08	0.9488	0.4720	0.1660	0.1496	0.5280	0.2232	0.3060	0.0040	0.8340	0.2140	0.0492
2008-09	1.1179	0.4551	0.1647	0.1541	0.5449	0.2100	0.2904	0.0055	0.8353	0.2343	0.0405
2009-10	1.0525	0.4884	0.1755	0.1504	0.5116	0.2281	0.3219	0.0019	0.8245	0.2072	0.0346
2010-11	1.2562	0.4627	0.1749	0.1431	0.5373	0.2063	0.2878	0.0039	0.8251	0.2347	0.0364

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Table 2:

Correlations: CR, GPR, OPR, NPR, COGSR, ASER, OER, FER, OR, RMR, DER

	CR	GPR	OPR	NPR	COGSR	ASER	OER	FER	OR
GPR	-0.200								
	0.579								
OPR	-0.648	-0.083							
	0.043	0.819							
NPR	-0.740	-0.061	0.981						
	0.014	0.866	0.000						
COGSR	0.200	-1.000	0.083	0.061					
	0.579	*	0.819	0.866					
ASER	0.349	0.617	-0.830	-0.790	-0.617				
	0.323	0.058	0.003	0.007	0.058				
OER	0.417	0.601	-0.844	-0.820	-0.601	0.992			
	0.231	0.066	0.002	0.004	0.066	0.000			
FER	0.950	-0.165	-0.811	-0.864	0.165	0.505	0.560		
	0.000	0.649	0.004	0.001	0.649	0.137	0.092		
OR	0.648	0.083	-1.000	-0.981	-0.083	0.830	0.844	0.811	
	0.043	0.819	*	0.000	0.819	0.003	0.002	0.004	
RMR	-0.518	-0.288	0.949	0.935	0.288	-0.898	-0.921	-0.686	-0.949
	0.125	0.420	0.000	0.000	0.420	0.000	0.000	0.028	0.000
DER	0.528	0.119	-0.962	-0.927	-0.119	0.821	0.828	0.712	0.962
	0.117	0.743	0.000	0.000	0.743	0.004	0.003	0.021	0.000

Cell Contents: Pearson correlation
P-Value

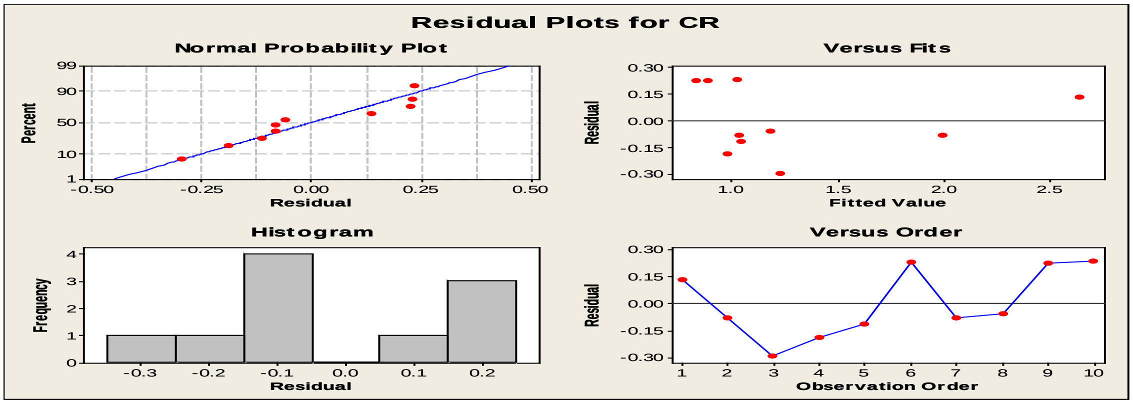
Table 3: Regression Analysis: CR versus FER

The regression equation is : CR = 0.642 + 97.3 FER

Predictor	Coef	SE Coef	T	P
Constant	0.64167	0.09857	6.51	0.000
FER	97.26	11.36	8.56	0.000

S = 0.203265 R-Sq = 90.2% R-Sq(adj) = 88.9%

Table 4


Residual Plots for CR
Normal Probability Plot
Percent
Residual
Versus Fits
Residual
Fitted Value
Histogram
Frequency
Residual
Versus Order
Residual
Observation Order

International Journal of Research in Management & Social Science
Volume 1, Issue 1 (July – September , 2013)

PERFORMANCE APPRAISAL OF THE CO-OPERATIVES BANKS IN GUJARAT.

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ABSTRACT

Finance is an essential requirement for every productive activity. Agriculture in India needs more attention as it provides livelihood for 65 percent of population and directly contributing 20 percent to the national income. It is obvious that the contribution of agriculture sector to the national income is not in line with the number of people engaged in that sector, which calls for an immediate attention for increasing the production and hence for a prosperous agricultural economy (Javir et al,, 1998). Agriculture in India has always been away of life, rather than a business and has suffered from stagnation due to low productivity arising from inadequate investment. The emergence of green revolution in India by the late sixties has radically changed the character of Indian agriculture, as seen by a growing tendency among the farmers to replace the traditional farming practices with scientific and modern practices evident by increasing use of HYV seeds, fertilizers, pesticides, irrigation, machinery and equipment etc., medium and longterm investments for land improvement, irrigation etc. But, majority of farmers being small and marginal, they were unable to afford these investments from their own savings, as it has been rightly stated " the farmers in the under developed countries cannot expect their capital needs to come from savings, because their income from farm operations is barely sufficient to provide the minimum necessities of life" (Roy, 1994). This makes the farmers to go for borrowed funds to a large extent.

Key Words: *Co-oparative banks, Co-opartive financial activity, Mutual funding activity, banking activities*

PART I: INTRODUCTION CO-OPERATIVE BANK

The introduction of the cooperative credit societies Act in 1904 for providing production credit to farmers marked the beginning of the institutionalization of cooperative banking system in India. The act of 1904 was amended in 1912 to facilitate the establishment of central cooperative banks at the district level, thereby giving it a three tier federal character. After the independence of the country, at the recommendations of the A.D. Gorwala committee (1954) one central cooperative bank for each district became dictum, particularly in the bigger states with a view to provide stability and facilitate emergence of a strong and powerful cooperative credit structure for the development of all cooperative activities at the district level. The establishment of central cooperative banks (DCCBs) at the district level was to serve as a link between the ultimate credit disbursing outlets, viz., Primary Agricultural Credit Societies (PACS) at the base level, District Central Cooperative Banks (DCCB) at the intermediate level and State Cooperative Banks (SCB) at the apex level. Until the nationalization of fourteen major commercial banks in 1969, DCCBs had the unique distinction of being the exclusive banking institution in the rural areas.

Until the introduction of financial sector reforms in the country, in the wake of the Implementation of the recommendations of Narasimhan committee (1991), the issues related to operational efficiency and financial viability of the banking institutions in India were generally subsumed under the social banking/ target oriented banking norms. In fact, even after the introduction of reforms in the banking sector in 1992-93, the application of prudential and other disclosure norms were restricted largely to the commercial banks (PSBs) in India. The cooperative banking sector in general, was excluded from its implementation in the initial few years, mainly in few of the states sponsored and state patronized character of the cooperatives in India. Now that the prudential norms are also made applicable to the cooperative banking sector, it is necessary to review the performance of the DCCBs and assess their substantiability or prospects to cope with the new reforms generated norms.

REVIEW OF LITERATURE

To devise the ways to evaluate the objectives of the study, it is necessary to have an idea of the methodology followed by the earlier related studies along with their findings. A review of literature connected with the working and performance of financial institutions in India and abroad was done, and is presented under the following heads. All over the world, number of studies has applied DEA to the question of efficiency in banking but very little empirical research can be observed in case of India. Bhattacharayya et al. (1997) Saha and Ravishankar (1999), Avinandan et al. (2002), Kumbhakar and Sarkar (2004), Ram Mohan and Ray (2004), Inderjeet Singh and Pramod Kumar (2004) are among those few researchers who have examined performance of the Indian commercial banks. They have mainly considered the reform impact and different ownership groups e.g. Public, private and foreign. Though DEA is based on the pioneering work of Farrell (1957), Charnes Cooper and Rhodes (1978) developed technique. Several different mathematical programming DEA 4 models have been proposed in the literature (Charnes et al, 1994 Seiford and Thrall 1990). Charnes, Cooper and Rhodes (1978) proposed a model, which had an input orientation and assumed constant return to scale (CRS) commonly known as CCR model. Banker, Charnes and Cooper (1984) proposed a model considering variable return to scale (VRS) commonly known as BCC model. Reddy (1994) assessed the working of Malkanoor Cooperative Rural Bank considering the variables like share capital, reserve fund, deposits and borrowings for the period 1978-79 to 1992-93. The compound growth rates were calculated by fitting an exponential growth function. The study revealed that the growth rates were relatively higher for deposits, reserves and investments. Palleri (1998) employed compound growth rate to evaluate the management of the credit distribution to agricultural sector by KCC Bank, Dharwad. The important indicators considered were amount of credit disbursed, amount of agricultural credit and non-agricultural credit, total deposits, number of beneficiaries, recovery performance and overdues. Javir *et al.* (1998) examined the advances extended by Thane Grameena Bank, Maharashtra for the period 1987 to 1995.

OBJECTIVES

- Explore the services and products offered by the banks to individual customers. special levels of your bank's Personnel/Staff, Answering and question solving by bank's staff, Atm, Debit card & Credit Card Service.
- Understand the perception of the customers and the management with respect to services offered by banks.special Atm & Credit Card Services.

- Generate additional information to analyze the gap between the customer and management perceptions about the services offered by banks. Conclude and enumerate the innovations required to reduce the gap and increase the customer base of banks.

PART II: RESEARCH METHODOLOGY

The study aims to assimilate data about the various aspects of Retail banking services, to analyze the perceptions of the management and the customers regarding the services offered in Retail banking and to find out whether any gaps do exist between the services offered and the customer expectations. I have taken 6 Scheduled Urban Co-operative banks of Gujarat State.

A) The Kalupur Commercial Co-Operative Bank Ltd. (KCCB)
B) Rajkot Nagrik Sahakari Bank Ltd. (RNSB)
C) The Ahmedabad Mercentile Co-Operative Bank Ltd. (AMCO)
D) Mehasana Urban Co-Operative Bank Ltd. (MUCB)
E) The Surat People's Co-Operative Bank Ltd.(SPCB)
F) Nutan Nagrik Sahakari Bank Ltd. (NNSB)

The study is a mixture of Secondary and Primary data, with Questionnaires being our major instrument to collect primary data.

Sampling Unit: Sampling unit on Grade scale from 1 to 5 for each question.

Sampling Technique: Filling up common questionnaires with 05 questions under consideration both by customers and the managers of the different banks.

Sample Size: The sample size of the customers was 25 each from each of the six banks ie.150 customers. The management sample size was restricted to 2 each, namely the Branch Manager from the six banks which are 12 managers.

HYPOTHESIS:

H0**:** There is Gap between management perception and customer perception in regard of the service provided by the bank.
H1: There is not a Gap between management perception and customer perception in regard of the service provided by the bank.

DATA ANALYSIS

Following data was available from selected six co-operative banks through questionnaire. Five questions to ask the managers as well as customers.

Q-1. On a scale of 1-5 how do you rate the courtesy levels of your bank's (Personnel / Staff?)

Table No. 1 Comparison (Que.1)

Banks	Average Grading Given By Managers	Banks	Average Grading By Customer
KCCB	4	KCCB	3
RNSB	4	RNSB	3
AMCO	5	AMCO	4

MUCB	4	MUCB	4
SPCB	5	SPCB	4
NNSB	4	NNSB	3

Table No.2 Percentage Break up Que.1 (as per Management)

Rate	Excellent	Very Good	Good	Average	Poor
Percentage	34	50	16	0	0

Table No.3 Percentage Break up Que.1 (as per Customers)

Rate	Excellent	Very Good	Good	Average	Poor
Percentage	7	60	33	0	0

Interpretation: There is a gap that exists between the management and the customer perception regarding the courtesy levels of the staff. The proportion of management that rates the courtesy aspect as "excellent" is very high but very few numbers of customers thinks this aspect to be excellent. Majority of them feels it to be between "very good" and "good." It is almost in all banks that this Gap exists except for one bank that is MUCB bank, this is because management may feel that the employees courtesy level is high but when asked to the customer they feel it a little lower than the management. This is because sometimes customers may be victimized from rude type of behavior of employee due to some internal factors.

Q-2.Rate as to how well informed/knowledgeable you feel the bank staff is in Answering/solving your questions/queries?

Table No.4 Comparison (Que.2)

Banks	Average Grading Given By Managers	Banks	Average Grading By Customer
KCCB	4	KCCB	3
RNSB	3	RNSB	3
AMCO	4	AMCO	5
MUCB	3	MUCB	4
SPCB	4	SPCB	4
NNSB	4	NNSB	3

Table No.5 Percentage Break up Que.2 (as per Management)

Rate	Excellent	Very Good	Good	Average	Poor
Percentage	0	66	34	0	0

Table No.6 Percentage Break up Que.2 (as per Customers)

Rate	Excellent	Very Good	Good	Average	Poor
Percentage	20	34	36	10	0

Interpretation: The management perceives the knowledge aspect of its employees to be between very good and average. While few customers perceive it to be excellent, few as very good, good and average. In this particular question customer of private bank has given high grade as far as knowledge of the staff is concerned, while the gap lies in public sector bank and sort of in foreign banks this is because sometimes customer also failed to understand what the employee is trying to convey, due to this reason gap is existing.

Q-3: How do you rate the quality of ATM services provided by the bank?

Table No. 7 Comparison (Que.3)

Banks	Average Grading By Managers	Banks	Average Grading By Customer
KCCB	5	KCCB	5
RNSB	4	RNSB	4
AMCO	5	AMCO	4
MUCB	3	MUCB	4
SPCB	5	SPCB	3
NNSB	5	NNSB	3

Table No.8 Percentage Break Up Que.3 (As Per Management)

Rate	Excellent	Very Good	Good	Average	Poor
Percentage	50	50	0	0	0

Table No.9 Percentage Break Up Que.3 (As Per Customers)

Rate	Excellent	Very Good	Good	Average	Poor
Percentage	24	36	16	20	4

Interpretation: The management rates its ATM services as – a very high and equal number as excellent and very good. Customers rate it as few as excellent, a high as very good, a few as good, average and very few as poor. There lies a gap in few banks as far as ATM service is concern this is because sometimes ATMs are out of its service like availability of cash, technical problems. Overall ATM service is match with customer expectation.

Q-4: How do you rate the Debit card services offered by your bank?

Table no.10 Comparison (Que.4)

Banks	Average Grading By Managers	Banks	Average Grading By Customer
KCCB	4	KCCB	4
RNSB	5	RNSB	4
AMCO	5	AMCO	5
MUCB	5	MUCB	4
SPCB	4	SPCB	4
NNSB	5	NNSB	3

Table No. 11 Percentage Break up Que.4 (As Per Management)

Rate	Excellent	Very Good	Good	Average	Poor
Percentage	66	34	0	0	0

Table No. 12 Percentage Break up Que.4 (As Per Customers)

Rate	Excellent	Very Good	Good	Average	Poor
Percentage	11	46	36	7	0

Interpretation: The management rates its Debit card services as- a very high as excellent and few as very good. Customers rate it as – a few as excellent, a high amount of them as very good, a sizeable amount as good and very few as average. As far as debit card service is concerned few banks has more or less it exist with little gap due to their hidden charges sometimes debit card not accepted for shopping due to this reason customer given less rating.

Q-5: How do you rate the Credit card services offered by your bank?

Table No.13 Comparison (Que. 5)

Banks	Average Grading By Managers	Banks	Average Grading By Customer
KCCB	4	KCCB	4
RNSB	4	RNSB	3
AMCO	5	AMCO	3
MUCB	5	MUCB	4
SPCB	5	SPCB	4
NNSB	5	NNSB	3

Table No.14 Percentage Break Up Que.5 (As Per Management)

Rate	Excellent	Very Good	Good	Average	Poor
Percentage	0	66	17	17	0

Table no.15 Percentage Break Up Que.5 (As Per Customers)

Rate	Excellent	Very Good	Good	Average	Poor
Percentage	0	50	27	17	6

Interpretation: Both the management and the customers rate the credit card services as same except in a few cases. That is a very high amount of them as very good and a few as good and average. There is high gap that exists as far as credit card service of the bank is concern in most of the banks this is because customer do not read all the required information regarding time duration, payment option etc. hence sometime banks charge some amount which customer may not be actually aware about that charges. Due to this reason customer expectation are not matching with the management.

Hypothesis testing and Results: From the response of mangers and customers through questionnaire are analyzed through z test because samples are more than 30. Hence Z test is appropriate here. After applying z test following result is available in relation to the hypothesis.

H0: $P = 0.5$, **H0:** $P \neq 0.5$,

p Bar: Proportion of success in the sample 0.92

q Bar: Proportion of failure in the sample 0.08
Z tabulated at 0.05 level of significance = ± 1.96
Z Calculation value is less then Z- table value
Hence, Hypothesis H0 is accepted
HO: There is a Gap between management perception and customer perception in regard of the service provided by the bank.

PART – III: CONCLUSIONS

- Proper training about the various products of the banks should be provided and proper follow should be taken to increase the knowledge of employee.
- Transaction time can be reduced by increasing people or adding new branches.
- Transparency at the time of account opening from the both the sides will make account opening process smooth.
- Government banks should timely update about the account and also new services.
- The functioning of the complaint department should be fast and to the customer's expectation.
- Transparency in charges and transaction is lacking in credit card and debit card services.
- Reduction in time period of loan processing and disbursing.
- Awareness and uses of phone and net banking should increase to decrease the rush at the bank.

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BRANDING STRATEGIES OF MNCs: A STUDY OF SELECTED FMCG PRODUCTS IN INDIAN MARKET

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ABSTRACT

Branding is an integral part of the business building process. Large corporations spend hundreds of millions of dollars building their brands. Brands have become the most valuable asset within any enterprise, quintessential zing the knowledge, the art, the science, and the work of each person in each work day, making them the ultimate symbol of much that is good and true and beautiful within our global economy. In time, Brands began to penetrate beyond the corporate world. The impact of branding in the business building process of FMCG companies in India was also witnessed two decades back. The Indian FMCG sector is the fourth largest sector in the economy with an estimated size of Rs.1, 300 billion. The sector has shown an average annual growth of about 11% per annum over the last decade.

This paper is an attempt to understand the concept and roles of branding strategy in the business building process of FMCG companies. For the better and in-depth understanding, case studies of four MNCs in the FMCG sector in India are studied. The branding strategies of top four MNCs i.e. P&G India, HUL, Colgate-Palmolive India and Amway India, especially in the body care products among FMCG product are analysed in details. The paper concludes that different MNCs in FMCG sector adopt different branding strategies each posing different pros and cons, depending upon their goal and vision.

Keywords: *Brands, Bodycare products, Branding, FMCG, MNC, Positioning.*

INTRODUCTION

Due to the rapid changes in the global market and the increased competition experienced between firms, “Brand Management” has become more important. Good brand management brings about clear differentiation between products, ensures consumer loyalty and preferences and may lead to a greater market share. Brands are highly regarded as an important source of capital for most business. The term brand has different meaning attached to it; a brand can be defined as a name, logo, symbol and identity or a trademark. A powerful brand will enhance a customer’s attitude strength of the product association of a brand. Attitude strength is developed by experience with the product. Brand name and what a brand stands for are the core values for most fast food moving consumer goods (FMCGs). If properly managed, it will increase the competitive advantage of the fast moving consumer goods. The basic attribute of a fast moving consumer goods are also important for a FMCG brand to excel because the strength of a brand commonly provide the fundamental steps for differentiating between several competitors. Majority of the FMCG brands have distinguishable brand identifiers, for example Lux soap is easily recognized by customers. Conclusively, the best way to build brand value and stop product and service commoditization is through continuous attempt to build brand equity. Strong brands are established by creating an emotional attachment with customers, seeking differentiation in communication and performing the service. Branding makes clear a restaurant's reason for existence and inspires its employees to get used to the brand thereby building it for customers.

Brands are used as shorthand to make trips to the grocery store easier; they are used to re-assure us about purchasing decisions and are even used to define ourselves in the society. A brand is a promise. With a brand, customer expectations are set. When someone buys a product or service, they count on those expectations to be fulfilled. The function and art of branding is a major contributor to the success of a product or service sold by the company that markets it. According to Webster 's Dictionary, a brand is defined as "a means of identification," or "an arbitrarily adopted name that is given by a manufacturer or merchant to an article or service to distinguish it as produced or sold by that manufacturer or merchant that may be used and protected as a trademark." Brand management aims to build into customers' minds a set of perceptions and attitudes relating to an offering, leading to positive buying behavior. To achieve this goal, managers must know a great deal about their customer base. The power of a brand is measured by its effect on buyers. A powerful brand will cause its customer base to either defer or refuse to purchase if the brand is NOT available. Some brands have reached a level of mass acceptance where they are used as action verbs, such as " Xeroxing " a document instead of copying it and " Fedexing " a package rather than mailing or posting it. One brand's identity is so strong that when we hear Aspirin we immediately think of Bayer.

INDIAN FMCG SECTOR

The Indian FMCG sector is the fourth largest sector in the economy with a total market size in excess of US$ 13.1 billion. It has a strong MNC presence and is characterized by a well-established distribution network intense competition between the organized and unorganized segments and low penetration cost. Availability of key raw materials, cheaper labour costs and presence across the entire value chain gives India a competitive advantage. The FMCG market value is set to treble from US$ 11.6 billion in 2003 to US$ 33.4 billion in 2015. Penetration level as well as per capita consumption in most product categories like jams, toothpaste, skin-care, hair wash etc in India is low indicating the untapped market potential. Burgeoning Indian population, particularly the middle class and the rural segments, presents an opportunity to makers of branded products to convert consumers to branded products. Growth is also likely to come from consumers 'upgrading' in the matured product categories. FMCG sector is also likely to benefit from growing demand in the market. Because of the low per capita consumption for almost all the products in the country, FMCG companies have immense possibilities for growth. And if the companies are able to change the mindset of the consumers, i.e. if they are able to take the consumers to branded products and offer new generation products, they would be able to generate higher growth in the near future. It is expected that the rural income will rise in 2007, boosting purchasing power in the countryside. However, the demand in urban areas would be the key growth driver over the long term. Also, increase in the urban population, along with increase in income levels and the availability of new categories, would help the urban areas maintain their position in terms of consumption. At present, urban India accounts for 66% of total FMCG consumption, with rural India accounting for the remaining 34%. However, rural India accounts for more than 40% consumption in major FMCG categories such as personal 203 care, fabric care, and hot beverages. In urban areas, home and personal care category, including skin care, household care and feminine hygiene, will keep growing at relatively attractive rates. Within the foods segment, it is estimated that processed foods, bakery, and dairy are long-term growth categories in both rural and urban areas.

Indian FMCG industry is expected to grow at a base rate of at least 12% annually to become a Rs 4,000 billion industry in 2020, according to a new report by Booz & Company. The Report titled "FMCG Roadmap to 2020 - The Game Changers" was released at the CII FMCG Forum 2010 in New Delhi Thursday. The Report noted that the positive growth drivers mainly pertain to the robust GDP growth, opening up and increased income in the rural areas of the country, increased urbanization and evolving consumer lifestyle and buying behaviour. The report further revealed that if some of the positive factors – driven mainly by improved and supportive government policy to remove supply constraints – play out favourably, the industry could even see a 17% growth over the next decade, leading to an overall industry size of Rs 6,200 Billion by 2020. The last decade has already seen the sector grow at 12% annually as result of which the sector has tripled in size. Releasing the report, Booz & Company Partner Abhishek Malhotra said, "While on an aggregate basis the industry will continue to show strong growth, we will see huge variations at multiple levels – product category (e.g. processed foods growing faster than basic staples), companies and geographies." "Many Indian customer segments are reaching the tipping point at which consumption becomes broad based and takes off following the traditional "S shaped" curve seen across many markets." The sector is poised for rapid growth over the next 10 years and by the year 2020, FMCG industry is expected to be larger, more responsible and more tuned to its customers," he further added.

OBJECTIVES

The objectives of the study are:

- To understand the concept and roles of branding strategy in business building process of MNCs.
- To examine the branding strategies of the selected MNCs with special reference to body care products of FMCG sector in India.
- To analyse different pros and cons of each branding strategies adopted by MNCs.
- To analyse the extent to which different branding strategies are successfully adopted by MNCs in Indian market.

REVIEW OF LITERATURE

McDonald et al. (2001) assert that an appropriate branding strategy is crucial as it would reinforce the desired positioning and hence influence purchase behavior. Unfortunately, even the best brand managers have struggled to choose the most appropriate branding strategy, in part, due to a lack of academic clarity and study. Pierce and Mouskanas (2002): Vijayraghavan (2003) discussed the appropriateness of different branding strategies and suggest that individual branding strategy is the most appropriate for FMCG companies. Laforet and Saunders (1994, 2005) found out that in actual practice, FMCG companies are using individual branding strategy in combination with corporate or house branding strategies. Saunders and Guoqun (1996) empirically demonstrated that consumers prefer corporate and individual brand types together for an FMCG product than either brand type use alone. In contrast, Laforet (2011) reported that corporate brand does not add any value to products in the FMCG sector. Strebinger (2004) has defined branding strategies based on the number of product categories and target groups a branding strategy serves. He proposed five types of branding strategies; first, corporate branding strategy that adopts a uniform brand for all product categories and target groups. Second, target group branding strategy where a company uses a different brand name for each target segment. Third, a product branding strategy in which a different brand name is used for each product category. Fourth, product and target specific branding strategy where there is a different brand for each combination of target group and product category. Firth, brand family strategy in which hierarchically ranked brands have a common endorser. Keller (2008) proposes four hierarchical types of a brand; 1) Corporate/company brand (conglomerate or company or subsidiary name. 2) Family brand (brand used in more than one product category. 3) Individual brand (brand restricted to one product category). 4) Modifier (a means to signal refinement or differences in brands). Corporate dominant strategy is defined as the strategy in which only corporate brand name is used in all communications of the company (Gray and Smeltzer, 1985; Murphy, 1987; Laforet and Saunders, 1994, 2005).Olins (1989) has given it the name of Monolithic strategy whereas Aaker and Joachimisthaler (2000) and Rajgopal and Sanchez (2004) name it branded house strategy while Berens et al. (2002) call it corporate branding strategy. Here corporate brand symbolizes conglomerate name, company name and house/subsidiary name (Laforet and Saunders, 1994, 2005; Keller, 2008). Grey and Smelter also state that when a company, essentially operating in only one product line uses its company brand only, it is single entity branding strategy. In brand dominant strategy, different brand names that are different form corporate brand are used for different products of the company (Gray and Smeltzer, 1985' Murphy, 1987; Laforet and Saunders, 1994, 2005). Olins (1989) has given this stratefy the names of branded strategy whereas Aaker and Joachimsthaler (2000), and Rajagopal and Sanchez (2004) name it house of brands strategy while Berens et al.(2002) call it stand-alone strategy. Laforet and Saunders (1994) classify this strategy into two categories; first, Mono branding when corporate identity is disclosed and second, furtive branding when corporate identity is not disclosed. Mixed branding strategy is the strategy in which two brand names, that is corporate and individual product brand names, are used together with varying visibilities for branding product (Gray and Smeltzer, 1985; Murphy, 1987; Laforet and Saunders, 1994). Olins (1989) has named it endorsed strategy whereas Aaker and Joachimsthaler (2000) and Berens et al. (2002) name it sub branding strategy while Rajagopal and Sanchez (2004) call it brand endorsement strategy. Aaker and Joachimsthaler (2000) divide this strategy into three categories; first, master brand as driver strategy when corporate brand is more prominently visible. Second, sub brand as co-driver strategy when two brands are given equal visibility prominence. Gray and Smeltzer (1985) name it equal dominance strategy while Murphy (1987) names it balanced strategy whereas Laforet and Saunders (1994) name it dual branding strategy. Third, endorsement strategy when corporate brand receives less emphasis than product brand. Endorsement strategy has been further classified as strong endorsement, linked name and token endorsement. Laforet and Saunders (2005) argued that companies can also use more than two brands together for a product and called it multi-branded strategy.

METHODOLOGY

The research design chosen is both exploratory and conclusive in nature. This study is done using the secondary data. Case studies method has been adopted to analyse the branding strategies of selected MNCs in body care products segment of FMCG. The branding strategies of four MNCs which specialize in body care products in Indian market are analysed in details. This study is restricted only to the body care products of FMCG sector in Indian market.

THEORETICAL FRAMEWORK

Which is the best branding strategy? Procter & Gamble are firm supporters of product brands; are they right and l'Oréal, their more flexible competitor, wrong? Each type of brand strategy has its own advantages and disadvantages, as has been described. However, a simple list of the pros and cons does not provide a procedure for making a choice in a given company in a given market. The choice of brand policy is not a stylistic exercise, but more a strategic decision aimed at promoting individual products and ranges as well as capitalising the brand in the long term. It should be considered in the light of three factors: the product or service, consumer behaviour, and the firm's competitive position. Brand policy is a reflection of the strategy chosen by a particular company in a specific context.

What parameters should be taken into account when choosing a branding strategy?

The first is corporate strategy, of which branding strategy is in fact the symbol. For example, in 2003, Schneider Electric, one of the leaders in the field of electrical distribution and industrial control, decided to revitalise its Merlin Gerin and Telemecanique brands, which were well known to research departments and electrical integrators and installers throughout the world. In so doing, Schneider ended an initiative launched some 10 years previously with a different aim in mind, namely to replace individual brands with a single, group brand. The company's new director, who had come from Steelcase, outlined the strategic positioning of Schneider Electric against GE, ABB and Siemens. Compared with these general electrical and electronic giants, Schneider Electric is not a small general electrical company but rather likes to see itself as a multi-specialist company. In fact, because it sells intermediate products, its customers are looking for a specialist company. On the other hand, when compared with its many single-specialist competitors, Schneider Electric is more of a general electrical company. So if it wants to position itself as a multi-specialist company, the specialities must be offered by specialist brands, united by a group brand, a single entity, which facilitates customer relations. This is why it was decided not to follow the single-brand path, but to bring the range of 50 product brands together under three integrated international brands – Merlin Gerin, Telemecanique and the US company Square D, in 130 countries. There is therefore a Schneider Electric front office and a Schneider Electric sales force organised by type of customer, and these customers are able to purchase products under different product brands Another consequence is that distributors will once again become the official distributors of Merlin Gerin or Telemecanique without there being any obligation, as in the past, to automatically reference both brands. Similarly, Groupe SEB, world leader in small household appliances, decided to form itself into a multi-brand group, with four international brands – Moulinex, Tefal, Krups and Rowenta. Why not follow the tempting single-brand path, like Philips? Precisely because of Philips. The strategy lies in the art of being different. The single brand is an advantage if you are already a single brand like Philips, one of the few international brands whose reputation is based on the fact that it is distributed throughout the world – even, via its light bulbs, in the depths of the Amazon basin. It is basically too late to try to emulate Philips. In today's fragmented markets, with their aggressive distribution networks and consumer segments, it is far better to exploit the targeted reputation (in terms of product and values) of the brands that people have bought precisely because they were brands.

The second parameter is the business model. In this respect it is interesting to compare companies within the same sector, since their brand policy is often a reflection of their business model, the driving force of their competitive edge and their profitability. This can be illustrated by comparing three giants of the European cheese industry – Bel, Bongrain and Lactalis. Bel develops range brands around a central innovative product, thereby giving rise to an entire range of products with The Laughing Cow, Kiri or Mini Babybel signature. Bongrain develops product brands – Chaumes, Vieux Pané, Caprices des Dieux, Haut Ségur – while Lactalis uses a single brand (Président) as an umbrella for all its cheeses and butter, and even milk in Russia and Spain. So why the different brand policies? In fact, the business models of these companies are not the same, hence the different brand strategies. Bel likes to see itself as the inventor of modernity, anti-traditionalism, accessibility and everyday values. It does not deal in those speciality cheeses bought as a weekend treat. As the inventor of modernity, it must therefore create brands, with their own particular shapes and characteristics that can subsequently be offered in a variety of forms to capitalise on the investment in promotion. Bongrain decided to develop processed AOC (appellations d'origine contrôlées) cheeses to make them more accessible in terms of taste, price, preservability and usage. Vieux Pané is a processed version of the AOC cheese category called 'Pont l'Evêque' but, as such, does not have the right to use the name of the appellation. Bongrain therefore has to give each of the specialities it creates a new name – hence the product-brand policy. The disadvantage of this is that it has to promote each new brand, meanwhile supporting through advertising many small volume brands. The business model of Lactalis is to segment generic categories in order to bring them up to date and into line with everyday life and the modern life-style. This model gives rise to an umbrella-brand policy – under a single brand (Président), there are descriptive names for each of the varieties, each of the various forms, with low-fat butter remaining a quality butter, Emmental a real Emmental, and Brie a real Brie.

The third parameter for choosing branding strategy is cultural. The United States has developed the culture of the product brand – a brand that produces a single product. Ivory, the founder brand of Procter & Gamble, is and continues to remain a soap, which explains the company's reluctance to extend the brand and even the ideological opposition of such authors as Trout and Ries who have berated it in their work for the past 20 years. But the US domestic market favoured this product-brand policy. On the other hand, it also explains why Europe and Japan have been the main exponents of the umbrella-brand policy. Nivea and Nestlé are just two of the many European examples. In Japan, apart from the size of the domestic market, the concept of the company has also counted for a lot in the sense that, the more products and sectors a company covers, the greater its reputation. It would simply not occur to the director of a Japanese company not to use the corporate name to promote all kinds of brand extensions. Yamaha is a typical example, putting its name to such widely diverse products as motorcycles and pianos.

The fourth parameter is the pace of innovation. How do you develop product brands in a sector that updates its offer on an annual basis? In this instance, a single-brand policy covering the entire range is preferable, as in the case of Nokia, Sony-Ericsson, Alcatel, Samsung and even Whirlpool and GE.

A fifth parameter is the added-value lever on which a product is based. When the added value in a particular market is linked to reassurance, reputation and scale, a single brand umbrella strategy is recommended (in the world of industry, this is often the corporate brand), although a source-branding strategy with two levels – a real 'branded house' like Garnier or l'Oréal Paris – can work equally well. However, the more segmented the market, with top-quality, personalized products, the more one has to favour either a portfolio of l'Oréal product brands or an endorsing brand strategy that sanctions the sub-brands (the logic of Danone or Nestlé in dairy products). Next there is the problem of resources. In the absence of sufficient funding, a company should concentrate its efforts on a single brand, especially if it is international. The need to achieve a visibility threshold comes before all other considerations. However, in case of co-branding, it is impossible to do so: this is why Philips and Douwe Egberts (a leading coffee company) created a separate name (Senseo) to designate their joint innovation in coffee machines.

Finally the brand vision impacts the choice of architecture. In the cosmetic market there are thousands of products and many scientific terms, and innovations are essential. This is what leads to an opacity in the market. Brands serve as milestones and a question that is frequently asked is which naming strategy should be used? There is no single answer to such a general question: it depends a lot on the brand's conception of itself.

CASE STUDIES CONSIDERED FOR ANALYSIS OF BRANDING STRATEGIES OF FMCG COMPANIES IN INDIA:

Most companies have evolved from being single product companies. Over time, firms accumulate manufacturing and marketing capabilities. The desire to grow, coupled with capabilities, fuels the ambition to venture into uncharted markets or purvey untried products or services. The result is obvious. A single product company from being a rule once upon a time has become an exception. It is difficult to spot a company that offers a single product. The growth pattern followed by the marketers takes either horizontal or vertical or both directions. As the number of products handled by a company increases, the obvious question it raises is: what kind of branding relations would they enjoy. That is how products and brands would be related. The product-brand relationship as it exists in the current marketing environment can be observed with the help of branding strategies that are followed by the different companies. Companies differ in their approaches to branding. A cursory look at the branding practices followed by the companies in the East and West reveals polarity in strategies. Companies in the West favour product branding strategies. The champions of product branding include P&G, HUL from among the FMCG companies operating in India. Why do companies vary significantly in terms of their branding strategies? Many factors seem responsible. On the whole, the trade off seems to be two sided. On the other hand, cost oriented logic influences thinking in favour of a 'one brand, many products' policy, while the customer or market oriented rationale creates forces in the direction of a 'one product, one brand 'approach. Given the trade-off between the economic logic and market reality, the choice amongst the branding strategies is not easy. The difficulty of choice gets manifested in the variety of strategies that firm use to organize their brands. Had there been one universally superior way of pursuing branding, most companies would have converged on that. In reality, however, that is not the case. The case studies of top four MNCs in the FMCG sector specially body care segments are analysed below:

CASE STUDY 1: P&G INDIA

P&G India is one of the largest and amongst the fastest growing consumer goods companies in India. Established in 1964, P& G India now serves over 650 million consumers across India. Its presence pans across the beauty & grooming segment, the household care segment as well as the Health & well being segment with trusted brands that are household names across India. These include vicks, Ariel, Tide,Whisper, Olay, Gillete, Ambipur, Pampers, Pantene, Oral-B, Head & Shoulders, Wella and Duracell. Superior product propositions and technological innovations have enabled P&G to achieve market leadership in a majority of categories it it present in. P&G adopts the product branding strategy. Product branding is one extreme of the branding continuum. It is fiercly driven by consumer logic. In terms of customer perception and information processing, the most effective way to designate a product is to give it an exclusive name, which would not be available to any other product. This way, the brand is able to acquire a distinct position in the customer's mind. What the brand represents is clearly understood and internalized by the market. The purpose of branding is to differentiate your cow from other cattle on the ranch. The reality is that cattle on the ranch do look almost like clones. A successful branding programme is based on the basis of singularity. It creates on the market quite like your product. A brand must singularly represent a product. Hanging multiple products on a name is likely to cause confusion. A brand represents a position, an idea, a concept and a product. That is the way it should be.

In P&G India, each brand such as Olay, Oral-B, Pantene, Head & Shoulder etc. is promoted exclusively so that it acquires its own identity and image. The thrust is on making the brand acquire its own set of associations and a stand of its own. Product branding allows brands of P&G to acquire differentiation and exclusivity. The brand does not share other products and does not take on company associations. The company's name is relegated to the back seat to fulfill the legal compulsions which make it mandatory to identify the manufacturer. Any brand of P&G does not get benefits from the company name. The identity is not shared. The greatest advantage in favour of product branding is that a brand can be targeted accurately to a distinct target market or customers because its positioning can be precise and unambiguous. For instance, Head & Shoulder shampoo is branded as Anti-dandruff shampoo. So, those customers who want to buy shampoo to get relief from dandruff will go for Head & Shoulder rather than

Pantene. Which focus more on hair fall control. In this way, customers of P&G brands connect easily with the product brands since what the brand represents to them tends to be clear.

P&G has numerous Strategic Business Units. These include baby care, beauty care, feminine care, health care, fabric care, home care, food beverages and tissues and towels. The immediate reaction is: 'How can a company venture into so many unrelated fields ?' P&G has been an ardent follower of the product brand strategy. Its brands are standalones; people don't even know that they all share a common root in P&G. Such level of operational flexibility stems from its branding policy. The company does not share a common identity. So customers do not exclaim,'Oh! How can a company like P&G make Pringle Potato Chips? It is a detergent company! (That is, if source of Ariel is made a part of its identity). A Company following product branding is better positioned to venture into unrelated areas of activity without being subjected to market scrutiny.

CASE STUDY 2: HINDUSTAN UNILEVER LTD. (HUL)

Hindustan Unilever Ltd. (HUL) is India's largest Fast Moving Consumer Goods Company with a heritage of over 75 years in India and touches the lives of two out of three Indians. HUL works to create a better future everyday and helps people feel good and get more out of life with brands and services that are good for them and good for others. With over 110 brands, it has a large brand portfolio. In each product line, it has built a number of brands over a period of time. Some of the popular brands of HUL include Lux, Lifebuoy, Surf Excel, Rin, wheel , Fair & Lovely, Pond's, Vaseline, Lakme, Dove, Clinic Plus, Sunsilk, Pepsodent, Clear, Axe, Close-Up etc.

HUL has also been an adherent of product branding. It uses individual names to promote a product with an intention to provide it a distinct position. For instance, in the toilet soap category, HUL has brands like Lux, Lifebuoy, Rexona, Pears and Liril. In terms of positioning, Lux has been a toilet soap of film stars. Lifebuoy has always taken the position of a soap that fights germs hidden in the dirt and promotes health. It remains the only soap exclusively directed at the male user. Rexona occupies the platform of a gentle soap with natural oils to have a good effect on skin. Liril enjoys the position of a 'freshness' soap. Similarly, in the shampoo category, Sunsilk occupies the position of a beauty shampoo which makes hair soft, lustrous and bouncy, while Clinic brand is a shampoo for vitamin nourishment or for preventing dandruff. In the last couple of years, HUL appears to have abandoned its pure product brand approach. The company has instead chosen to pursue a strategy of exploiting the power of its brands to the fullest by leveraging them. It aims to now encash upon the investment over preceding decades to cultivate some of the world's most powerful brands. The product branding delivers a number of benefits to the HUL. First, with an identifiable brand uniquely positioned and directed at a segment, the firm is able to cover an entire market spectrum by making multiple brand entries. With exclusive brand creation, the firm leaves very little scope for market confusion. It is a customer-friendly approach. Customers know what to look for when specific need is triggered. Appreciating brand differences is much easier when product branding is followed especially when the products are similar.

HUL also follows the strategy of line branding. For instance, the brand,' DENIM' was introduced with a distinct concept. The brand appeals to a distinct market segment who appreciate and like the brand concept. The core idea is that brand connects with a consumer group. Today, customers do not tend to contended with one product which the brand offers. Rather they want additional products which go hand-in-hand with the brand concept or application. So the Denim users want the brand to offer all complimentary products which enhance beauty- Deodrant, Shaving Cream, After Shave, Soap and Body Talc. So HUL came up with Denim Deo, Denim Shaving Cream, Denim After Shave, Denim Soap and

Denim talc. Another example can be brand “Dove”. Initially, ‘Dove’ was introduced as beauty bar soap. But due to the demand from the customers, ‘Dove’ comes with different related product with with the existing bar soap. These include Dove body wash, Dove deodrant, Dove conditioner, Dove lotion and Dove hair care. Another example we can quote here is the brand ‘Lux’. Today, there are variety of related products with brand ‘Lux’.These include Lux body wah, Lux bar soap, Lux shower gel etc. In this way, the products combine to form a complete whole and draw their identity from the main brand. As a result, it improves the brand’s marketing power rather than selling them as individual brands.

CASE STUDY 3: AMWAY INDIA

Amway India Enterprises, the largest direct selling FMCG company in India and a wholly owned subsidiary of Amway Corporation (USA). Amway India is the country’s leading direct selling FMCG-company which manufactures and sells world-class consumer products. All its products are covered by a 100 per cent Money Back Guarantee. If not completely satisfied with the product, the consumer can return it for a 100% refund. At present, Amway India offers over 130 products in five categories. They are Personal care category, Home Care category, Nutrition & Wellness category, Cosmetics and Great Value Products. With the exception of Cosmetics range (Artistry) and some products in Nutrition and Wellness category, all Amway India products and bottles are manufactured in India. The products match Amway’s global quality standards. They carry a tamper-proof seal and a ‘100 per cent Money Back Guarantee'. Amway products are environment friendly, and are not tested on animals. Amway encourages the return of its used product bottles for re-cycling and to prevent their misuse.

Amway follows the strategy of line branding. For instance, the brand,’ Body Series’ was introduced with a distinct concept. The brand appeals to a distinct market segment who appreciate and like the brand concept. The core idea is that brand connects with a consumer group. Today, customers do not tend to contended with one product which the brand offers. Rather they want additional products which go hand-in-hand with the brand concept or application. So the Body Series users want the brand to offer all complimentary products which enhance beauty- Body gel, lotion, bar soap, Complexion bar etc. Another example we can quote here is the introduction of various products under the brand Santinique. Sanitique So Amway came up with Sanitique Color Care shampoo, Sanitique care conditioner, Sanitique Color and Heat prodector, sanitique Dandruff control hair etc. We can also quote the examples like Artistry Anti-Ageing Lotion, Artistry Creamy Massage, Artistry lotion, Artistry Skin care etc. Lastly, brand ‘Attidude’ also comes up with Attitude Doedrant, Attitude Skin Lotion, Attitude Foot cream etc. In this way, the products combine to form a complete whole and draw their identity from the main brand. As a result, it improves brands’ marketing power rather than selling them as individual brands. In this way, ultimately it enhances the business building process of Amway through line branding.

CASE STUDY 4: COLGATE-PALMOLIVE INDIA

Colgate-Palmolive adopts the strategy of Umbrella Branding for its variety of products. The company enjoys the distinction of pursuing umbrella branding. The company uses its name on various products like body lotion, tooth paste, mouth wash, shampoo, liquid hand wash and soap.Some of the products of Colgate-Palmolive which uses its brand name are Colgate Dental cream, Colgate 360, Colgate Active Salt, Palmolive Aroma Shower Gel, Palmolive Thermal Spa, Palmolive Natural Liquid Hand Wash, Palmolive Soap, Palmolive Kids care shampoo-in-one etc. Umbrella branding scores well on the dimensions of economics for the company. Investing in a single is less costly than trying to build a number of brands. By leveraging a single and common name across a variety of products, the brand distributes its investment. Hence umbrella branding works out to be an economical strategy for the company. Using an umbrella brand to enter new markets allows considerable savings. The brand bestows the new product advantages of brand awareness to the company, associations and instant goodwill. That is, the product inherits all those from the brand pool simply by incorporating the umbrella name, Colgate-Palmolive. Umbrella branding may make even more sense in the current marketing environment, characterized by information overload and brand proliferation. The brand and media scenes have become clutter to the extent that most consumers suffer from excessive bombardment of information. In a situation of information explosion, registering a brand in a consumer's mind may be nearly impossible. The strategy of Umbrella branding of Colgate-Palmolive make sense because the brand already enjoys awareness and image advantage over new brands not only in India but throughout the world.

CONCLUSION

In the new emerging scenario, brands are becoming the most valuable assets that a business can possess. Brands are wealth generators of the twenty-first century. When products are not differentiated in the factories, they are differentiated in the consumers' minds. Brands are capable of transforming mundane products into objects of desire. Accordingly, the market value of a business is determined by the number and types of brands it holds. Brands create identifiable streams of earnings for a firm. Firms like HUL, Amyway India Ltd, P&G India and Colgate-Palmolive are not highly valued because of tangible assets they hold. Rather their value is dictated by the power of their brands. Brand power is nothing if none of the customer following it enjoys.

It has been observed that companies start with one product but over time- as they accumulate manufacturing and marketing capabilities- they tend to become multi-product. As the number of products handled by a company increases, it raises certain questions; what kind of branding relations would they have among themselves? Companies differ in their approaches to branding. Western companies seem to favour product branding while the companies in the east practice mega-brand approach. A company can choose from a variety of branding strategies. Product branding is driven by customer logic. Each product is given a distinct brand name. Line branding is targeted at a market segment. It seeks to appeal to them with a concept. Usually lien brands offer complementary products and hold them together under a common concept. For example HUL adopts line branding in some case. Range brands extend beyond product complementary. Rather, the products under the range brands emanate from some area of expertise or competence. A range brand can have apparently dissimilar products – but all of them share a common expertise. Umbrella branding means promoting all products under a common name. It is favoured because of economies, but this approach is highly deficient from the viewpoint of customers' logic. Firms cover brand because of their wealth generating power. They are new generation assets. Different MNCs adopt different branding strategies depending upon their vision and goal. Some MNCs adopt multiple strategies for branding for various categories of products but some companies adopt a single strategy for the variety of products as a branding strategy.

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International Journal of Research in Management & Social Science
Volume 1, Issue 1 (July – September , 2013)

CONSUMER BEHAVIOUR ON SMARTPHONE'S - A STUDY ON THE PERCEPTIONS OF YOUTH POPULATION WHILE PURCHASING SMARTPHONE'S.

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ABSTRACT

Mobile phone now a day's become the necessities of an individual life. Now instead of a simple phone, people now prefer to have Smartphone which provides many applications to the consumers. Smart phones are the advanced form of mobile phones which provides wide range of application to the consumer such as advance ability of computing, it also provides all things which a computer system provides as well as access the internet on high speeds can be possible through this, through this it is possible to manage both your personal as well as professional e-mail accounts through smart phones. There are two choices available for a consumer whenever he/she thinks to buy a smart phone either an Apple iphone or a Blackberry phone. In order to know about the consumer purchase behaviour and purchase process when it comes to buy Smartphone's by youth generation, I have conducted a research on this topic. I have prepared a structured questionnaire in order to know about their behaviour while purchasing and also to know which all factors that they consider in order to take their decision of purchasing a Smartphone. This paper presents the results of survey of 900 respondents relating to their behaviour while purchasing Smartphone's.

Keywords: *Consumer Behaviour, Smartphone's, Apple iphone, Blackberry, Gadgets*

1.0 INTRODUCTION TO SMARTPHONE'S

Smartphone's are the advanced form of mobile phones which provides wide range of application to the consumer such as advance ability of computing, it also provides all things which a computer system provides as well as access the internet on high speeds can be possible through this, through this it is possible to manage both your personal as well as professional e-mail accounts. In addition to this various feature provided by Smartphone's are as follows: - first one is there is an application called PDA which is used in order to store the personal information so that you can access this information at any time whenever require by you (Asif & Krogstie, 2011). Second one is it is possible to search for a place through the map application provided in these Smartphone's. There are various Operating systems which are used in Smartphone's which are as follows:- RIM which are used in Blackberry phones, iphone, Android etc. In UK the demand for smart phones are increasing day by day due to its application. According to a report more than 275 of adults of UK are using Smartphone's. There two most popular brand among the UK adults first one is Apple iphone which is covering 32% share among adults in UK and second one is Blackberry Smartphone's which are captured around 24% market share in UK and its consumers are mostly younger adults and teenagers (Reuver, 2011). In UK in between 2010-11 the share of Android is increased from 1% to 9.2% approximately. The share of Apple iphone is increased from 6% to 11% approximately and the share of RIM almost goes double which can be cleared from the table in annexure 1:-

1.1 CONSUMER BEHAVIOR

Buying behavior of consumer means the manner a consumer behaves and reacts while taking a decision to purchase anything, in the present study it is related to take a decision to purchase a Smartphone. There are many steps involved in this first is to recognize the need to have a Smartphone. This need may arise due to any reason. Second step is to collect the necessary information to satisfy that need. There are two main ways in order to collect the information first one is internal sources which is our memory and second way is to collect through external means such as friends, family and websites etc. As today is the world of globalization and competition, if you want to purchase a particular thing there are various choices available, like if you want to buy a Smartphone there are various options available such as Apple iphone, Blackberry and so on. Now a consumer has to evaluate each alternative for the purpose of taking the decision related to purchase. After purchasing the thing now main thing is satisfaction, it depends upon the customer services provided by the companies. If a consumer is satisfied with these services then he may repeat the purchase but if he/she is not satisfied with the customer services, then they never purchase that thing again and it will create a negative image of company in their mind. sometimes there is no need of that thing in the life of consumer he/she may purchase the thing because their friends are having the Smartphone or some consider it as a symbol of status ***(Chaudhuri and Holbrook, 2001).*** In order to take decision about purchase, generally a process is followed by the consumer. First of all there is a need for that thing and in order to satisfy this need he collect information either by external or internal means, then find out the alternatives and then evaluate these alternatives in order to take final decision whether to purchase Smartphone's or not. If after purchasing, he is having positive feedback then it will lead to positive word of mouth communication which in turn have a positive effect on the image and goodwill of the company.

1.2 IMPORTANCE OF STUDYING CONSUMER BEHAVIOR

Now a day's consumer is the central point for every organization. As it is possible to maximize revenue of the company only when the desire or needs of consumer is fulfilled, so for this first of all there is an urgent needed to understand the behavior of consumer while purchasing. Through this it is also possible to know about the various factors that influence consumer behavior. It is very important for producers as with the help of this it is possible for producer to design the product as well as services. On the other hand advertisers by knowing the behavior of consumer decide about the advertising strategy,

2.0 LITERATURE REVIEW

Smartphone's mainly prefer by those consumers who used phone in order to store information as well as want entertainment in his life. Apples targets segments which includes class of those who are either persuing any professional degree or indulge in any profession (Terui, 2004). In the current study I have taken respondents from university who all are having Smartphones, through this it is possible for me to know about their point of view about the Smartphone's. If we consider the market share of Apple Iphone it is relatively less as compare to Nokia or Blackberry. But due to advancement people now prefer to own a Smartphone because of its application and features such as speed of accessing internet is very high as well as gaming feature and so on (Bindle & Boden, 2011). There are various factors that lead to increase in the demand of Smartphone's, first factor is social as well as cultural factors, in which following things such as due to change in preference of consumer the demand for these phones are increasing and people now depends upon the mobile in order to keep in touch with each other everywhere and in Smartphone's various additional features are attached as well as due to increase in literacy the demand for Smartphone's are increasing (Bogue , 2010). The perceptions of the consumer towards the technological devices are changed in a positive manner. These are some of the social and cultural factor that affects the demand for Smartphone's. Now political factors that should be taken into consideration are as follows such as taxation policy are the law of importing. In the list of mobile phones company there are no. of phones are available that increase competition in the market (Goode, 2010). The main targets of this Smartphone's are professionals, corporate users, students, entrepreneurs and medical users. The main purposes of professionals to use Smartphone's are as follows in order to keep in touch with others as well as to store information (Gilad, 2011). The students are using Smartphone's is to do many tasks simultaneously without carrying any additional gadgets. These Smartphone's is considered to be a symbol of status and uniqueness (Rich, 2011). The corporate users are using Smartphone's for the purpose of storing the information as well as access the information whenever there is a need for such information. The Entrepreneur uses Smartphone's for the purpose of recording their appointment. Medical users are using the Smartphone's for the purpose of storing their medical record as well as check and update the information (Goldman, 2010)

In Order to make improvement in iPhone there is a need to emphasis on the marketing research. For the purpose of ensuring success it is essential to do market research for this as well as keep in touch with you customer and handle their problem with dignity and care. In order to get iphone known by all it is important to extend the base of your customers, now iphone also targets both business class as well as professional people. Also now its targets different age groups such as the group having age in between 15-20, then 20-26, 26-43 and 43 and above. Through this it is possible to increate the market share (Jungsun & Kizildag, 2011). The people of age group of 15-20 use iphone for the purpose of accessing internet, for gaming purpose and downloading songs and all. The person of age group of 20-26 uses iphone for all above purpose, in addition to this they are using iphone for storing their personal as well as professional information (Mohr & Slater, 2011). The people of age group of 26-43 generally use iphone for storing critical information and for business application as well they also use this for social and personal purpose. The main thing which makes Apple from social phone to a business phone the awareness of brand plays an important role. For this a survey is conducted in order to know about the views of people about iphone features so that changes are implemented in the next generation iPhone (Pantano & Servidio, 2011).

3.0 RESEARCH METHODOLOGY

It is one of the most important areas which is related to methods as well as decision of steps taken in order to perform a research work is decided, if we are considering its simple meaning it means steps followed in order to get deep knowledge of the topic so that important conclusions and results are drawn easily. It includes following steps first one is to identify the problem, and then decide about the research design as well as sources from where the data is collected. In this one of the most essential step in research is to decide about the methods and reason why this method or technique is adopted as well as decide about the no. of samples which means sample size and then collect necessary information from them and in last decide about the techniques used in order to analyze that data.

3.1 PROCESS OF RESEARCH

Research process means step followed in order to conduct the research work. Similarly for this research study first of all, the research problem is identified which is to understand behavior of customers while purchasing Smartphone's, then a research design is formulated in order to decide about the conceptual framework for the research. After formulating research design the researcher has identified the sources from where data can be gathered to accomplish the research objective. For this research data has been gathered both from primary & secondary sources since the primary data were required to understand the behavior as well as factors that influence them to purchase Smartphone's. After identifying sources a structured open-ended questionnaire was designed to collect data from customers. A sample size of 900 units was selected. After collecting the data from 900 respondents this data was analyzed using Bar Diagrams, Pie Charts & Chi Square test & then interpretations were made thereafter.

3.2 OBJECTIVES OF THE STUDY

The main objective is to study the Consumer behavior and purchase process while purchasing a Smartphone. In addition to this it includes:-

1. To analysis the needs of consumers.
2. To analyze the consumer decision making process with due attention to factor responsible for it.
3. To know the brand loyalty among the consumer.
4. To find out the motivating factors for consumer in purchasing Smartphone's
5. To know about the point of view of those people who wants to purchase a Smartphone as well as their behavior in relation to the application of it.

3.3 JUSTIFICATION OF THE STUDY

This study is mainly focus on to find out factors that influence a consumer to purchase a Smartphone. The Methodology used in the making of this Report is the collection of the Primary data. The data is collected through Primary Resources i.e. Questionnaire method. Lastly, performance evaluation was done to know how effectively and efficiently are the mobile phone providers working in order to satisfy the needs of users. This comparative study is considered to be very important for those who want to purchase Smartphone. It can be used before taking a purchase decision for a smart phone This is essentially done through the analysis of various characteristics of phone like applications offered, games, email service, messenger etc. This analysis may be compared with the other studies done on this earlier. This study will also help in any further studies for a comparison of the present with the past. It is the expert who has to analyse significantly whether blackberry or apple iphone is better. So this topic is chosen so as to know what the mobile users like. This topic will help me, as a student, in getting practical knowledge of the technical area and to know what the users want in a mobile phone. The project is to be carried out aims to perform the comparative analysis to find out the better product between apple iphone and blackberry as well as through this it is possible to analyze the behavior of consumer while purchasing Smartphone's as well as various factors that motivate them to purchase Smartphone's.

3.4 RESEARCH DESIGN

In this study descriptive research design as it involves a survey which main aim is to gather and analyze relevant data that will provide the necessary information so that decision related to purchase of a Smartphone is taken by evaluating all the alternatives.

3.5 SAMPLE DESIGN

a) **Sampling Design: –**In the current study, in order to carry out the research work, non probability sampling technique is adopted , in this investigator on the basis of his suitability chose the sample.
b) **Respondents: -** They are the students and belong to age group starts from 20 and ends to 29.
c) **Sampling Unit –** Sampling unit is Individual person.
d) **Sample Size –**900

3.6 DATA COLLECTION TECHNIQUES

For this research secondary data has been collected through various websites and literature review is done to gather the information from the pioneering work of various persons. Also Primary data was collected through administering a structured questionnaire to 900 youth respondents.

Primary data has been collected using structured questionnaires (Annexure). It is considered to be a research instrument which consists of various questions in order to know about the behavior of customers while purchasing Smartphone's as well as through this it is possible to make comparison between the features of iphones and Blackberry and then it is convenient to know which Smartphone is better on the basis of its application. Secondary data is collated through various books, magazines, taking reference of any other author study etc.

3.7 DATA ANALYSIS TECHNIQUES

Descriptive research will find the answers for the questions as who, when, what, where and how topic can called be descriptive. After collecting data by filling up the questionnaires now it is important to analyze that data for the purpose of getting important results. Data is presented in tables and then with the help of this making bar diagrams. There are various tools and techniques which are used in order to analyze the data first one is collect the data and then arrange that data in form of tables, diagrams and apply various test such as chi square test which is generally used in which a comparison between expected and observed values is taking place in order to draw results:-

Various tools used for data analysis are as follows:

CHI-SQUARE TEST

In order to know whether there is any difference in thinking of respondent's which are divided on the basis of gender regarding their preference to Apple iphone and Blackberry. It is used in order to know the basic difference between expected and observed values. In order to calculate its value, firstly expected values are subtracted from observed values and then finding out the squares of these differences and then the resultant figure is decided by the expected value and then find out the total of this it is termed as calculate or critical, now Degree of freedom is calculated by multiplying r-1*c-1 where r means rows in the table and c means columns in the table. Now tabulated value is calculated, then tabulate value is compared with critical value. If critical value is less than tabulated value, then null hypothesis is accepted otherwise it is rejected.

TESTING OF HYPOTHESIS

H_0: There is no difference in thinking of respondent's which are divided on the basis of gender regarding their preference to Apple iphone and Blackberry.

$H_{1:}$ There is difference in thinking of respondent's which are divided on the basis of gender regarding their preference to Apple iphone and Blackberry.

Table 1.1 : PROFILE OF RESPONDENTS

Profile of Respondents	**Respondents (900)**	
Age (in yrs)	**N**	**%**
20-24	487	54.11

24-29	413	45.89
Occupation	**N**	**%**
Students	593	65.89
Business	307	34.11

Table 1.2 : PROFILE OF RESPONDENTS

Gender	Male		Female	
	N	**%**	**N**	**%**
	550	**61.11**	**350**	**38.89**

INTERPRETATION

1) The Profile of respondents as depicted in Table 1.1 shows that majority of them i.e. 593 respondents almost 54.11% fall in the category of age bracket of 20 to 24 years and remaining 413 respondents i.e. 45.89% fall in the category of age bracket of 24-29.
2) Majority of the respondents who were a part of this survey constituted of 593 students (65.89%) followed by 307 business persons (34.11%).
3) Due importance was given to take response from both male and female respondents and hence 350 (38.89%) females participated in this survey as against 550 (61.11%) male respondents.

Table No. 1.3 : Importance of style and design while purchasing Smartphone's

Use	N (50)	No. of Respondents (%)
Not Important	54	6
Fairly Important	540	60
Very Important	306	34

INTERPRETATION

By analyzing the response of the above question it is concluded that about for 6% of people style of a mobile phone is not important, for 60% style if fairly important and for 34% style is very important.

Table No. 1.4 : Money you ready to spend on purchasing phone

Money you ready to spend on purchasing phone	N (900)	No. of Respondents (%)
£100-£200	180	20
£200-£300	234	26
£300-£400	198	22
More than £400	288	32

INTERPRETATION

By analyzing the response of the above question it is concluded that about 20% of people are willing to spend from £100-£200, 26% of the respondents are willing to spend between £200 and £300, 22% of the respondents are willing to spend between £300 and £400 and remaining 32% of the respondents are willing to spend more than £400 in order to purchase a mobile phone, so majority i.e. 32% of the respondents are willing to spend more than £400 in order to purchase a mobile phone

Table 1.5 : Comparison of Blackberry Vs Apple iphone

Basis of comparison	Blackberry	%	Apple iphone	%
On the basis of Application	414	46	486	54
User Friendly	594	66	306	34
Gaming purpose	360	40	540	60
Better Messenger Services	540	60	360	40
Better gravity Call	522	58	378	42
Professional in nature	468	52	432	48

INTERPRETATION

By analyzing the response of the above question it is concluded that about 54% of respondents like iPhone in terms of applications and 46% of respondents like Blackberry in terms of applications. So majority of the respondents prefer iphones when it comes to applications. Apples targets segments which includes class of those who are either perusing any professional degree or indulge in any profession (Terui, 2004). In the current study I have taken respondents from university who all are having Smartphones, through this it is possible for me to know about their point of view about the Smartphone's. If we consider the market share of Apple Iphone it is relatively less as compare to Nokia or Blackberry. 66% of respondents feel that Blackberry phone is more user friendly while 34% of respondents feel iphone is more user friendly. So majority of the respondents prefer Blackberry when it comes to friendliness regarding usage of phone. 40% of respondents prefer Blackberry for gaming while 60% of respondents prefer iPhone for gaming. 60% of respondents feel that Blackberry has better messenger service while 40% of respondents feel that iPhone has better messenger service. 58% of respondents feel that Blackberry has better gravity call while 42% respondents feel that iphone has better gravity call. 52% of respondents think that Blackberry is more professional while 48% think that iPhone is more professional

Table 1.6 : Buying force

Buying Force	N(900)	Percentage
Friends / Relatives	342	38
Retailers	104	11.56
Brand Image	76	8.44
Advertisement	378	42

INTERPRETATION

Above table and graph shows that Out of 900 respondents, 38% of respondents are influenced by friends and relatives, 11.56% of respondents are influenced by retailers, 8.44% of respondents are influenced by brand image and 42% of respondents are influenced by advertisements. So it is concluded that majority of respondents are influenced by advertisements. This includes references group consumers accept information provided by their peer groups on the quality, performance, style, etc. these groups influence the person's attitude, expose them to new behaviors and' life style, and create a pressure on the individual. Most consumers belong to a family group.

Table 1.7

NULL HYPOTHESIS	Calculated Value of Chi-Square	Tabulated value at 1 d.o.f	Hypothesis
1. There is no significant difference between Male and female on the basis of application of both Blackberry and Apple Iphone	1.525	3.84	**Accepted**
2. There is no significant difference between Male and female on the basis of user friendly approach to both Blackberry and Apple Iphone	1.3334	3.84	**Accepted**
3. There is no significant difference between Male and female on the basis of gaming function of both Blackberry and Apple Iphone	19.947	3.84	**Rejected**
4. There is no significant difference between Male and female on the basis of better Messenger Services of both Blackberry and Apple Iphone	43.033	3.84	**Rejected**
5. There is no significant difference between Male and female on the basis of better gravity call of both Blackberry and Apple Iphone	29.192	3.84	**Rejected**
6. There is no significant difference between Male and female on the basis of professional nature of both Blackberry and Apple Iphone	1.517	3.84	**Rejected**

5.0 FINDINGS

Following are the important objectives or we can say that the important research findings are as follow:

- **To understand the consumer behaviour while purchasing Smartphone's**

The acknowledged marketing techniques are the ones that employ people in the product without any effort. It is achieved when individuals are discussing about it among themselves. The main idea that is distressed to make it happen is the knowledge of targeted consumers and information of what makes them happy (Sernovitz, 2009).

- **To understand how important is the marketing strategy on the customer's satisfaction.**

If you want to buy a particular thing then there are various alternatives available, the buyer has to evaluate each alternative before taking the final decision related to purchase. But after taking the decision related to purchase if there is some doubt in the mind of consumer about the choice or a feeling of restlessness after buying a product is known as "cognitive dissonance, In order to reduce the feeling of dissatisfaction one of the important strategy used by them is to take opinion of others, if the people around them assure them about the wisdom of their decision, cognitive is reduced to a very great extent. It is also essential to collect that information which is in support of your decision related to purchase. Advertising is one of the important sources of supportive information. Consumers may give more attention to advertisements for the brands that they have chosen. Provide good quality products (ideas/good/services) that meet customer's expectations after the purchase has been made. Do not design advertisements that create unreasonable expectations that their products cannot meet. Because if it cannot meet the expectations created by its advertisements then there will be cognitive dissonance in consumer's mind. Marketers may also send supportive information in order to assure consumers that there decision related to purchase is correct. This will give the customers a sense of security that from whom they have purchased the product is still there with them.

5.1 SUGGESTIONS AND RECOMMENDATIONS

- Both the companies should focus on increasing their market share by utilizing the opportunity available in the form of people now becoming more and more open towards smart phones due to developing internet wap, wifi services all around.
- Iphone should work on its messenger service to compete with Blackberry and overcome this competitive drawback faced by it.
- Blackberry is a winner when comes to professional services but the company needs to work hard to overcome or match the gaming and entertainment services or applications offered by iphone.
- Blackberry should target youngsters to increase its market share and iphone on the other hand should increase its presence in corporate world.
- Iphone should also focus on improving its presence in the market as it is very less as compared to blackberry.
- Most important of all is that both the players should increase the awareness about their applications, services and special features which differentiate them from other players like Nokia from which they are facing stiff competition.

5.2 CONCLUSION

The market coverage for both Blackberry and Iphone in UK are more as compare to other market players like Nokia and Sony Erricson. Most of the people use their mobile phone for SMS purpose and the messenger service which provided by Blackberry is very good as compare to other mobile players such as Nokia. People are now switching towards smart phone. Therefore it is a good signal for Blackberry and Iphone for future growth.

Most of the people prefer at least their mobile phone screen should be medium sized. Blackberry has a medium sized screen as compare to a big screen of Apple iphone. Majority of people like stylish phones and when it comes to comparison between Blackberry and Iphone, Iphone wins the race as it is more stylish.

Cost of Iphone lies between £300-£400 and more and Blackberry lies in all the categories starts from £100 and above. Iphone is a better option when it comes to application but Blackberry phone is more users friendly. Iphone is a better then Blackberry for gaming but when it comes to gravity call, blackberry is a better option. Blackberry also comes out to be better professional phone as compared to iphone. The iPhone will be promoted as both professional and hip. The market of smart phone is leading by Apple's iPhone but there is threat which is available for Apple's iPhone which is Google's Android mobile operating system. In Order to make improvement in iPhone there is a need to emphasis on the marketing research. In order to get success it is essential to do market research for this as well as keep in touch with you customer and handle their problem with dignity and care. In order to get iphone known by all it is important to extend the base of your customers, now iphone also targets both business class as well as professional people. Also now its targets different age groups such as the group having age in between 20-24 and 24-29.

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International Journal of Research in Management & Social Science
Volume 1, Issue 1 (July – September , 2013)

CORPORATE SOCIAL RESPONSIBILITY: IS IT A POSITIONING STRATEGY ?

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ABSTRACT

CSR is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. The role of Corporate Social Responsibility in the business world has developed into an important aspect of corporate behavior over the past several years. More or less it has become a strategy to position a brand. Since if a corporate is able to create a socially responsible image in the eyes of customer it enjoys a top position in the minds of customer which in turn can affect the profitability of the company in long and in a way helps in enhancing value for company.

Purpose: *The aim of the research is to understand the customer perception regarding CSR activities also to analyze the firms which are using CSR as a positioning strategy & the extent to which they are successful.*

Design/methodology/approach*: It is a descriptive research in which we have incorporated the views of various customers using questionnaire as a statistical tool. A sample size of 40 customers is considered for the study and the sampling technique used is convenience sampling. The resulting data is analyzed by SPSS 20 software for understanding the general customer perception regarding CSR activities and if they impact the image of a corporate in the eyes of customer?*

Findings: *The study finds that still the correct understanding of CSR is not spread in most of the masses but any kind of philanthropic activity performed or persuaded by any corporate house does impact their credibility in the market and is somehow successful in positioning a brand .*

Research limitations: *Major limitation of research is that though it is covering a very broad topic, the sample size of 40 customers may not be the correct representative of the entire population.*

Originality/Value: *corporate social responsibility is a very wide area and it cannot be covered in single research, however we have tried to gather the customer's insights into the given topic and have tried to elaborate upon the same.*

Key Words: corporate social responsibility, brand, positioning, strategy.

INTRODUCTION

Positioning strategy refers to the choice of target market segment which describes the customers a business will seek to serve and the choice of differential advantage which defines how it will compete with rivals in the segment (Doyle, 1983). A Positioning Strategy is how the company wants to be perceived in the minds of prospects versus its competition. Positioning clearly distinguish the company from its competitors. The positioning strategy is based on the value prospects (in a particular market segment) expect to receive relative to and unique from the competitors as it relates to addressing specific customer decision making criteria.

Types of positioning strategies

A positioning strategy is vital to provide focus to the development of advertising campaign. The strategy can be conceived and implemented in a variety of ways that derive from the attributes, competition, specific applications, and the types of consumers involved or the characteristics of the product class. Each represents a different approach to developing a positioning strategy, even though all of them have the ultimate objective of either developing or reinforcing a particular image for the brand in the mind of the audience. seven approaches to positioning strategy are presented : (1) Using Product characteristics or Customer Benefits (2) Price quality approach (3) The Use or Application approach (4) Product user approach (5) The Product Class approach (6) The cultural symbol approach (7) The competitor approach

Using Product characteristics or Customer Benefits as a positioning strategy

This strategy basically focuses upon the characteristics of the product or customer benefits. For example if we say Imported items it basically illustrates a variety of product characteristics such as durability, economy or reliability etc. Sometimes even it is being noticed that a product is positioned along two or more product characteristics at the same time.

Pricing & Quality as a positioning strategy

Pricing plays an important role in positioning a product since almost each and every customer expects quality product in return for the money which is spent. Sometimes it is also observed that we prefer to buy highly price product basically because of perception, as most of us perceive that if a product is expensive will be a quality product where as product that is cheap is lower in quality. If we look at this Price – quality approach it is important and is largely used in product positioning. In many product categories, there are brands that deliberately attempt to offer more in terms of service, features or performance. They charge more, partly to cover higher costs and partly to let the consumers believe that the product is, certainly of higher quality.

Positioning strategy based on Use or Application

Positioning by use of application refer to the fact that the focus of marketer is on how the use of the product should be given utmost importance? And how can such product be linked with that particular use? Basically this type of positioning is done deliberately to expand the brand's market. Introducing new uses of the product that will automatically expand the brand's market. For example Nescafe Coffee for many years positioned itself as a winter product and advertised mainly in winter but the introduction of cold coffee has developed a positioning strategy for the summer months also.

Positioning strategy based on User

Another positioning approach is to associate the product with its users or a class of users. In this kind of positioning focus is on how the product can be best alternative of a particular user group? The best example can be of Johnson and Johnson which is repeatedly used for years and years for babies and the brand has positioned itself as a baby products brand.

Positioning strategy based on Cultural Symbols

In today's world many advertisers are using deeply ingrained cultural symbols to differentiate their brands from that of competitors. The essential task is to identify something that is very meaningful to people that other competitors are not using and associate this brand with that symbol. Using and popularizing trademarks generally follow this type of positioning.

Positioning strategy based on Product Class

Positioning by product class can be done if two products lie in the same product class. Thus by joint promotions, both of these products improve their positioning. Positioning by product class mainly uses sales promotion as it tool. For example Get a toothbrush with toothpaste free. Both of these products lie in the same product class and hence can be positioned accordingly.

Positioning strategy based on Competitors

In this type of positioning strategies, an implicit or explicit frame of reference is one or more competitors. In some cases, reference competitor(s) can be the chief aspect of the positioning strategies of the firm, the firm either uses the same of similar positioning strategies as used by the competitors or the advertiser uses a new strategy taking the competitors' strategy as the base.

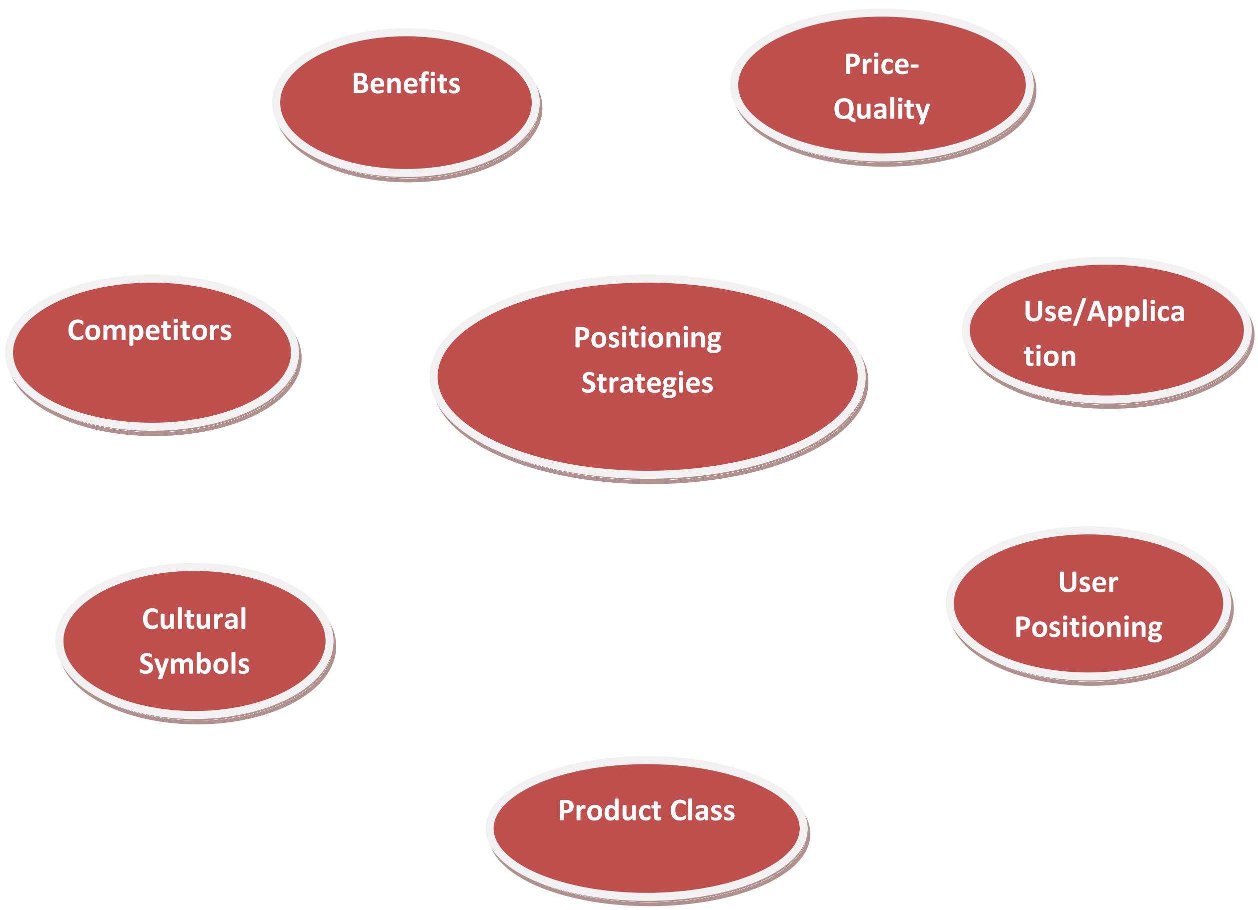


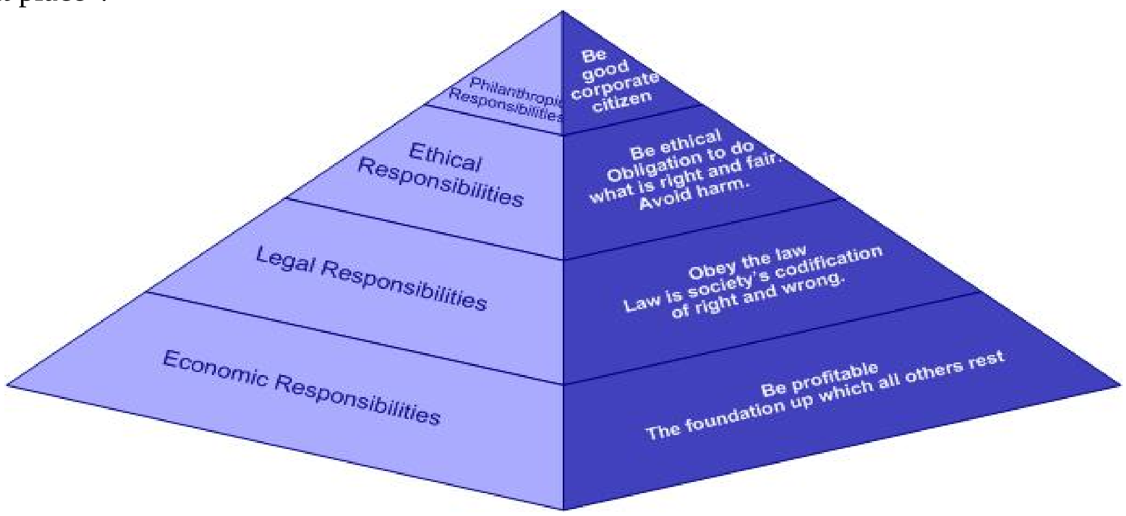
Figure -1 Types of positioning strategies

CSR as a positioning strategy

Corporate social responsibility is the actions built by corporations to benefit society in one or the other manner. These actions are beyond pursuing any rules and policies which are made by government organizations in other words we can say it is an additional responsibility towards society which are taken up by organizations on voluntary basis .

CARROLL'S MODEL OF CSR

(Carroll,Archie B.,1991) "It is suggested here that four kinds of social responsibilities constitute total CSR: economic, legal, ethical and philanthropic. Furthermore these four categories or components of CSR might be depicted as a pyramid. To be sure all of these kinds of responsibilities have always existed to some extent but it has only been in recent years that ethical and philanthropic functions have taken a significant place".



Carroll's CSR Pyramid

Figure -2 source: Carroll, Archie B., (1991) "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders".

Economic Responsibilities

In the past business organizations were created as economic units designed to provide goods and services to societal members. The profit motive was established as the primary incentive for starting up any kind of business. Business was considered to be a basic economic unit in the society and the principal role which was assumed to be taken up by them was to produce goods and services that consumers needed and wanted and to make a reasonable profit in the course. However the idea of the reasonable profit motive got changed into a notion of maximum profits.

Legal Responsibilities

Society has not only authorized business to operate according to the profit motive at the same time business is expected to obey with the laws and regulations publicized by federal, state, and local governments as the basic rules under which business must operate. Business is always expected to fulfill its primary motive for profit making within this frame work of certain rules and regulations .Legal responsibilities reflect a view of "codified ethics".

Ethical Responsibilities

Though legal responsibilities cover the major aspect of ethics, ethical responsibilities symbolize those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights. Ethical responsibilities include as that which is much more than law, it is a higher level of performance than the requirements designed in the law structure.

Philanthropic Responsibilities

Philanthropy includes those corporate actions that are in response to society's expectation that businesses appear be good corporate citizens. This includes actively engaging in acts or programs to promote human welfare or goodwill. Examples of philanthropy include business contributions to children education, building old age homes, providing financial help to farmers in villages, etc.

OBJECTIVE OF THE STUDY

The main objective of the paper is to understand people perception and understanding about the term CSR. We have also tried to understand whether a company with more CSR activities has been able to position itself.

Data Analysis Methods

This study used statistical analysis software—SPSS 20.0 for Windows. In SPSS 20.0, frequency analysis and other statistical methods are used for the recovery and analysis of questionnaire data.

Sample Description

SPSS 20.0 statistical software was used to analyze the 40 questionnaires which were filled out with basic personal information and with various responses of the respondents. The sampling technique which was used is convenience sampling which is one of the widely used techniques of probability sampling. The sample size consists of various students, academicians and few corporate employees.

DATA ANALYSIS

Table 1.1 : Are you aware of the term corporate social responsibility

	Frequency	Percent	Valid Percent	Cumulative Percent
yes	26	65.0	65.0	65.0
no	14	35.0	35.0	100.0
Total	40	100.0	100.0	

Table 1.1 shows that 65% of people are aware of the term corporate social responsibility and 35% of people are still not aware of this term. However further questioning with them shows that they are showing positive responses towards the corporate which are doing philanthropic activities.

Table 1.2 : With the philosophy of making profits in business, do you think it is justifiable for companies to be socially responsible?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	36	90.0	90.0	90.0
	no	4	10.0	10.0	100.0
	Total	40	100.0	100.0	

The data shows that 90% of people believe that it is acceptable & justifiable for companies to be socially responsible and the companies should perform such operations on a regular basis.

Table 1.3 : Which of the following statements reflect that a company is socially responsible?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Adhering to laws	10	25.0	25.0	25.0
	Making reasonable profits	10	25.0	25.0	50.0
	Spending money in developing infrastructure for the growth of economy	2	5.0	5.0	55.0
	Giving yearly dividends	1	2.5	2.5	57.5
	intensifying activities in such a way that every aspect of them benefits society in one or the other manner	17	42.5	42.5	100.0
	Total	40	100.0	100.0	

The data however shows that people are still not very clear about the definition of CSR since CSR is not restricted to certain parameters but the concept of CSR still needs to extend itself in each and every person in the society.

Table 1.4 : Do you think ITC has established itself as a socially responsible company?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	31	77.5	77.5	77.5
	no	9	22.5	22.5	100.0
	Total	40	100.0	100.0	

ITC which is known as Indian Tobacco Company and it has a core business of selling tobacco. It was started around 1910; in the name of imperial tobacco company which was british owned has now positioned itself as a company with the focus on society development. The gathered data shows 77.5% of people agree that ITC has established itself as a socially responsible company.

Table 1.5 : Do you like to purchase products of companies which are socially responsible?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	38	95.0	95.0	95.0
	no	2	5.0	5.0	100.0
	Total	40	100.0	100.0	

Table 1.6 : Do you think that by purchasing products of such companies you also contribute to society?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	35	87.5	87.5	87.5
	no	5	12.5	12.5	100.0
	Total	40	100.0	100.0	

Table 1.5 & 1.6 shows that majority (data shows 95% of customers are willing to purchase) of customers are willing to purchase the products of companies which are socially responsible and 87.5 % of them believe that in this way either directly or indirectly they are also contributing in the growth of society.

Table 1.7 : Do you think that companies with more social initiatives sell quality products?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	38	95.0	95.0	95.0
	no	2	5.0	5.0	100.0
	Total	40	100.0	100.0	

Table 1.8 : Quality of products & services is an important aspect in responsibility towards society?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	36	90.0	90.0	90.0
	no	4	10.0	10.0	100.0
	Total	40	100.0	100.0	

Table 1.7 & 1.8 shows that people also link quality with social responsibility and they perceive that if a firm is selling quality products they in a way serving society also they have a perception that any firm which is socially responsibly will always sell quality products.

CONCLUSION

The study concludes that CSR though is not a new term but still a major mass of population is not aware about the concept. The customers who understand CSR believe that a company which is engaging itself in

CSR activities is meant to deliver quality products; the underlying assumption is that it is highly sensitive towards society. Also the quality aspect of product is linked with CSR. ITC is perceived to be a socially responsible company. In a way we can say that majority of us believe that we are living in a society which needs enormous improvements and if we observe that any firm or any individual is doing so, we assume that person/firm to be highly insightful. Hence CSR can be used as a strategy to position a brand.

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GOOGLE CHALLENGES WHILE ENTERING CHINA

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ABSTRACT

The present paper is about the entry of Google in a totalitarian regime of China, having very strict laws and rules related to the freedom of speech and expression, which eventually is also applicable to the working and operations of internet search engines, as early as in the year 2000. Google was a US based search engine which launched its IPO in the year 2004 and was growing at a very healthy pace. It had a global presence with profit margins to the tune of above 25 percent in the year 2006. However, its operations in China were negatively affected by the deliberate attempts by the Chinese government to make the website of Google.com very slow. To be able to make information available to the Chinese population, the top echelons of the Google management decided that instead of not letting the Chinese have any access to the Google content, it ensured that at least some information was made available to them; even if that was through the process of self censorship. This decision was materialized in the launching of Google.cn in the year 2006. The newly launched website posted contents and materials which was allowed by the authoritarian practices of the Chinese government. However, the trouble for the Google surfaced when the US authorities alleged that the US internet industry, with special reference to Yahoo, Cisco, Microsoft and Google were working against the freedom of speech and expression in China and favoring the information filtering process of the Chinese government ***(Oliver & Shinal, 2005)***

Keywords : *Google, Google.cn, China, Yahoo, GooglePlex, Microsoft*

1.0 INTRODUCTION TO GOOGLE

Google there is no need to give introduction to the word Google it is considered to be the world largest site for searching information in a quick way. It came into existence on 1998 by two students Of Stanford. They stated their work like an assignment given by the college. But they both by using some unique technique develop such an efficient quick engine which provides information very easily. Such unique idea attracts the mind of many people as well as their co fellows towards them as well as there are some investors who show their interest in financing their project. After that they collect some funds from their families, friends as well as from their investors for the purpose of opening their office at California. But now a day's it's performs its operations from a very big place at California named GooglePlex. As the time passes Google expands its business it's not only considered to be a search engine but also facilitates various services like mapping services as well as you open an account at Google also and so many services in addition to this. The no of products launched by Google now increases to 40 as well as it are also expands its business and network in more than 150 countries all over the world. Due to its expansion and diversification strategy it becomes the no 1 search engine all over the world.

1.1 Market Performance of Google

Before knowing about the market performance of the Google it is essential to know about the mission as well as purpose of the Google which are explained below:

1.2 Mission of Google

The mission of Google is to collect and then organize the information related to any topic in such a way one can easily get this information without facing any difficulty.

1.3 Purpose of Google

The no of products launched by Google now increases to 40 as well as it are also expands its business and network in more than 150 countries all over the world. Due to its expansion and diversification strategy it becomes the no 1 search engine all over the world. The main purpose of Google is to save the time of their users by representing the information in such a way that one can easily get this information in order to make the Brand Google universal brand which is used by everyone ***(Walton, 2001).***

If we look at the data of 2011 we found that the Google lost about 16% of the share of the market by reducing its share to 64% which is previously 74%, On the other hand Microsoft increases its market share to 75% which is previously quite less. There are various sites which also help in searching the information such as Yahoo; Ask their market share is increasing day by day which is considered to be a threat for the Google. It is also cleared from the above fact that in 2010 the no of people who access Google for search of information are around 160 million which in 2011 reduced to 135 million. On the other hand there is increase in the number of people who access Microsoft from 61 to 93 million which is a good signal for Microsoft but a very bad indicator for Google

2.0 REASONS OF GOOGLE ENTRANCE IN CHINA

In recent year China wants to make itself a modern economy and expand its operations all over the world by adopting global strategy. There are various reasons for Globalization such as universal recognition as well as due to opportunity of growth in the foreign market are more. In between the period of 2002 to 2006 the market share of Google in china is reducing rapidly now the option available with Google either to stop its operations in China or to adopt some changes in order to expand its business in China ***(Walton, 2001).*** For this there is a discussion on this topic in order to make this type of opportunity to Google. In 2006 it is decided by Google to stay active in China.

The reasons for entering into China market as well the decision related to stay active in China is influenced by many factors which are as follows; first one is there is a great scope of expansion as well as profitability in Chinese market as well as the mission of Google is to collect and then organize the information related to any topic in such a way one can easily get this information without facing any difficulty, in this mission there are two types of organizational commitment is included first one is to fulfill the interests of its users in order to get competitive advantage as compare to its competitors as well as second thing involved is related with access of information which means that the information is arranged in such a way that one can easily find out the data relevant for them ***(Thompson, 2007)***

2.1 Internet scenario in China

In 2006 it was forecasted by the Google that there is a rapid increase in the internet market of China which means the no of users which were currently 105 million increased to 250 million nearby 2010. The no of people who used mobile phones in china was 350 million in 2006 which is anticipated to increase by 57 million every year. Before taking the decision related to launch Google.cn in China, Google already existed in China during the period of its existence as the Google .com is universal engine used by all for the purpose of getting useful information on the basis of their want ***(Schrage, 2006)***

In US the main competitor of Google is Yahoo where Yahoo is having its own US based search engine but the market share of Google in US is more than as compare to the share of Yahoo. In the same way Yahoo also developed a local Chinese search engine in China but the main question here is that whether Google develop its own Chinese search engine in China or not. Google here took the decision not to make any Chinese search engine but instead to develop such type of engine which is capable of understanding many languages such as Chinese, Korean as well as Japanese. If we considered the data of 2002 with the help of its US based search engine it is able to capture 25% market share in China, there is some type of complexity involved in the government policies. In order to avoid such type of complexity Chinese user base is having following type of things includes first one is all people who are running their business as well as people having higher post in that companies and pro western Chinese people. In 2002 due to some technical problem the people who uses computer in China they are not used Google.com there is a verdict about this in China that the Google is not giving information in quick manner ***(Schrage, 2006).*** Now there is a matter of concern regarding why China did not use or access the Google.com suddenly and the reason why government sensor it, by investigating this issue the founder of the Google found that it was due to the Baidu.com who wants to capture more market share at Chinese market by decreasing the share of Google.com by taking help of Government. In this Baidu.com is considered to be the main competitor of Google in China as well as Google.com is considered to be slow speed site for Chinese people. The result of it the market share of Google is decreasing continuously. The market share of Google.com which is quite high n beginning now decreased to 64%. The rate of downloading MP3 files from Google.com which is 25% in 2002 now decreased to 19%. So these are some of the points which shows the internet market position of Google.com in china. The brief description of all points is as follows:

- Prediction of Google that there is a rapid increase in the internet market of China which means the no of users which were currently 105 million increased to 250 million nearby 2010.
- The no of people who used mobile phones in china was 350 million in 2006 which is anticipated to increase by 57 million every year.
- The main question here is that whether Google develop its own Chinese search engine in China or not. Google here took the decision not to make any Chinese search engine but instead to develop such type of engine which is capable of understanding many languages such as Chinese, Korean as well as Japanese.

Baidu.com is considered to be the main competitor of Google in China as well as Google.com is considered to be slow speed site for Chinese people. The result of it the market share of Google is decreasing continuously. In this Google decide how to increase its share in Chinese market.

2.2 Problems faced by Google in China

In between the period of 2002 to 2006 the market share of Google in china is reducing rapidly now the option available with Google either to stop its operations in China ***(Einhorn, B & Elgin, B, 2007)***. Various problems faced by Google in China are as follows:

1. First one is that the people of China now considered Google.com a slow search engine that will lead to decrease in market share to 63.7% which is very high previously as well as the market share of MP3 in 2006 decrease to 19% which is 25% in 2002.

2. There is some type of complexity involved in the government policies regarding censorship. In order to solve this issue there is one option available with Google is to Self censor'

3. The people of China considered, in order to search information from Google.com is very time consuming process and they didn't like to wait for such longer time to access information

4. The people who uses computer in China considered that Google.com is going down by 10% of the time, News in Google.com never appear on time as well as the Images of Google.com is available only 50%

5. Another important thing that is considered to be a matter of concern here is that Yahoo local Chinese search engine is losing its market share day by day due to two main important reason first one is the issue of security as well as privacy and second issue related to it is government interference of China. In addition to this Microsoft at that time closed one Chinese blog of a politician due to the government policy. So if the Gogle wants to enter into Chinese marker it has to take into consideration folloeing two things before launching Google.cn first one is security as well as privacy and second is government policies of China.

The people of China considered, in order to search information from Google.com is very time consuming process and they didn't like to wait for such longer time to access information due to its poor quality Of accessing information at China and Google founder here is very sad about this issue that it is not possible for them to give good quality of accessing information to the world fifth largest populated country. So these are the main problems faced by Google in china, the description of this are as follows first one is poor quality of accessing information, issue related to security as well as privacy and government interference and prediction of people at China that News in Google.com never appear on time as well as the Images of Google.com is available only 50% ***(Einhorn, B & Elgin, B. 2007).***

3.1 Google's solution to China's filtering

Now there is a need to find out the solution to the problems faced by Google in China so that action will be taken on time to solve these problems. Google's solution to solve these problems are as follows;-

First one is it is important for Google is find out the impact of self censorship on the search results ***(Kahn, 2002).*** In order to increase its market share at China it is essential for Google to look for such topics which are already censored by the government of China, it is related to various subjects such as political, religious. In political subjects it may include topics like democracy and in religious topics like Dalai Lama and so on. It will create the interest of people in Google and it is also possible for Google to regain its market share in China which is decreasing continuously

The another problems faced by Google is that whenever people of China tried to open any ink which are censored it may either closed itself or automatically a no censored link is opened. The main reason behind this the Software which named Great Firewall of china, it is very complex as well as difficult to understand and it's heavily depends upon the Intimidation. There is an emphasis on developing blogs which are censored but the topics which are to be banned there is no list of it which is to be provided by the Chinese Government. In order to launch Google.cn, in china it is essential to estimate the search queries in China ***(Thompson, 2006).***

In order to find out the solution to this problem, a study this is already done at Harvard Law School related to the Extent as well as effectiveness of censorship of China. On the basis of this study it is found out that there are 90% of sites in China which is blocked, 31% of the sites of internet did not perform task in independent manner in Tibet, as well as a major portion i.e. 83% of the sites of internet having their mane on the former resident of China. There is an important result of the study which is related to the effectiveness of censorship, the result of that showed that till 2006 the censorship remains effective but not in full extent and the information available on sites are very limited which are depend upon the topics which are censored by government of China. After taking the interest of people of china as well as improve the way of accessing the information and the local conditions of China which is very unique Google took decision related to launch a self censored website named Google.cn in China in 2006. For the purpose of getting competitive advantage, it believed on one thing which is transparency which also make it different from its competitors which are Baidu.com, Yahoo Google.cn provides user with a text if they access any page which is censored instead of telling them about the particular page it give information to the users reading the occurrence of censorship. The launch of Google.cn does not mean that the Google.com is disappeared from China instead while launching Google.cn in China there is verdict by the Founders of Google.com it is only an addition services in form Of Google.cn provided by them and existence of Google.com as a search engine does not lose its identity from China. The use of Google.com is very much limited in China because of its poor quality of access at China still the Site Google.com is available in China as it is a universal site available in all languages. Now in order to solve the problem relating to privacy of user as well as to prevent from any action taken by Chinese government Google just like Yahoo as well as Microsoft develop a blogger such a Gmail in order to ensure privacy to the users as well as prevent from government intervention. At the beginning of 2006 there was no point of view of the Google.com to mix up with the censorship system of China instead of this it makes Googel.cn censored as transparent to users ***(Fong, 2007).***

In order to take care of Googel.cn, Googel is hired a very competent person named Kai-Fu Lee, he is a very renowned as well as famous personality of China, the main reason for hiring this person to ensure the presence of Google in China as well as by an expectation that Kai-Fu Lee, convert Chinese market a very profitable segment for Google. But if we considered today's trend the share of China in profits of Google is very small. As well as Kai-Fu Lee, also wants that the research centers of Google in China become the major center that brings unique as well as innovation technology for Google. It is done by appointing the software engineers from China who are extremely talented,

3.2 Allegations against Google from US Congress

The trouble for the Google surfaced when the US authorities alleged that the US internet industry, with special reference to Yahoo, Cisco, Microsoft and Google were working against the freedom of speech and expression in China and favoring the information filtering process of the Chinese government. In 2006 after the launch of Google.cn in a very short period now it's the time for Google to come in front of U.S. House of Representative's Committee engaged in International relations in addition with other companies of US such as MSN, Yahoo in order to investigate the operations of these companies in China. The main question which is asked by the Vice President of Google is related to the reason for self censored of Googel.cn in China. The reply given by the Vice President of Google is that in order to enter into Chinese market first of all they studied how it is possible for Google.cn to lead in the market and the methods adopted in order to get competitive advantage. In addition to this they also studied the methods of Self censoring system of Chinese government. After getting the reply from the vice president now the government of US wants Google to explain this to their shareholders also. In 2007 the most of their shareholders prepared a proposal which is totally against the anti-censorship and submitted to the Office of Comptroller of New York city. Now all the stockholders voted against this and which means a step towards closing of Google.cn from China but at that time it is not the right time to close it but the proposal of stockholders main aim is to close down of Google.cn from China ***(Thompson, 2007).***

3.3 Google performance after launching Google.cn in Chinese market

After two years of launch of Google.cn in Chinese market in 2006 the performance of Google is quite well. If we considered the market share Google.cn market share is quite well it is ranked as number two in terms of their share as compare to its main competitor in China which is Baidu.com *(Einhorn & Elgin, 2006)*. But In mid of 2007 the market share of Google is increased from 19% to 23% and the market share of Baidu.com is decreased to 58.1% from 63.7%. In order to increase its share in Chinese market, Google tried to make Google.cn a Chinese site by performing two things first one is appointing the engineers from China as well as came in to partnership with the Chinese businesses. In 2007 the main concern of Google is to take permission regarding autonomy to Google local management in China. In order to make Google.cn distinct from Google its gives Google.cn a Chinese name i.e. “Guge,” in order to cater the attention of more users towards “Guge,” for the purpose of increasing its market share. The view of CEO of Google towards China is that as a Country China is able to make its distinct identity by its innovation as well as it is having its own way of looking and thinking which makes it separate from other countries. In order to expand its business Google run two centers of research in China. Also in order to cater more share in Chinese market Google.cn came into contract with many firms of China such as in 2007 it comes into partnership with a public company of China mobile in order to give fast internet services to the Chinese people in order to increase its market share as well as it also comes to the partnership with various music companies of Chinese as well as various sites engaged in video sharing such as Chinese version of YouTube named Xunlei.com

CONCLUSION

Google it is considered to be the world largest site for searching information in a quick way. As the time passes Google expands its business it’s not only considered to be a search engine but also facilitates various services like mapping services as well as you open an account at Google also and so many services in addition to this. The mission of Google is to collect and then organize the information related to any topic in such a way one can easily get this information without facing any difficulty. Google lost about 16% of the share of the market by reducing its share to 64% which is previously 74%. The reasons for entering into China market as well the decision related to stay active in China is influenced by many factors which are as follows; first one is there is a great scope of expansion as well as profitability in Chinese market. In 2002 due to some technical problem the people who uses computer in China they are not used Google.com there is a verdict about this in China that the Google is not giving information in quick manner. By investigating this issue the founder of the Google found that it was due to the Baidu.com who wants to capture more market share at Chinese market by decreasing the share of Google.com by taking help of Government. In this Baidu.com is considered to be the main competitor of Google in China as well as Google.com is considered to be slow speed site for Chinese people. There is some type of complexity involved in the government policies regarding censorship. In order to solve this issue there is one option available with Google is to Self censor. In order to increase its market share at China it is essential for Google to look for such topics which are already censored by the government of China, it is related to various subjects. In order to find out the solution to this problem, a study this is already done at Harvard Law School related to the Extent as well as effectiveness of censorship of China. Now in order to solve the problem relating to privacy of user as well as to prevent from any action taken by Chinese government Google just like Yahoo. After taking the interest of people of china as well as improve the way of accessing the information and the local conditions of China which is very unique Google took decision related to launch a self censored website named Google.cn in China in 2006. In order to take care of Googel.cn, Googel is hired a very competent person named Kai-Fu Lee, After two years of launch of Google.cn in Chinese market in 2006 the performance of Google is quite well. If we considered the market share Google.cn market share is quite well it is ranked as number two in terms of their share as compare to its main competitor in China which is Baidu.com

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International Journal of Research in Management & Social Science
Volume 1, Issue 1 (July – September , 2013)

SERVICE QUALITY AND ITS EFFECT ON CUSTOMER SATISFACTION IN UNORGANIZED RETAILING

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ABSTRACT

Service quality within retail units is pivotal for satisfying customers, retaining them and creating loyalty amongst customers. This research paper uses SERVQUAL to analyse the gap between perceptions and expectations of the customer, concerning with the service at retail units in unorganized sector in Ajmer, Rajasthan. Five dimensions in service quality, tangibility, reliability, responsiveness, empathy and assurance (Parasuraman, Zeithaml & Berry, 1985) have been considered for this paper. The primary purpose of this paper is to know the factors that have an impact on customer satisfaction. Other objectives can be classified as:

1. *To know the service quality dimensions in retail*
2. *To know service quality dimensions that make customer satisfied*
3. *To know service quality dimensions that are dominant in influencing customer satisfaction*

The research was carried out in a survey applied to 150 respondents. The data obtained was analysed using correlation and regression. Result of the research showed that services offered by the retail units have positive impact and are significant in building customer satisfaction. Findings of the paper reiterate the point of view that service quality dimensions are crucial for customer satisfaction in retailing, specially in the unorganized sector so as to meet the competition from the organized retail formats – a sector with high growth potential and opportunities in fast growing economies like India.

Keywords: *Service Quality dimensions, customer satisfaction, unorganized retailing*

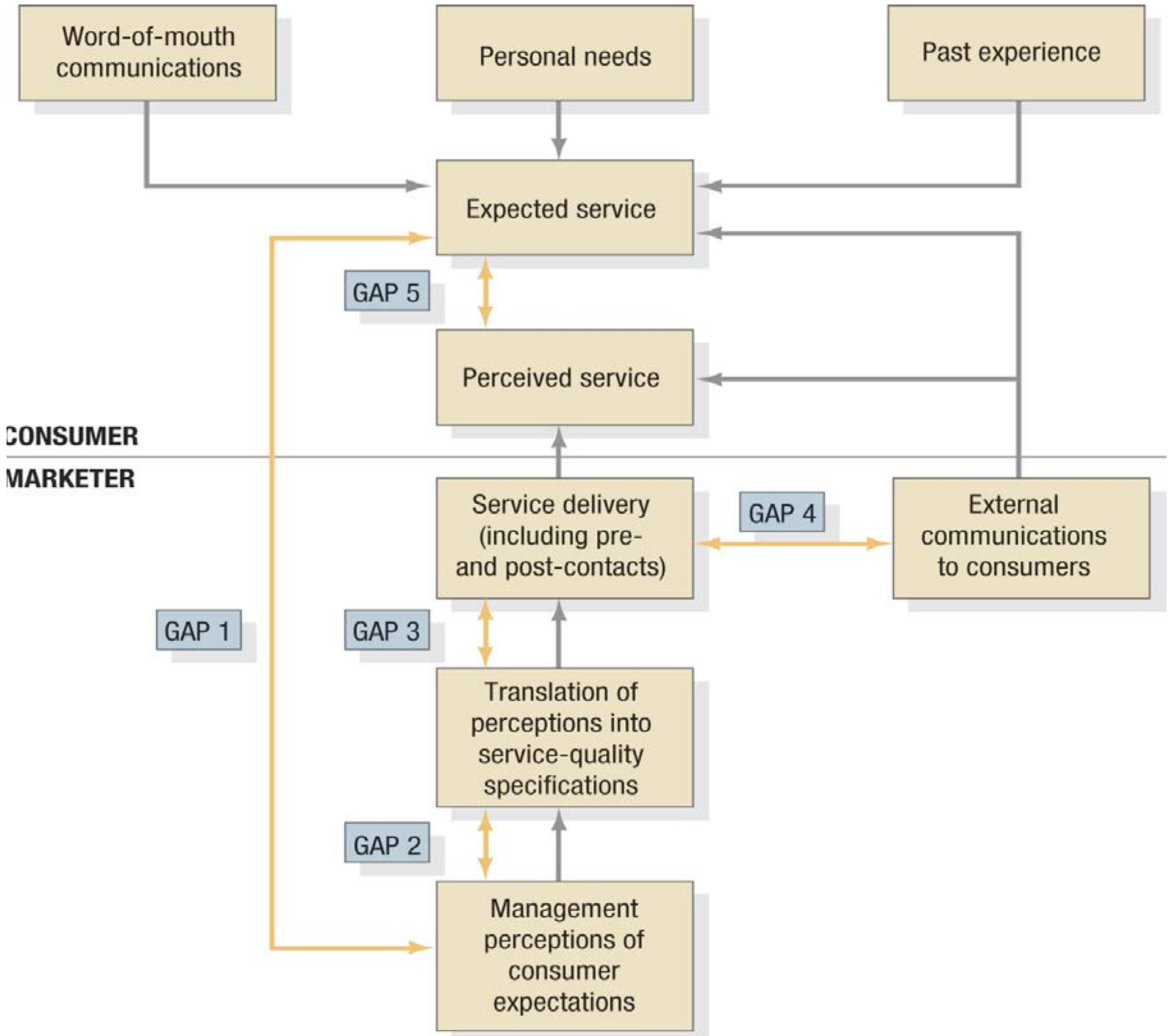
INTRODUCTION

Measures of Service Quality

Measuring service quality is difficult due to its unique characteristics: intangibility, heterogeneity, inseparability and perishability (Bateson, 1995). Service quality is linked to the concepts of perceptions and expectations (Parasuraman et al., 1985, 1988; Lewis and Mitchell, 1990). Customers' perceptions of service quality result from a comparison of their before – service expectations with their actual service expectations. The service will be considered excellent, if perceptions exceed expectations; it will be regarded as good or adequate, it it only equals the expectations; the service will be classified as bad, poor or deficient, if it does not meet them.

Based on this perspective, Parasuraman et al. developed a scale for measuring service quality, which is most popularly known a SERVQUAL. This scale operationalizes service quality by calculating the difference between expectations and perceptions, evaluating both in relation to the 22 items that represent five service quality dimensions known as tangibles, reliability, responsiveness, assurance and empathy.

Figure 1: GAP Model



Source: Parasuraman et al. (1985)

Table 1: Five broad dimensions of service quality

Dimension	Definition
Tangibles	Appearance of physical facilities, equipment, personnel and written materials
Reliability	Ability to perform the promised service dependably and accurately
Responsiveness	Willingness to help customers and provide prompt service
Assurance	Employees' knowledge and courtesy and their ability to inspire trust and confidence
Empathy	Caring, easy access, good / communication, customer understanding and individualized attention given to customers

Source: Adapted from Zeithaml et al. (1990)

In SERVQUAL, both – store service performance and consumer expectations of the store service, are explicitly measured to assess the 'gap'.

Measures of Retail Service Quality

Service quality in retailing is different from any other product / service environment (Finn, 2004). Because of the unique nature of the service, improvements and measurements of quality in retailing cannot be approached in the same way as that of the service perspective. In retail service it is necessary to look at quality from the perspective of services as well as goods and derive a set of items that accurately measure this construct (Mehta et al., 2000). For this reason, Dabholkar et al. (1996) developed and empirically validated the Retail Service Quality Scale (RSQS) to capture dimensions important to retail customers based on the triangulation qualitative research technique. They conducted qualitative research using three different methodologies – phenomenological interviews, exploratory depth interviews and tracking customers through the store. Combining these qualitative findings with the existing literature and SERVQUAL, Dabholkar et al. (1996) proposed that retail service quality has a hierarchical factor structure comprising five basic dimensions namely physical aspects, reliability, personal interaction, problem solving and policy with first three basic dimensions having two sub – dimensions each and overall service quality as a second order factor.

The sub – dimensions of the basic dimension physical aspects are: appearance and convenience; the sub – dimensions of the basic dimension reliability are : promises and doing it right; and the sub – dimensions of the basic dimension personal interaction are: inspiring confidence and courteousness / helpful.

Importance of customer satisfaction

Satisfying customers is one of the main objectives of every business. Businesses recognize that keeping current customers is more profitable than having to win new ones to replace those lost.

REVIEW OF LITERATURE

Good customer satisfaction has an effect on the profitability of every business. Most people prize the businesses that treat them the way they like to be treated; they'll even pay more for this service. However a lack of customer satisfaction has an even larger effect on the bottom line. Customers who receive poor service will typically relate their dissatisfaction to between fifteen and twenty others. The cost of gaining a new customer is ten times greater than the cost of keeping a satisfied customer (Gitomer, 1998). In addition, if the service is particularly poor, 91% of retail customers will not return to the store (Gitomer, 1998). In fact, if the service incident is so negative, the negative effects can last years through repeated recollection and recounting of the negative experience (Gitomer, 1998; Reck, 1991).

The message is obvious – satisfied customers improve business and dissatisfied customers impair business (Anderson &Zemke, 1998; Leland & Bailey, 1995). Customer satisfaction is an asset that should be monitored and managed just like any physical asset. Therefore, businesses that hope to prosper will realize the importance of this concept, putting together a functional and appropriate operational definition (McColl – Kennedy & Schneider, 2000). This true for both service – oriented and product – oriented organizations (Sureshchander, Rajendran & Kamalanabhan, 2001).

The primary issue with developing an operational definition with the specific components of customer satisfaction is to clearly identify the nature of the organization's business. This further extends into the effective collection, analysis and application of customer satisfaction information.

Services and products are the two major orientations of business. Product – also referred to as goods, are the physical output of a business. These are tangible objects that exist in time and space. These are first created, then inventoried and sold. It is after purchase that these are actually consumed (Sureshchander, Rajendran & Kamalanabhan, 2001; Berry, 1980). Products might include computers, automobiles, or food at a restaurant.

Services, on the other hand, are less materially based. The differentiation between service and product is the intangible nature of a service – it cannot be touched, held and so on. Another difference is the issue that consist primarily of social interactions or actions (Berry, 1980). The consumption of a service involves the interaction between the producer and the consumer. Also, services are produced and consumed simultaneously (Carman & langeard, 1980). Services might include computer repair, automobile sales, or the attendance of a server at a restaurant. Delivering quality service is a business necessity (Cullen, 2001).

COMPONENTS AND REQUIREMENTS OF CUSTOMER SATISFACTION

The concept of customer satisfaction is composed of several components from distinct sources (McColl – Kennedy & Schneider, 2006). Customer satisfaction begins with clear, operationaldefinitions from both the customer and the organization.

Understanding the motivations, expectations and desires of both gives a foundation in how to best serve the customer. It may even provide information on making improvements in the nature of business. This is the heart of research into customer satisfaction (Naylor & Greco, 2002). The importance of clearly defining the key concepts and elements of satisfaction provide a template by which information can be gathered about what is, and what is not, working. This includes both hard measures – those that are more tangible and observable (i.e., number of complaints, average wait time, product returns, etc) and the soft measures – those less tangible aspects (i.e., friendliness, helpfulness, politeness, etc) (Hayes, 1998).

The organizational requirements of customer satisfaction are the internally based processes, components, standards, and criteria that a business strives to achieve. These are the performance goals and benchmarks set forth by the business, for the business. These are the elements of corporate culture (Hayes, 1998).

Meeting or exceeding these is often an indicator of success or failure. At times, these indigenous components of customer satisfaction may overlap with those set forth by the customer; at others they may be divergent.

Those processes, components, and standards that are deemed important by the customer are another important source of information. In order for a business to meet the needs and desires of the customer, the business must know the needs and desires of the customer. This information is vital not only for successful business, but also for understanding and improving customer satisfaction. This important component helps to set the standards and components of satisfaction from the perspective of the consumer (Hayes, 1998).

Satisfaction dimensions are developed from the previously identified requirements. These are the specific components that make up the requirements. For example, if a customer and organizational requirement is for customer service, the satisfaction dimensions may include interactions, timeliness, and responsiveness. These are the clusters that identify the requirements (Hayes, 1998).

Critical incidents are the specific operations that relate to the satisfaction dimensions. These are often the concrete and measurable behaviours and actions of employees, groups, or organization (Hayes, 2008).

From this continued definition and distillation of various sources of data, the actual development of a customer satisfaction instrument or tool can begin in earnest. As always, the planning of the research is the most important component in successful information – gathering process. It is further helpful that a model of customer satisfaction that incorporates the organizational and customer requirements exists and is applicable in practice.

STATEMENT OF THE PROBLEM

Research has always been concentrated in measuring customer satisfaction or SERVQUAL for customer services. What most researchers agree and have a consensus on is that SERVQUAL being a crucial element in customer satisfaction even when the offering involved a combination of a product and service. The study aims at measuring the influences of service quality in unorganized retailing with customer satisfaction taken as the effective outcome measure.

SCOPE OF THE STUDY

SERVQUAL has two components to it:

1. Customer expectations
2. Customer perceptions

Customer expectations are those that the customer expects as should be and can be type of services. Service offered varies with providers and the amount of variation that customer can tolerate is known as tolerance.

The gap between what is thought to be adequate service and desired service is known as zone of tolerance. The present study concentrates on customer perceptions of the following service quality dimensions, price and product quality:

- Tangibles
- Reliability
- Responsiveness
- Assurance
- Empathy

For the purpose of data collection a structured questionnaire was constructed taken into account SERVQUAL dimensions such as tangibles, reliability, responsiveness, assurance, empathy and other dimensions like price, product, quality and customer perceptions of unorganized retail outlets to assess customer satisfaction, repurchase intention and positive word of mouth. Other secondary sources were also used for the purpose.

RESEARCH OBJECTIVES

The objective of this study is to assess the influence of service quality on customer satisfaction. In accordance with this objective, the survey encompasses the following objectives:

a. Describe service quality dimensions in unorganized retailing business that perhaps influence customer satisfaction
b. Assessing servqual dimensions that contribute to customer satisfaction
c. Assessing the dominant service quality dimensions that influence customer satisfaction in the unorganized retail sector.

Hypothesis

H_o: Service quality of unorganized retail units has impact on customer satisfaction.

H_a: Service quality of unorganized retail units has positive impact on customer satisfaction.

METHODOLOGY

Research methodology used in the study is descriptive method. Descriptive method is a method that describes the study systematically, factually and accurately utilizing facts, behaviours and relationship between phenomena being studied.

Analysis method: correlation and regression

Table 2: Operational variables used in the research

Variable	Concept	Sub variable	Indicator	Scale
Service quality	Conceptualized as the comparison of service expectations with actual performance perceptions	1. Reliability	• Speed of service • Accuracy of transactions	Ordinal
		2. Responsiveness	• Speed of response to complaints • Concern and desire for assisting	
		3. Assurance	• Concern for customers • Staff attitude • Security for transactions, parking, etc	
		4. Empathy	• Ease of communication • Attention and patience of the sales staff	
		5. Tangible	• Availability of kids corners, parking spaces, recreational facilities, food courts • Cleanliness, ambience, maintenance, etc • Range of products, layout, shelves, aisles, display signs, promotional islands, assortments • Staff performance	
Customer satisfaction	Conformance between the expectations of customers with perceived performance		Expectations of service performance	Ordinal

Results

Questionnaires distributed to 150 respondent customers and the findings are tabulated as under:

Table 3: Customer expectation to the quality retail services

S. No.	Statement	Average
1	Promptness of service	4.81
2	Accuracy of transactions	4.83
3	Speed of processing transactions	4.58
4	Speed of response to complaints	4.69
5	Concern and desire for assisting	4.69
6	Staff concern for customers	4.76
7	Staff attitude to customers	4.79
8	Security in transactions, parking etc	4.22
9	Ease of communication	4.50
10	Attention and patience of staff	4.71
11	Availability of parking, ATM counters, etc	4.53
12	Cleanliness, ambience, etc	3.51
13	Range of products, assortments, etc	3.64
14	Staff performance	3.62
	Average	4.42

From the above table, on average, customer expectations are at 4.42 level (from the range 1 (not important) to 5 (very important)

Table 4: Customers perceived service quality in unorganized retail unit

S. No.	Statement	Average
1	Promptness of service	4.15
2	Accuracy of transactions	4.14
3	Speed of processing transactions	4.04
4	Speed of response to complaints	4.10
5	Concern and desire for assisting	3.20
6	Staff concern for customers	4.04
7	Staff attitude to customers	4.03
8	Security in transactions, parking etc	3.15
9	Ease of communication	4.06
10	Attention and patience of staff	4.05
11	Availability of parking, ATM counters, etc	3.05
12	Cleanliness, ambience, etc	3.04
13	Range of products, assortments, etc	4.10
14	Staff performance	4.12
	Average	3.53

From the above table, customers perceived service quality ratings are at 3.53 levels (from the range 1 (not good) to 5 (very good).

The influence of service quality in unorganized retail units:

The relation between service quality and customer satisfaction i.e., correlation coefficient is 0.677 and has positive relation.

Table 5: Correlation

Variable	Service quality	Customer Satisfaction
Service quality	1.00	0.677
Customer satisfaction	0.677	1.00

Determination coefficient is used to measure the influence of independent variable X (service quality) to the dependent variable Y (customer satisfaction)

Table 6: Model Summary

Model	R	R square	Adjusted R square	Standard error of estimate
1	0.677a	0.458	0.315	0.22181

Regression linear equation defined from the table is Y = 1.365 + 0.23X

Table 7: Coefficients

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.	5% confidence interval	
	B	Std. error	Beta			Lower bound	Upper bound
(constant a)	1.365	0.655		2.011	0.044	- 0.055	3.022
X	0.230	0.211	0.545	2.122	0.051	0.021	0.811

CONCLUSIONS

1. Based on the results obtained
   a. Customers have highest expectations on the promptness of service, accuracy of transactions, security issues and concerns; the customer's lowest expectations are cleanliness, ambience, etc. It must however be noted here that this rating is a comparative assessment and therefore this dimension of service quality scores lower in comparison to promptness, security and other security related issues. The dimension 'Staff performance' in our informal interviews was reported to be satisfactory by the respondents and therefore did not expect substantial improvements in their performance.
   b. Customers reported highest satisfaction for promptness and speed of service along with accuracy of transactions at cash counters. They were also satisfied with the processing of transactions and efforts to expedite processing whenever the traffic at the counters increased. The lowest satisfaction levels were reported at the willingness of staff to assist customers in accessing facilities, assortments, information on products, stock positions etc.

2. It is very obvious from the results that Pantaloons Future Group is doing very well in the retail segment and has been able to deliver quality service in their retail outlets. Dimensions like attention to details, promptness in addressing complaints; initiation of corrective action on faulty transactions and goods is sought by the respondents. These issues could be prioritized as the most

important ones for offering better and improved service quality to customers and to make shopping a pleasurable experience.

3. Improvements that can be done by management are:
   i. Improving communication amongst staff members, using updated systems to process complaints, and ensuring error-free transactions.
   ii. Training of staff to enable them in assisting customers and provide them with relevant and timely information. Courtesy, etiquette and communication skills could be honed through continuous training of the staff.
   iii. Improvements in the ambience of the outlet, better shelves and space management, clear electronic sigh posts, clean walkways and aisles, lighting, promotional islands, etc should improve overall shopping experience for customers.
   iv. Provision for children's area, food courts, adequate parking space, security, and ATM facilities could provide hassle free shopping experience for customers.

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International Journal of Research in Management & Social Science
Volume 1, Issue 1 (July – September , 2013)

TO STUDY ON LONG TERM FINANCING BY BANKS

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ABSTRACT

A term loan is a loan from bank for a specific amount that has a specified repayment schedule and the maturity period varies from one to ten years. The banker has to take lot of care while financing term loans as these loans are usually of high amount and if defaulted bankers have to bear heavy losses, therefore to avoid losses; appraisal of term loan should be inbuilt method of assessment of risk element contained therein. The appraisal of the term loan is divided in distinct parts so that the entire process is done in the structured manner so that the interest of the lending banker is not jeopardized.

Appraisal of managerial competence is necessary because the ultimate success of even a very well conceived and viable research may depend on how competently it is managed by the promoters. Examination of the technical feasibility aspects involves an assessment of the propriety of the technology / process for the unit, collaboration aspects, size of the plant and other logistics of operation. Examination of the market and demand forecasting is to find out whether the enterprise is in a position to generate adequate surplus over a period of time. Appraisal of financial feasibility aspects includes identification of various elements of research cost, ascertaining the respective amounts and also projections in respect of the various financial parameters and their validation.

The appraisal is done to ensure that the loan is given to the company, which is managerially, technically, and financially feasible and which ensures the repayment of the interest along with principal amount and makes the proper utilization of the funds. The proper assessment of loan will make sure that the loan will be given to a right person for right use which in turn reduces the amount of risk involved in long term financing.

Key words: *Long term financing, risk, appraisal.*

INTRODUCTION

The purpose of this paper is to provide a broad overview of the concept Long term financing by banks. Banks perform two main functions of accepting deposits and lending loans. Lending money to different kinds of borrowers is the most important functions of a bank. Bank lends money by the way of short-term loans and long term loans. Long-term loans mainly consist of Term Loans.

A term loan is a loan from bank for a specific amount that has a specified repayment schedule and a floating interest rate. Term loans almost always mature between one and 10 years. Term loan is required for the purpose of setting up of new business activity, renovation, modernization, expansion/extension of existing units, purchase of plant and machinery, vehicles, land for setting up a factory, construction of factory building or purchase of other immovable assets. These loans are generally secured against the mortgage of land, plant and machinery, building and other securities.

Term loans are made available in different forms. Fund-based term loans are provided for outright acquisition of capital goods. On the other hand, non-fund based term loan are in the form of Deferred Payment Guarantees (DPG) where the liability to make payment crystallizes after the bills against such guarantees are presented for payment. Bank also underwrite the equity issues floated by companies, and in the process, banks assume a long-term exposure in the company. Decision-making in all such credit proposals require appraisal of all those aspects which have a bearing on the operation of the company over an extended time period.

SCOPE AND APPROACH

The scope and approach in providing term credit by lending bankers are therefore different from working capital credit or other conventional form of advances. Term loan is a form of a participation loan in as much as the lending institution has a stake in the unit for a fairly long time period, which is akin to holding a share in the equity or debenture issued by the bank. Longer the period of repayment, the riskier is the proposition, and therefore any appraisal of term loan should have an inbuilt method of assessment of the risk elements contained therein.

APPRAISAL OF TERM LOAN

Today, the basic purpose of appraisal of a proposal for providing term credit requirements is to ensure that the borrower acquires the proposed fixed assets, puts them to use in producing merchandise which would have a market, and generate enough cash from operations to repay the term loan and service the interest commitments thereon over the stipulated period of repayment. The appraisal process therefore envisages a meticulous examination of all relevant aspects of the economics of the project. A few important questions that come to the mind of a credit analyst in course of a term loan appraisal are given below:

- Who are the promoters and what are their credentials? Does the available information suggest that they are capable of promoting and managing the project successfully?
- Whether the finished goods produced would have an assured market (demand / supply analysis),
- Whether the technology proposed to be employed is adequate,
- Whether the plant capacity is adequate i.e. whether commensurate with the existing and future demand pattern envisaged,
- Whether the projections relating to operations and profitability of the project over the repayment period are realistic,
- Whether the amount of the proposed loan is adequate vis-à-vis the term requirement of the research.
- Whether the projected cash generation is adequate to service the loan?
- Most importantly, if the loan is not repaid by the entrepreneur in terms of the agreed schedule, whether proper risk hedging mechanism is in place so that the interest of the lending institution is not jeopardized.

These are some of the indicative question that must be answered in course of the term loan appraisal. It is therefore important that the task of appraisal is divided into distinct appraisal areas, so that the entire process is done in a structured manner. These areas may be the following:

1. Appraisal of Managerial Competence / Human Appraisal
2. Appraisal of Technical Feasibility Aspects
3. Appraisal of Market / Demand Forecasting
4. Appraisal of Financial Feasibility Aspects

PROCEDURE OF TERM LOAN PROCESSING

The procedure of loan processing in Cosmos Co-operative Bank is carried in different steps. The bank processes the loan step by step to minimize the risk involved in lending money. Firstly the bank collects all documents from the borrower. Collection of various documents is usually done at branch level. All documents are collected according to the checklist of the bank. Checklist is the list of all documents that the borrower has to submit; until and unless all documents are submitted to the bank loan processing does not start.

The next step in loan processing is preparing In Principle. In Principle document is prepared for those borrowers who are new to the bank, in the sense they have not taken loan from the bank before or they do not have an account with the bank. In Principle document helps to know the borrower in a better way. In Principle document contains the details like details about the business of the borrower, requirement of loan, security available, past experience of the promoters, financial statements of last 3 years, comments on financials and recommendation about the loan requirement. This document is prepared by the credit analyst it is approved by the Manager then it is pass on to the General Manager for approval, if approved by the General Manager then it is forwarded to Managing Director for the approval, if it is approved by the Managing Director then the file is processed otherwise it is rejected. For the regular customer the In Principle document is not prepared.

Then at the branch level the loan application form is filled from the borrower. After this the file is processed. Processing of file takes place in different steps:

STEP 1: APPRAISAL OF FINANCIAL FEASIBILITY

In financial appraisal the bank scrutinizes all financial documents like:

1. Analysis of Balance sheet and Profit and Loss account of last 3 years.
2. Projections are checked for next 5 years. The period of projection depends upon the term of the loan.
3. Document verification is done for Memorandum of Association and Article of Association. The object clause is checked and it is seen that project intended by the borrower fits in the object clause or not.
4. Legal opinion is taken from the bank's lawyer in case of the security that is offered by the borrower to the bank. Valuation report given by the borrower is compared by the valuation report from the bank. Insurance of the security is checked and it is seen whether the security offered is valid or not and it is in the bank's favour or not.
5. Ratio analysis is done. Ratios are removed for the current financial year and for the projections. The trend of the ratios is checked i.e. whether they are improving or not.
6. Break-even analysis, cash flow and repayment capacity and period are checked.

STEP 2: APPRAISAL OF MANAGERIAL COMPETENCE

In managerial appraisal the promoter's competence is checked like qualification of the promoters, experience of the promoters, capacity of raising money, capacity to absorb losses, professional capacity, track record, production capacity, net worth of the promoters, etc.

STEP 3: APPRAISAL OF TECHNICAL FEASIBILITY

In the technical appraisal the bank checks that whether the business the borrower wants to carry is valid or not. If the project involved is too technical in nature then the service of technician management firm is taken so that the appraisal is done in a better way and to minimize the risk. In technical appraisal, availability of raw material, labour, energy requirement, government policy, etc. are checked.

STEP 4: APPRAISAL OF MARKET / DEMAND

In this step whether the intended product of the borrower will have demand or not is checked. The substitutes of the products are checked. The competitor's analysis is done in that particular field.

After these different appraisals the CRM (Credit Risk Rating Model) note is prepared which contains the information of the promoters, financials, loan requirement, security offered, recommendations, terms and conditions, etc. in short it contains the information of all appraisals. Then this proposal is passed to the General Manager for his approval, if approved, it is signed and future passed on to the Committee Meeting (which consist of 5 members of Board of Directors) if it is approved there then it is passed to the Board Meeting. If all Board of Directors and the Managing Director approve it then the loan is sanctioned. The sanction letter is prepared with the terms and conditions (that are to be followed by the borrower) it is then signed by Board of Directors and then sent to the borrower for his approval if borrower approves it and follows the terms and conditions that are prescribed in sanction letter then the loan is disbursed.

Background of the company applying for loan proposal and the reason for applying for term loan:
ABC started with ABC Sanskrit College Trust, which was established in 1976 basically with an intention to impart / teach Vedas and Shastras to all section of the society.

In 2002 the trust got the permission to start with the medical course BDS (Bachelor of Dental Surgery). The college was started in the name of ABC Mahavidyala Institute of Dental Science and Research Centre. However subsequently it has been decided to separate the dental college activity. So for this purpose ABC Medical Educational Trust was formed in July 2005 and was registered on 20/06/2005 under the registration number 222/05. This trust is exclusively having activity of dental college under 'ABC Mahavidyala Institute of Dental Science and Research Centre'.

To start the dental college activity for the medical course BDS the ABC Medical Educational Trust needs financial assistance from bank and therefore they have applied for term loan to the bank.

Loan requirement of the company:

Sr. No.	Type of Facility	Purpose	Loan Amount (Rs. in Lakhs)	
			Required	**Existing**
1.	Term Loan	Starting a Dental College	600.00	0.00
		Total	600.00	0.00

Security offered by the company:

Sr. No.	Type	Description	Outstanding Balance	Valuation	Value
1.	Principle	College Land and construction thereon	00.00	00.00	750.00
2.	Principle	Equipments	00.00	00.00	300.00
3.	Collateral	Residential Premises of Mr. Sukhvindra Kaur	00.00	26/5/08	622.30
		Total	00.00		1672.30

Appraisal of Managerial Competence / Human Appraisal:

Sr. No.	Name of the Promoters	Qualification and Experience	Annual Income
1.	Aditya Kaur	M.B.B.S 15 years experience of running education institute - Jay Guru Education Society.	12.01
2.	Yuvaraj Kaur	B.D.S Working with his father Mr. Aditya for last 8 years	2.00
3.	Satish Shah	M.B.B.S Having 15 years experience in business	8.76

The promoters of ABC Medical trust are well qualified in the medical Field itself. The promoters are having experience in this field for more than 8 years. The promoters have their annual income, which is fair enough.

Appraisal of Technical Feasibility Aspects: The land allotted for the Dental College is 5 acres, which is more than sufficient. The location of the college is in the municipal limits of the city. It is extremely well connected by the city bus service from both cities Hydrabad and Vijayawada.

Campus is self-contained with massive classrooms; hostels separately for boys and girls, reading room, conference room, sports, library, Internet facilities, cafeteria and other amenities are also available therein. College has been approved by the Dental Council of India and Ministry Health and Family Welfare and also affiliated to NTR University of Health Science, Vijayawada, A.P. The intake of the college as permitted by DCI is 100 students per year.

College has adequate number of dental chairs to meet the short term and long term demand of the institute. The clinical facilities are decided to handle more than 150 patients per day. An ultramodern X-ray machine with dark room facility is made available.

The college is attached to one of the premier hospitals of state J.D. General Hospital and J.D.Medical College, Vijayawada. The hospital and medical college is the close vicinity of the institute. The Dental College is having the facilities of J.D. General Hospital and Medical College for training the college students in the area of medicine, surgery, physiology, anatomy and other allied subject.

Appraisal of Market / Demand Forecasting: The proponents are already established in education institute, who are not in need of any marketing of their college. The demand for the college is high as there is no college in the city that offers the course of BDS. The promoters also have plans to start MD courses after 4 years for the BDS students. They also have plans for starting allied courses related to medicine. The college has got permission of 100 students per year from DCI. The course of BDS consist of 4 years, so four years there will be 400 students as the students will proceed from one year to another year.

Project Cost Details and Means of Finance:

Project Cost Details:

Sr. No.	Particulars	Already Incurred	To Be Incurred	Total
1.	Land & Building	00.00	750.00	750.00
2.	Equipments	00.00	300.00	300.00
	Total	00.00	1050.00	1050.00

Means of Finance:

Sr. No.	Particulars	Already Incurred	To Be Incurred	Total
1.	Share Capital	00.00	450.00	450.00
2.	Term Loan from Bank	00.00	600.00	600.00
	Total	00.00	1050.00	1050.00

Details of Guarantors:

Sr. No.	Member No.	Name	Occupation	Annual Income
1.	100018	Aditya Kaur	Education Institute	12.01
2.	100026	Yuvaraj Kaur	Education Institute	2.00
3.	100066	Satish Shah	Education Institute	8.76
			Total	22.77

APPRAISAL OF FINANCIAL FEASIBILITY ASPECTS:
Key financial data

Particulars	2006 Actual	2007 Project^n	2008 Project^n	2009 Project^n	2010 Project^n
Gross Sales	156.15	251.67	287.86	398.20	486.90
Other Income	00.00	00.00	00.00	00.00	00.00
Gross Profit	27.52	78.83	64.68	159.97	214.90
G.P.Percentage	17.63	31.33	22.47	40.18	44.00
Net Profit	4.07	28.86	15.14	48.94	103.50
N.P.Percentage	2.61	11.47	5.26	12.30	21.20
Depreciation	24.41	44.62	35.36	28.31	22.60
Cash Accruals	28.48	73.48	50.50	77.25	126.11
Gross Block	345.40	612.06	625.53	1017.35	989.00
a) Net Block	320.99	567.45	590.14	989.04	966.33
b) Investment & Non Current Assets	00.00	00.00	00.00	00.00	00.00
Bank Term Loan	00.00	00.00	00.00	570.93	441.11
Unsecured Loan	173.24	191.48	181.65	00.00	00.00
Other Long Term Liability	00.00	00.00	00.00	00.00	00.00
c) Total Long Term Liability	173.24	191.48	181.65	570.93	441.11
Net Fixed Assets (a+b+c)	147.75	375.97	408.49	418.11	525.25
Raw Material	00.00	00.00	00.00	00.00	00.00
W/P & Consumables	00.00	00.00	00.00	00.00	00.00
Finished Goods	00.00	00.00	00.00	00.00	00.00
Receivables	00.00	00.00	00.00	00.00	00.00
Cash & Bank Balance	84.05	5.67	50.60	6.35	2.70
Other Current Assets	7.60	67.85	32.01	2.47	2.49
Total Current Assets	91.65	73.52	82.61	8.82	5.20
Sundry Creditors	39.04	71.43	82.56	00.00	00.00
Working Capital Finance	00.00	00.00	00.00	00.00	00.00
Other Current Liability	15.68	22.84	30.55	00.00	00.00
Total Current Liability	54.72	94.27	113.11	00.00	00.00
Net Current Assets	36.93	(20.75)	(30.50)	8.82	5.22
Capital	180.60	326.32	362.84	362.84	362.84
Reserves	00.00	00.00	15.16	64.09	167.66
Profit & Loss	4.06	28.87	00.00	00.00	00.00
Net Worth	184.66	355.19	378.00	426.93	530.40
Current Ratio	1.67	0.78	0.73	00.00	00.00
Debt-Equity Ratio	0.94	0.54	0.48	1.34	0.8

COMMENTS ON KEY FINANCIALS

Sales / Receipts: During the year 2006-07 the college has collected tution fees of Rs.210.20 Lakhs and during 2007-08 Rs.238.00 Lakhs. The total revenue of the college during 2006-07 was Rs251.66 Lakhs that has risen to Rs.287.86 Lakhs in 2007-08.

The college undertakes BDS course of 4 years with permitted, 100 students per year. Out of permitted total 400 students, during 2007-08, the college has enrolled 360 students. Fees for BDS course are Rs.99500/- per year and per student therefore total fees for the year 2007-08 is expected to be Rs.358.20Lakhs.

During the year 2008-09 the college projected total fees collection of Rs.436.95 Lakhs from 387 students. During the year they are starting MD course and expecting 27 students. The fees expected are Rs.1.00 Lakh for BDS course and Rs.2.75 Lakhs per year for MD course. The fee structure seems to be reasonable and it is expected to remain same in projected years.

College expects higher enrollment of students in projected year against the allowed admission capacity. Further the college is earning income from hostel fees and miscellaneous fees. During 2007-08 other income stands to Rs.49.85 Lakhs and study growth is projected in coming years.

Profitability: The College is having surplus over last three years. The college is expecting higher surplus (excess of Income over Expenditure) in the projections period. Projected surplus seems to be in line with gross receipts.

Current ratio: The applicant is running dental college (not business-trading / manufacturing). The college has applied for term loan only and not for working capital limit, hence current ratio is not applicable.

Net worth and Debt-Equity Ratio: As on 31/3/08 corpus fund of college with surplus stand Rs.377.99 Lakhs and unsecured loan Rs.181.64 Lakhs. Debt –Equity ratio as on 31/3/08 is 0.48:1 shows satisfactory position.

Unsecured loan will be repaid out of bank term loan in 2008-09. Position of Debt- Equity ratio is expected to remain at accepted level of 1.34:1 as on 31/3/09. In next year on one side corpus fund will increase by retaining the surplus and on other side term liability will get reduced due to repayment and hence debt-equity ratio will improve further.

Break-even and sensitivity: After availing term loan, interest will be fixed cost. In 2008-09 the college will break even at total income Rs.294.69 Lakhs. In 2006-07 they had income of Rs.251.67 and in 2007-08 the income was Rs.287.86 Lakhs. The break even after availing term loan is near to the present income of the college and hence reachable.

Details about Repayment Capacity and Moratorium period

Repayment Capacity:

Particulars	2009	2010	2011	2012	2013
Surplus (After Tax)	48.93	103.50	176.87	265.02	333.11
Interest	99.34	90.04	68.90	49.68	29.02
Total (A)	**148.27**	**193.54**	**245.77**	**314.70**	**362.13**
Term loan Rs.600 Lakhs. EMI @13%p.a. Rs.13.65 Lakhs. Repayment Obligation	122.86	163.82	163.82	163.82	163.82
Total (B)	**122.86**	**163.82**	**163.82**	**163.82**	**163.82**
DSCR A/B	**1.20**	**1.18**	**1.50**	**1.90**	**2.20**
Average DSCR: 1.60					

During 2008-09 repayment is considered for 9 months. However yearly repayment will be lower than assumed above, as total disbursement will take place in 2-3 months and actual EMI's will be lower. This shows that the trust will be able to repay the loan out of college income.

Moratorium period: As it is ongoing education institute no moratorium period is recommended.

Merits of the proposal: a) All the trustees are having sound experience in running Education Trust.

b) The scope for educational Institute is vast in near future.

Demerits of proposal: a) Revenue and profitability of educational institute depends on actual intake of students.

Recommendations: Considering the business of the applicant scope for the activity, past financial and projections, it is recommended to sanction following limits:

1. Term Loan: Rs.430Lakhs

Purpose: Building of Mahavidyala (Dental College)

Rate of Interest: 13% Margin: 40%

Period: 60 Repayment: 60 monthly Installment

Security: Land with building at Survey No-105, Gaddiannaram. A.P.

2. Term Loan: Rs.170Lakhs

Purpose: Equipments of Dental College

Rate of Interest: 13% Margin: 40%

Period: 60 Repayment: 60 monthly Installment

Security: Equipments and land with building at Survey No-105, Gaddiannaram. A.P.

Terms and Conditions: a) Mrs. Kaur will be taken as guarantor to the loan and all trustees will be guarantors to the loan in the individual capacity.

b) Part of the term loan will be disbursed for repayment of unsecured loan and for creditors of capital expenditure, after getting the list of unsecured loans and creditors certified by C.A.

c) Remaining term loan will be disbursed by way of pay slip / D.D. as per quotations. These quotations will be taken from the trust.

d) The trust will have to submit post-dated cheques towards repayment of the term loan.

e) Trust will have to submit documents to the satisfaction of bank that ABC Mahavidyala Institute of Dental Science and Research Centre is being run the control of the trust and ABC Medical Education Trust does not have any other activity and financial statements other than that of the Mahavidyala.

CONCLUSION

In today's economy term loans form the major part of finance for carrying out a business. The term loans are usually of high amounts and therefore the banks have to be very cautious while sanctioning these loans. Therefore it becomes essential for the banks to conduct thorough credit appraisal for term loan. Credit appraisal programme should necessarily be inbuilt system of processing the loans in banks as its basic purpose is to ensure that the borrower acquires the proposed fixed assets, puts them to use in producing merchandise which would have a market, and generate enough cash from operations to repay the term loan along with the interest within the stipulated term loan period.

Credit appraisal is the step which decides everything. Credit Appraisal is the process by which a lender appraises the creditworthiness of the prospective borrower. It is a very important step in determining the eligibility of a loan borrower for a loan. The credit appraisal is done to ensure that the loan is given to the company, which is managerially, technically, and financially feasible and which ensures the repayment of the interest as well as principal amount of the term loan. Every potential borrower has to go through the various stages of a credit appraisal process of the bank.

All banks have their own rules to decide the credit worthiness of their borrowers. In the similar manner Cosmos Bank is very much clear about their loan processing policy and always sticks to the producer prescribed by the top management. The bank is successful leader in the industrial loan market. Moreover it concentrates more on the customer satisfaction. It has a very good client list for the industrial loan. The Bank makes use of the advanced software called as CRM, which enhance the fast processing of the loan. The bank sees to it that the loan is given to a right person and for right use.

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PRESS FREEDOM IN INDIA: A LEGAL STUDY

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"Freedom of Press is an Article of Faith with us, sanctioned by our Constitution, validated by four decades of freedom and indispensable to our future as a Nation."

: Former Prime Minister Rajiv Gandhi

ABSTRACT

Freedom of Expression has always been emphasized as an essential basis for the democratic functioning of a society. Freedom of Press has remained an issue that has led to endless number of debates across the democratic world in the past few decades. The democratic credentials of a state are judged today by the extent of the freedom press enjoys in that state. The Press provides comprehensive and objective Information of all aspects of the country's Social, Political, Economic and Cultural life.

Key Words: *press, freedom ,democracy, Constitution, legislative privilege*

INTRODUCTION

A free press is very important and essential for the effective functioning of a democracy. A free press has also been described as the oxygen of democracy; one cannot survive without the other.. Our actual experience since Independence, and especially in the last decade or so, also suggests that a free and vigilant Press is vital to restrain corruption and injustice at least to the extent that public opinion can be roused as a result of press investigations and comments.

The press serves as a powerful antidote to any abuse of power by government officials and as a means for keeping the elected officials responsible to the people whom they were elected to serve. The democratic credentials of a state are judged today by the extent of the freedom press enjoys in that state. At this present juncture of time, as we approached the sixth decade of our freedom, it is essential to keep in mind, the pertinence of freedom of press, which is regarded as the fourth pillar of democracy

A further dimensions to the freedom of expression is added by the existence of mass society in which communication among citizen can take place only through the use of media like the Press and broadcasting and not directly which prevails both technical and in the Indian context, financial, the importance of the Press is even more crucial.

WHAT IS FREEDOM OF PRESS?

'Freedom' means absence of control, interference or restrictions. Hence, the expression 'Freedom of press' means the right to print and publish without any interference from the state or any other public authority. But this, Freedom, like other freedoms, cannot be absolute but is subject to well known exceptions acknowledge in the public interests, which in India are enumerate in Article 19(2) of the constitution.

The prime purpose of the free press guarantee is regarded as creating a fourth institution outside the government as an additional check on the three official branches:-
• Executive.
• Legislative.
• Judiciary

SIGNIFICANCE OF FREEDOM OF PRESS

Press plays an educative and mobilizing role in moulding public opinion and can be instrument of social change, for the freedom of Press is regarded as "the mother of all other liberties in a democratic society. The press serves as a powerful solution of power by government officials and as a mean for keeping the elected officials responsible to the people whom they were elected to serve. A Free press stands as one of the great interpreters between the Government and the people. So, the freedom of Press has to be protected and at the same time, the freedom of individual even in the press should also be protected, preserved and any attempt to encroach the freedom of press has to be prevented.

HISTORY OF FREEDOM OF PRESS IN INDIA

The beginnings of the struggle for free speech in India date back to 18th century British India. The history of the freedom of press in India is inseparable from the history of the nationalist movement. The nationalist movement for a free India was fought with repression of the freedom of speech and expression through a series of legislations aimed at stifling the possibility of a consolidated outery against colonial subjugation. That the press played an invaluable role in generating political consciousness is evident from the fact that the British government found it necessary to introduce repressive enactments from time to time neutralise the power of the print medium.

<u>Press and Registration of Book Act, 1867</u>

The earliest surviving enactment specially directed against the press was passed in 1867, the Press and Registration of Books Act. The object was however to establish government control over the Freedom of press. It was a regulatory law which enabled Government to regulate printing presses and newspapers by a system of registration and to preserve copies of Books and other matter printed in India.

<u>Official Secrets Act, 1923</u>

A general Act which has a greater impact on the press, in particular is the Official Secrets Act, 1923, which is aimed at maintaining the security of State against brakeage of secret information sabotage and the like. The Indian press (Emergency) Powers Act 1931 imposed on the press on obligation to furnish security at the call of the Executive. The Act ,(as amended by the Criminal law Amendment Act,1932) empowered a provincial Government to direct a printing press to deposit a security which was liable to be forfeited if the press published any matter by which any of the mischievous acts enumerated in S.4 of the Act were furthered ,e.g., bringing the Government into hatred or contempt or inciting disaffection towards the Government ; inciting feelings of hatred and enmity between different classes of subjects including a public servant to resign or neglect his duty.

<u>Press (Objectionable matter) Act,1951</u>

The preamble of the press (Objectionable Matter) Act, 1951, looked innocuous as it was " to provide against the printing and publication of incitement to crime aid other objectionable matter ". The other improvements were as follows: While the Act of 1931 was a permanent statute, he Act of 1951 was a temporary one to remain in force for a period of two years; the new Act provided for a judicial inquiry by a sessions Judge before security could be demanded from a printing press or forfeited to Government ; and the person against whom a complaint had been made could demand the matter to be determined with the aid of a jury6 and had a right of appeal from the order of the sessions Judge to the high Court.

Press Council Act,1965

Following the British precedent, a press Council was constituted in 1996 under the press council Act 1965, which was enacted to implement the recommendations of the press commission. The object of establishing the council was to preserve the freedom of the press to maintain and improve the standards of newspapers in India . It was to form a code of conduct to present writings which were not legally punishable beet were jet objectionable.

FREEDOM OF PRESS: CONSTITUTIONAL PERSPECTIVE

"Where it is left to me to decide whether we should have a government without newspapers, or newspapers without a government, I should not hesitate a moment to prefer the latter."[1]. The Preamble to the Indian Constitution resolves to secure for all the citizens of India, liberty of thought, expression and belief.[2] From Article 19(1)(a) of the Indian Constitution, i.e. 'Freedom of Speech and Expression', the media derives its rights.It is a fundamental right.[3] Freedom of Press is not specifically mentioned under the Indian Constitution, but it is included under Article 19(1)(a) of Constitution of India. Article 19 (1)(a) of the Constitution from which the media derives its rights guarantees to every citizen of India, Article 19(1) (a) reads :
19. (1) All citizens shall have the right
(a) to freedom of speech and expression;
The exceptions to the right guaranteed under Article 19(1)(a) are contained in Article 19(2) which reads:
Nothing in sub – clause (a) of Clause (1) shall affect the operation of any existing law, or prevent the state from making any law, in so far as such law imposes reasonable restrictions on the exercise of the right conferred by the said Sub-Clause in the interests of the sovereignty and integrity of India, the security of the state, friendly relations with foreign states, public order, decency or morality, or in relation to contempt of court, defamation or incitement to an offence.
The media derives its rights from the right to freedom of Speech and expression available to the citizen. Thus, the media has the same rights --- no more and no less than any individual to write, publish, circulate or broadcast.

[1]Thomas Jefferson in a letter to Edward Carrington, January 16,1787

[2] Constitution of India,Preamble

[3] Fundamental rights under the Constitution of India (Part III of the Constitution) are those basic rights that are recognized and guaranteed as the natural rights inherent in the status of a citizen of a free country. These rights cannot be infringed or taken away from the citizen by governmental action or statute except to the extend permitted by the 'reasonable restrictions' enumerated in Clauses (2) to (6) of Article 19. While statutory rights other than fundamental rights can be taken away by legislation, fundamental rights cannot be taken away by legislation, can only impose reasonable restrictions on the exercise of the right. Dharam Dutta v. Union of India, (2004) 1 SCC 712, para 36,pp 738-39.

COMPARISONS WITH THE AMERICAN CONSTITUTION

Article 19(1)(a) finds its roots in the First Amendment to the Constitution of the United States of America. The First Amendment reads:
Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble and to petition the government for a redress of grievance.[4]
Unlike the First Amendment to the American Constitution, the Indian Constitution does not make a specific or separate provision for the freedom of the press. Further, while the restriction on the right to freedom of speech and expression are expressly spelt out in Article19(2), this is not so under the First Amendment. The US Supreme Court has read into the rights of the press certain implicit restrictions which are, in principal, no different from Article 19(2). However, generally, from a judicial and social standpoint the freedom of the press in America is far more robust than the corresponding Indian guarantee.
The question of whether or not to insert in the Indian Constitution a separate right for the press as distinct from that of the ordinary citizen was extensively debated by members of the Constituent Assembly. The Constituent Assembly came to the conclusion that such a provision was not necessary. Dr. B.R. Ambedkar, Chairman of the Constituent Assembly's Drafting Committee argued:
The press is merely another way of stating an individual or a citizen. The press has no special rights which are not to be given or which are not to be exercised by the citizen in his individual Capacity. The editor of a press or the manager is all citizens and therefore when they choose to write in newspapers, they are merely exercising their right of expression and in my judgment therefore no special mention is necessary of the freedom of the press at all).
Although no special provision was made to safeguard the rights of the press , the courts have time and again confirmed that the rights of the press are implicit in the guarantee of freedom of speech and expression under Article 19(1)(a) of the Constitution.[5] In fact, successive judgments of the Supreme Court of India have struck down laws that abridge the freedom of the press and have echoed the sentiment expressed in the First Amendment.
Ramesh Thappar v. State of Madras,[6] amongst the earliest cases to be decided by the Supreme Court, involved a challenge against an order issued by the Government of Madras under Section 9(1-A) of the Madras Maintenance of Public Order Act, 1949 imposing a ban on the entry and circulation of the journal, Cross Roads, printed and published by the petitioner. The Court struck down Section 9(1-A) holding that the right to freedom of speech and expression was paramount and that nothing short of a danger to the foundations of the State or a threat to its overthrow could justify a curtailment of the right to freedom of speech and expression. The impugned provision which authorized the imposition of restrictions for the wide purpose of securing public safety and public order fell outside the scope of the reasonable restrictions permitted under Article 19(2) and was held to be unconstitutional.

[4] US Constitution , First Amendment , Article 1

[5] Brij Bhushan v. State of Delhi , AIR 1950 SC 129; Express Newspapers Ltd. V. Union of India , AIR 1958 SC 578 : Sakal Papers v. Union of India , AIR 1962 SC 305; Bennett Coleman & Co. v. Union of India (1972) 2 SCC 788 : AIR 1973 SC 106:; Maneka Gandhi v. Union of India, (1978)1 SCC 248

[6] AIR 1950 SC 124

In Brij Bhusan v. State of Delhi,[7] the Supreme Court quashed a precensorship order passed against the publishers of the Organiser. The order was passed by the authorities under Section 7(i)(c) of the East Punjab Safety Act, 1949. The Court held that Section 7 (i)(c) which authorized such a restriction on the ground that it was necessary for the purpose of preventing or combating any activity prejudicial to the public safety or the maintenance of public order' did not fall within the purview of Article 19 (2).

FREEDOM OF PRESS AND LEGISLATIVE PRIVILEDGES

What is legislative privilege?

To enable legislators to effectively perform their functions, to discuss and debate matters of importance without fear or favour, without hindrance or obstruction, the Constitution confers special rights on Parliament and the State Legislatures.

Freedom of press and legislative privileges - conflict of :

The conflicts of freedom of press guaranteed under Art.19(1)(a) and the legislative under Art.105 and Art.194 are unavoidable…

The Supreme Court ***M.S.M. Sharma v. Sri Krishna Sinha***[8], held that under the scheme of the Constitution of India, the legislature have the right and privilege to prohibit absolutely the publication of the report of the debates and the proceedings in the floors of the houses and the houses are competent to impose punishment for breach of such privileges. Thus the freedom of speech and expression as contained in Art. 19(1)(a) is subjected to Art.105(3) and Art.194(3) of the Constitution. The privilege of Legislature prevails over the fundamental right to freedom of speech and expression. The reports of the proceedings in newspapers are protected under the Parliamentary Proceedings (Protection of Publication of Act. 1977. The Parliament has the power to power to the publication of its proceedings and prescribe punishment the resolution of the house of Parliament. In case of conflict between the fundamental right to freedom of speech and expression and the privilege of Legislature, the privilege of Legislature shall privilege the fundamental fight freedom of speech and expression.

In case of any conflict between the privilege of the Parliament under Art.105(3) of the Constitution and the freedom of speech and expression, the inconsistency has to be resolved by harmonious construction of the provisions. Article 19(1)(a) being general in nature must give away to the special provision under Art.105(3) of the Constitution.

RECOMMENDATIONS FOR ENSURING FREEDOM OF PRESS:

1. Codification of Legislative Privileges

A complementary measure will be to insist upon the codification of legislative privileges, with the proviso that where a breach of privilege is alleged, the legislature should only be permitted to file a complaint, the decision regarding whether contempt is proved and, if so, the punishment to be awarded being left to a Court of Law. The idea that the legislature should itself be both the accuser and the judge might have had a historical reason in England; but there is not reason for such a fundamentally unjust approach to be accepted in our context.

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[7] AIR 1950 SC 129

[8] AIR 1959 SC 395

2. The Main Goal - Growth with Freedom

What should never be overlooked when thinking of the Press in the Indian context is that it is only a free Press which can help develop a body of citizens who are well informed both regarding current events and also about the problems facing the country; and the alternatives available for tackling them. It is only such a Press that can enable a young democracy like India to survive, and also help its development in a manner where social justice is ensured and the interests of the common people served.

3. Importance of Constitutional Amendment

All the difficulties in the way of ensuring that the Press can have the maximum freedom to carry out its function of collecting facts about different facets of national life, analysing them and commenting upon them so as to keep the general body of citizens in our young democracy well informed show that the Press requires some special protection. Many authorities have held that the Right to Freedom of Speech conferred by Article 19(1) of the Constitution is adequate to protect the freedom of the Press. Further, due regard has to be given to the recommendations made by the National Commission to Review the Working of the Constitution (NCRWC). They have recommended the inclusion of Freedom of Press-media under Article 19(1)(a).

4. Press Needs To Improve

The inadequacies of the Indian Press need not be connived at. There is no doubt that private business and those who control it, are treated by most newspapers with kidgloves. This partly is because of the ownership of many newspapers and therefore the philosophy of those who are appointed to senior journalistic positions. It is seen that the editors and journalists cannot have adequate freedom of collecting and disseminating facts and offering comments as they are under the pressure of the capitalist owners. So, the pressure of the capitalist owners should be minimized.

5. Positive Assistance To Independent Papers

At the same time, it is important that steps are taken positively to make it possible for independent papers to survive and develop. Assistance to them should be provided through general institutions meant to help the growth of independent entrepreneurs, including small ones.

6. The State, should stop becoming the Main Threat

This resistance is necessary because experience all over the world, as well as our own experience since Independence, suggest that the State remains the source of the most potential threat to Press freedom.

CONCLUSION

On analysing the current scenario, latest issues and developments of Freedom of Press, it can be concluded that although the Press is considered the watchdog of democracy, sadly, there is scant regard for this truism in a country which is, ironically, the world's largest democracy. In keeping with its affirmation that freedom of expression is "one of the essential foundations of a democratic society", the Court has clearly shown a preference for freedom of press. In conclusion, it must be reiterated that the freedom of press and information are fundamental to healthy working of a democracy and therefore, must coexist with the freedom of speech and expression.

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International Journal of Research in Management & Social Science
Volume 1, Issue 1 (July – September , 2013)

AN EVALUATION OF OPPORTUNITY AND CHALLENGES FOR GREEN MARKETING IN HOTEL INDUSTRY OF DAMAN

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ABSTRACT

Green marketing is another emerging marketing strategy that incorporates a broad range of activities like product modification, fair –trade practices, adopting eco -friendly production process and packaging. The 4 P's of green marketing are *that of a conventional marketing but the challenge before marketers is to use 4P's in an innovative manner. The present paper is an attempt to analyze the factors affecting the Green Marketing-Mix (Product, Service, Price, Place, and Promotion) in the hotel industry. A self-developed questionnaire is used as an instrument to collect the information and response. The study reveals certain important factors and innovations, which can be adapted by them into their hospitality operations to turn themselves green.*

Keywords: *Green Innovations, Marketing Mix, Hospitality operations*

INTRODUCTION

According to the American Marketing Association, Green Marketing is the marketing of products that are presumed to be environmentally safe. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. A number of factors have caused business firms to behave more responsibly towards the natural environment. Perhaps foremost among these is the possibility of capitalizing on opportunities from the sale of environmental services and products. Environmental awareness has increased dramatically, particularly since the organized environmental movement emerged in the late 1960s. Issues ranging from global warming to animal rights to species preservation to the protection of wetlands are now prominent in the media and in the minds of consumers. "Green" consumers have thus arisen with preferences for products made from recycled materials or products whose use entails reduced environmental impact. Often such products command premium prices, and therefore the task of marketers has become all the more crucial. Due to global warming, green house gas emissions, pollution, and energy crisis, world is facing a severe threat of being a very difficult place to live in. Therefore, the marketers need to include a green approach in framing the marketing programs/ strategies. With regards to this the marketers now have to go green. It means that due care must be taken while framing the marketing plans, strategies and policies so as to prevent the environment and nature from any harm caused due to its operations not only today but also in future.

REVIEW OF LITERATURE

Walker, R.H. & Hanson, D.J. (1998)[i] had found from the early research which focused predominantly on the characterization of the "green" consumer, conceptualization of environmental consciousness, environmentally related behaviors such as recycling, and attitudes towards environmental problems such as pollution. This was followed by a period in which energy conservation, legislation, and public policy issues were added to the agenda which remained predominantly managerialist in perspective. Desmond, J. & Crane, A. (2004)[ii] attempted to bring attention to the general and pervasive exclusion of service industries from discussions of green marketing practices. They explore why circumstance may exist, and provided arguments to support the adoption of environmental practices by services providers. Also in trying to identify how the service sector can contribute to the preservation of the environment, a greening of services matrix was presented. This matrix was designed to demonstrate through hypothetical examples the many ways that service industries can reduce, reuse or recycle resources, either collectively or individually, and thereby embrace the green initiative. Finally, the authors submitted a total quality/ benchmarking approach as a means by which services organizations may adopt environmental practices. Karna, J., Hansen, E. & Juslin, H. (2003)[iii] Green marketing has not lived up to the hopes and dreams of many managers and activists. Although public opinion polls consistently show that consumers would prefer to choose a green product over one that is less friendly to the environment when all other things are equal, those "other things" are rarely equal in the minds of consumers. How then, should companies handle the dilemmas associated with green marketing? They must always keep in mind that consumers are unlikely to compromise on traditional product attributes, such as convenience, availability, price, quality and performance. It's even more important to realize, however, that there is no single green-marketing strategy that is right for every company. It is suggested that companies should follow one of four strategies, depending on market and competitive conditions, from the relatively passive and silent "lean green" approach to the more aggressive and visible "extreme green" approach - with "defensive green" and "shaded green" in between. Managers who understand these strategies and the underlying reasoning behind them will be better prepared to help their companies benefit from an environmentally friendly approach to marketing. Stone, G.W. & Wakefield, K.L. (2000)[iv] Evidence is reported from a qualitative study which investigated corporate perceptions of this context and revealed the strategic orientations which have subsequently been employed by *green* marketers. The findings suggest that managers do indeed perceive the backlash to have occurred and to have been caused by the factors posited. It is argued that these understandings have assumed the role of myths in shaping organizational perceptions of the *green marketing* context. Four subsequent strategic routes are identified namely passive greening, muted greening, niche greening and collaborative greening. Jain et al (2004)[v] focused that Environmentalism has fast emerged as a worldwide phenomenon. Business firms too have risen to the occasion and have started responding to environmental challenges by practicing green marketing strategies. Green consumerism has played a catalytic role in ushering corporate environmentalism and making business firm green marketing oriented. Based on the data collected through a field survey, the paper makes an assessment of the extent of environmental awareness, attitudes and behavior prevalent among consumers in India and lists implications of the study findings for the government and non-governmental organizations engaged in marketing of green ideas and products in the country. Mohammed (1999)[vi] reported on an ongoing exploratory research on how the environmental agenda can influence the hospitality industry marketing and management strategies. In two stages, the study attempted to understand the behavior of hospitality industry in Egypt towards the environment by examining executives' (personal and business) environmental values and triangulating these values these values with marketing practice and environmental management.']he purpose of this attempt was to develop typologies of behavior based on hotels' environmental activity (greenness) and responsibility values and then theories on the reasons, meanings and purposes of such behavior. Pujari, D., Wright, G. & Peattie, K. (2003)[vii] The greening of new product development process has been under scrutiny by researchers, but the attention has been limited to consumer products. Based on a survey, this paper investigates the environmental responsiveness in industrial new product development in 82 industrial firms. In comparison to traditional NPD process in the extant literature, the findings revealed additional activities in the greening of industrial NPD. These activities fall under the broader scope of life cycle assessment (LCA) for environmental impact including supplier evaluation and design for environment issues. The paper also investigates the relative impact of organizational antecedents on greening of industrial NPD activities. Organizational antecedents include functional interface of environmental specialists with design and product managers, environmental product policy, and top management support. Chen, C. (2001)[viii] found that success factors are structured according to six areas of concern: management, customer relationships, supplier relationships, developmental process, competence and motivation. By relating the factors to a number of product development elements that are generally claimed to be important for product development success, it is indicated that the integration of eco design to a great extent are related to the same elements. A few factors seem to be specific for the integration of eco-design. These factors are related to competence and motivation. As many of the eco design success factors relate to those elements that are acknowledged to affect product development success, this implies that a company that manages product development well increases the likelihood of being successful when integrating eco-design into product development. Simon, M. (2000)[ix].This paper develops a quality-based model for analyzing the strategic and policy issues concerning the development of products with conflicting traditional and environmental attributes. On the demand side of the problem, the framework of conjoint analysis is used to structure the preferences of the ordinary and green customers. On the supply side, theories in optimal product design and market segmentation are applied to analyze the producer's strategic decisions regarding the number of products introduced and their prices and qualities. On the policy side, the effects of environmental standards on the economic and environmental consequences of green product development are evaluated. By jointly considering the interactions among the customers' preferences, the producer's product strategies, and the environmental standards imposed by governments, some interesting findings that can be used to manage and regulate the development of green products are presented. Two major findings show that green product development and stricter environmental standards might not necessarily benefit the environment. Schlegelmilch, B.B., Bohlen, G. M., & Diamantopoulos, A. (1996)[x] found that attributes such as degradability, recyclability, lower pollution etc are considered to be environmentally friendly. Kilbourne, W.E. (2004)[xi] Green marketing is taking shape as one of the key business strategies of the future. The increasing environmental consciousness makes it incumbent on consumer marketers not just to respond to, but to lead the way in, environmental programs. Consumer marketers should: 1. recognize a product's environmental implications, 2. analyze the changing consumer and political attitudes while recognizing the role that companies can play in protecting the environment, 3. realize that green marketing is not purely altruistic - it can be a profitable Endeavour, and 4. recognize that green marketing must be a fully integrated part of a firm's strategic marketing plan. Increasing environmental consciousness also sets forth the need and specific recommendations for incorporating environmental concerns into the strategic marketing planning of the organization. De Boer, J. (2003)[xii] The increasing environmental concerns of consumers are leading to more information about the environmental characteristics of products being made available by producers through what is called "eco-labelling". Eco-labelling has thus become the medium promoting both the production and consumption of products that are "more environment friendly" than competing products available in the market. In the conclusions, attention is drawn to the way in which societal pressure might interact with market forces to shape the information environment for products and services. As a result, the role of sustainability labels might become more differentiated, varying from direct shopping aids to background quality assurances. Ibanez, L. & Stenger¸A. (2001)[xiii]Green' marketing is not restricted to `green' products, and `green' consumers only adapt their purchasing habits some of the time. Ecolabelling schemes can be used as a means of ameliorating this inefficiency in information-transfer. Whether state intervention to make ecolabelling mandatory for `green' products is welfare-improving depends on the balance between the deadweight losses from the process and the gains in terms of facilitating the expression of `green' preferences.

OBJECTIVES OF THE STUDY

To know the underlying factor affecting the green marketing mix in hotel industry of union territory of Daman.

RESEARCH METHODOLOGY

The study was exploratory in nature. The target population was hotels in Daman. Individual managers of hotels were sampling element where 30 individual respondents were taken from hotels situated in union territory of Daman. The sampling technique was convenience sampling. The data was collected using the self-developed questionnaire through personal contacts to know the responses of hotel operators. Factor analysis was applied to know the Underlying factors.

RESULTS AND DISCUSSION

The data obtained for the study was analyzed by using-FACTOR ANALYSIS" for identification of key factor preferred by the respondents in the "Green Marketing Mix: Principle component analysis is the commonly used method for grouping the variable under the few unrelated factor. A factor loading is the correlation between the original variable with specified factor and is the key to understanding the nature of a particular factor. In this study, principal component has been used since the objective is to summarize most of the original information in a minimum number of factors for prediction. Here the factors are extracted in such a way that factor axis are maintained at 90 degrees, meaning that each factor is independent of original variables factors also represent the underlying dimensions that summarize for in account for the original set of observed variables. An important concept in factor analysis is the rotation of the factors. We have used Varimax rotation to simplify the factor structure. Only the factor having the Eigen value greater than one is considered. An Eigen value is the column sum of square for a factor. It represents the amount of variance in data. The elements having greater than 0.500 factors loading were only considered loaded on the factor. A factor loading is the correlation between the original variable and the factors, and is the key to develop by the factor analysis based upon the appropriate for representing the underlying dimensions of particular factors.

Table No:-1 Reliability Statistics

Cronbach's Alpha	N of Items
.876	16

Since the value of Cronbach's Alpha is higher than the accepted 0.70, we reject the null hypothesis and we may say that the instrument is reliable and can be used with factor analysis for further investigation.

Table No: 2 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.875
Bartlett's Test of Sphericity	Approx. Chi-Square	1.0143
	Df	120
	Sig.	.000

The adequacy of the data is evaluated on the basis of the results of Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity (homogeneity of variance). The KMO measure of sampling adequacy is 0.733 indicating that the present data are suitable for factor analysis. Similarly Bartlett's Test of Sphericity is significant $p<0.001$ indicating sufficient correlation exists between the variables to proceed with the analysis.

Table No: 3 Factor Analyses

Factor	Eigen value		Variable convergence	Loading
	Total	**% of variance**		
Protection	6.067	37.916%	Biodegradable Waste Fuel Saving Packaging Water Conservation Energy efficient appliances	.737 .730 .709 .671 .662
Promotion	1.40	8.777%	Packaging Material Interior of Hotel	.788 .723
Location	1.224	7.652%	Green Garden Location of Hotel	.765 .546
Prolongation	1.098	6.861%	Recycling	.546
		61.206%		

FINDINGS

It is the first most important factor which is carrying the variances of 37.916% including sub variables water conservation, fuel saving, biodegradable waste, energy efficient appliances and packaging etc, which directs the managers towards cost efficiency with environmental crisis degradation prolonged with informative packaging which also educate the society to make less use of non-recycling materials. This factor also compels the managers to protect renewable sources.

Promotional activities of Hotel generates variance of 8.777% includes the sub variables promotional activities, interior of hotel, Packaging size and material. In packaging marketers should promote minimal packaging with material which can be recycled or reused. Promotion allows the marketers to build the brand image with green promotional tools to draw the attention of society towards environmental safety.

Location is also one of the most important factors with variation of 7.652% including sub variables location of hotel and Green Garden. Place is an important factor to finalize the location of hotel building on the criterion of environment safety, space for waste disposal which will be recycled and release in rivers.

Prolongation is the last most important factor carrying variance of 6.861% including sub variable recycling process in providing service. Its highest weight-age shows that this factor has to be considered by the hotel managers to minimize the wastage and becomes an added part to enhance environmental safety.

CONCLUSIONS

In Hotel industry which is the combination of product and service provider it becomes more important to turn them as green. By this study we found four key factors which affect the building of green marketing mix of a hotel to fulfill the objectives of environment safety. These four factors contribute 61.00% variation in the green marketing mix of Hotels located in the union Territory. The four key factors are protection, promotion, location and prolongation.

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